



MARKET CONDUCT RULES

Version 1.1
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Podgorica, Montenegro

Article 1
INTRODUCTION

- 1) Market Conduct Rules (hereinafter Rules) apply to all Members who participate in any MEPX market in accordance with the Trading Rules.
- 2) These Rules aim to prevent and detect violations of the rules by Members on MEPX Markets, in order to operate in the market in a fair, non-discriminatory and transparent manner.
- 3) Each Member shall ensure that any person involved in Trading and/or Clearing and settlement on its behalf, including members of management and other persons who make decisions in relation to Products through the exercise of their employment, profession or other duties towards the Member, are subject to restrictions and obligations that enables the Member to fully and efficiently comply with these Rules.
- 4) Except as instructed by MEPX or otherwise set out herein, Market Surveillance shall have the authority to represent and act on behalf of MEPX in all matters regulated by these Rules and references to “MEPX” herein shall be construed accordingly. This authority of Market Surveillance includes authority to make requests for information pursuant to article 4 below and to issue specific warnings pursuant to Article 6 paragraph 2 below, but does not include the issuance of any public warnings.
- 5) Market surveillance is carried out through the activities of the Market Surveillance Office, which consists of a two-member commission appointed by MEPX and which reports directly to the Board of Directors of MEPX. It constantly monitors the market and ensures that Members comply with the Trading Rules. The Market Surveillance Office is the main contact with all Competent bodies.

Article 2
LEGAL CLASSIFICATION

- 1) All Members shall at all times comply with applicable law and these Rules.
- 2) These Rules do not release the Members from the obligation to comply with the applicable law as well as other documents issued by MEPX, such as Trading Rules and Membership Agreement.

Article 3
GOOD BUSINESS CONDUCT

- 1) Members shall at all time act in accordance with these Rules when engaged in Trading and activities related to Products, and shall seek to promote integrity, transparency and efficiency in MEPX Markets. Members shall take due account to any relevant regulatory or legal obligations, any proper and relevant professional standards of conduct, and the need for MEPX Markets to operate fairly and efficiently for all Members.
- 2) Each Member shall ensure that any Orders placed by it reflect a genuine purchase or sales interest, and that all Transactions to which the respective Member is a party are genuine, thus preventing market manipulation.
- 3) The Member is prohibited from any market manipulation related to the improper influence on the price or price structure in any MEPX market or on the Member's access to MEPX Markets and/or their participation in the MEPX Markets.

- 4) Members must not apply unacceptable business methods in Trading and will always strive to act in accordance with good business practice.
- 5) Members are specifically prohibited from any conduct that may lead to market manipulation, such as submitting economically unjustified Orders, pre-arranged Transactions, artificial influence on price formation that is not in line with supply and demand, use and disclosure of possible insider information for their own or third parties benefit, as well as actions that could in any way damage the reputation of MEPX Markets.
- 6) Members by acting in accordance with these Rules support MEPX in further developing the transparency of MEPX Markets.

Article 4

DUTY TO PROVIDE INFORMATION TO MEPX

- 1) Members are obliged to provide all information which MEPX considers relevant either in the context of the performance of surveillance of any MEPX market or in the context of investigation of any suspected breach of these Rules or to comply with applicable law as soon as possible following a written request from MEPX. Members shall make all necessary arrangements with third parties in order to ensure compliance with their obligations under this article.
- 2) Members shall ensure that their employees, representatives and other personnel are subject to obligations substantively similar to those set out in previous paragraph.
- 3) MEPX may from time to time, whether or not such information is acquired in the context of an investigation, provide information on Trading activity and other relevant information to the relevant Competent body. Also, such information may be provided to the TSO, always provided that there is a written agreement put in place between MEPX and TSO limiting the use of the shared information to market surveillance purposes and ensuring the confidential treatment of such information.
- 4) All communication with MEPX may be recorded, stored and used in connection with the market surveillance according to applicable law and these Rules, and each Member shall procure all necessary consents from all its relevant employees and agents prior to such individuals communicating with MEPX on behalf of such Member.
- 5) Communication between Members and MEPX may include personal data relating to individuals to the extent such information is comprised within any relevant communication or is otherwise necessary.
- 6) Nothing in this article shall be interpreted as being in conflict with Member's duty to comply with applicable law.
- 7) Information received in accordance with this article shall only be used for the purpose of implementation of these Rules and applicable law, including the investigation of suspected breaches.

Article 5

PUBLICATION OF INFORMATION RELATING TO INVESTIGATIONS

- 1) MEPX may publish the fact that investigations of any specific matter have been initiated, provided that the identity of the Member under investigation is not disclosed. MEPX may only publish this

Member's identity if, at the sole discretion of MEPX, such publication is necessary to sustain the integrity of the relevant market, or to prevent unjustified damage and/or loss of reputation to another Member, and the envisaged consequences of the Member's identity being disclosed are deemed less onerous than those resulting from non-disclosure. A Member whose identity has been published in accordance with this article may require MEPX to disclose and publish the investigation results.

- 2) MEPX may disclose the results of any investigations which lead to a public warning or violation charge under Article 6, including the Member's identity. MEPX may furthermore publish any relevant information gathered in the investigations to the extent such reference is reasonably necessary for MEPX's reasoning in respect of its decision or the grounds for its decision. MEPX shall endeavour to present and publish information under this article in a neutral manner, and only following a prior notification to the Member being subject to the investigation and/or disciplinary actions.
- 3) Nothing in this article will be considered a breach of MEPX's obligation of confidentiality.

Article 6

CONSEQUENCES OF BREACH OF MARKET CONDUCT RULES

- 1) Any breach of these Rules shall be considered as Breach of obligations or Severe breach of obligations (as the case may be) under the Trading Rules and Membership Agreement.
- 2) In the event of a Breach of obligations as set out in previous paragraph, MEPX shall have the right to issue a non-public warning regarding the breach to the Member, requesting that such breach be remedied within fifteen (15) calendar days after MEPX sent the warning of the breach.
- 3) In case the breach of these Rules is not remedied in accordance with the warning issued under previous paragraph, such breach shall be considered as Severe breach of obligations and relevant provisions of Trading Rules and Membership Agreement shall apply.
- 4) Nothing in this article shall limit Member's rights, obligations or liabilities under applicable law, and any disciplinary actions imposed hereunder shall be in addition to any disciplinary actions or penalties imposed by other Competent bodies.

Article 7

PROCEDURES FOR INVESTIGATION OF BREACHES AND DISCIPLINARY ACTIONS

- 1) This article sets out the procedures applicable to the investigation of possible breaches of these Rules or applicable law by or on behalf of MEPX.
- 2) Market Surveillance's investigations and recommendations:
 - a) If Market Surveillance suspects a breach of these Rules or applicable law, it will initiate an investigation. Such investigation may be initiated in the sole discretion of Market Surveillance regardless of the knowledge of the Member(s) involved.
 - b) If the investigations of Market Surveillance support the suspicion of a breach of applicable law, Market Surveillance may in its sole discretion report to the relevant Competent body.
 - c) If the investigations of Market Surveillance support the suspicion of a breach of these Rules, Article 6 of these Rules shall apply.