

Technical Rule no. 03 rev. 09 ME

(under Article 4, Integrated Text of the Electricity Market Rules, approved by the Decree of the Minister of Productive Activities of 19 December 2003, as subsequently amended and supplemented)

Title	Loss of Qualifications or Default by the Bank Issuing the Bank Guarantee
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Reference Legislation	Article 100, para. 100.8, Article 113, para. 113.1, Integrated Text of the Electricity Market Rules
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Table of contents

1.	Foreword.....	3
2	Loss of qualifications by the bank issuing the bank guarantee	3
2.1.	Guarantees provided pursuant to Annex 3 of the ME Rules	3
2.2.	Guarantees provided pursuant to Annex 5 of the ME Rules	4
3.	Default by the bank issuing the bank guarantee	5
3.1.	Guarantees provided pursuant to Annex 3 of the ME Rules	5
3.2.	Guarantees provided pursuant to Annex 5 of the ME Rules	6

1. Foreword

Article 100, para. 100.8 of the Integrated Text of the Electricity Market Rules (hereinafter “ME Rules”) sets forth that, should the bank issuing the bank guarantee or the controlling company issuing the statement mentioned in Article 100, para. 100.7 of the ME Rules no longer meet one or both of the requirements specified in Article 100, para. 100.2 of the ME Rules or the controlling company lose the control of the bank issuing the bank guarantee pursuant to Article 2359, para. 1 and 2 of the Civil Code, then the guarantees provided by such bank shall remain valid until the date specified in the Technical Rules.

Article 113, para. 113.1 of the ME Rules provides that the bank guarantees issued by the banks that, after receiving a request for enforcement, fail to make the consequent payment within the time limit indicated therein, shall remain valid until the date established in the Technical Rules.

2. Loss of qualifications by the bank issuing the bank guarantee

2.1 Guarantees provided pursuant to Annex 3 of the ME Rules

Should the bank issuing the bank guarantee or the controlling company that has issued the statement mentioned in Article 100, para. 100.7 of the ME Rules lose one or both of the qualifications specified in Article 100, para. 100.2 of the ME Rules, or in the event that the controlling company loses control of the bank issuing the bank guarantee pursuant to art. 2359, paragraphs 1 and 2 of the Civil Code, the related bank guarantees issued by such bank as a guarantee provided by the Market Participant to GME, for the purposes of financial adequacy verifications:

- the share of the overall amount allocated to netting markets, remains valid until the end of the invoicing period in which falls the sixtieth calendar day following that on which the loss of the qualification has occurred, unless the Market Participant priorly posts another suitable guarantee and the request to return the guarantee submitted by the Market Participant has been positively verified by GME pursuant to Article 101, paragraph 101.9 of the ME Rules;
- the share of the overall amount allocated to the MPEG, remains valid until the end of the invoicing period in which falls the sixtieth calendar day following the day on which the loss of the qualification occurred, unless the Market Participant priorly posts another suitable guarantee and the request to return the guarantee submitted by the Market Participant has been positively verified by GME pursuant to Article 101, paragraph 101.9 of the ME Rules;
- the share of the overall amount allocated to the MTE, immediately lose their validity both for the submission of bids/offers and the execution of trades in the MTE, and for the

delivery of the net position of the MTE on the PCE. It is understood that these bank guarantees remain valid in relation to the management of default;

- the share of the overall amount allocated to the MT-GAS, immediately lose their validity, both for the submission of bids/offers and the execution of trades, and for the registration of the net position to be delivered at the PSV. It is understood that these bank guarantees remain valid in relation to the management of default;
- the share of the overall amount allocated to the PCE, remains valid until the end of the invoicing period in which falls the sixtieth calendar day following the day on which the loss of the qualification has occurred, unless the Market Participant priorly posts another suitable guarantee and the request to return the guarantee provided by the Market Participant has been positively verified by GME pursuant to Article 101, paragraph 101.9 of the ME Rules.

2.2 Guarantees provided pursuant to Annex 5 of the ME Rules

If the bank issuing the bank guarantee or the controlling company that issued the statement referred to in Article 100, paragraph 100.7 of the ME Rules, loses one or both of the qualifications set out in Article 100, paragraph 100.2 of the ME Rules, or if the controlling company loses control of the bank issuing the bank guarantee in accordance with art. 2359, paragraphs 1 and 2, of the Civil Code, the related bank guarantees issued by such bank as a guarantee provided by the Market Participant to GME, for the purposes of financial adequacy verifications:

- the share of the overall amount allocated to netting markets, remains valid until the end of the invoicing period in which falls the sixtieth calendar day following that on which the loss of the qualification has occurred, unless the Market Participants priorly posts another suitable guarantee and the request to return the guarantee submitted by the Market Participant has been positively verified by GME pursuant to Article 101, paragraph 101.9 of the ME Rules;
- the share of the overall amount allocated to the MPEG, remains valid until the end of the invoicing period in which falls the sixtieth calendar day following that on which the loss of the qualification has occurred, unless the Market Participant priorly posts another suitable guarantee and the request to return the guarantee submitted by the Market Participant has been positively verified by GME pursuant to Article 101, paragraph 101.9 of the ME Rules;
- the share of the overall amount allocated to the PCE, remains valid until the end of the invoicing period in which falls the sixtieth calendar day following the day on which the loss of the qualification has occurred, unless the Market Participant priorly posts another suitable guarantee and the request to return the guarantee submitted by the Market Participant has been positively verified by GME pursuant to Article 101, paragraph 101.9 of the ME Rules.

3. Default by the bank issuing the bank guarantee

3.1 Guarantees provided pursuant to Annex 3 of the ME Rules

The bank guarantees issued by banks that, after receiving the request for enforcement, fail to make the consequent payment within the time limit stated therein:

- the share of the overall amount allocated to netting markets, for the purpose of financial adequacy verifications, remains valid until the end of the invoicing period in which falls the thirtieth calendar day following that on which the event has occurred, unless the Market Participant priorly posts another suitable guarantee and the request to return the guarantee submitted by the Market Participant has been positively verified by GME pursuant to Article 101, paragraph 101.9 of the ME Rules;
- the share of the overall amount allocated to the MPEG, for the purpose of financial adequacy verifications, remains valid until the end of the invoicing period in which falls the thirtieth calendar day following that on which the event has occurred, unless the Market Participants priorly posts another suitable guarantee and the request to return the guarantee submitted by the Market Participant has been positively verified by GME pursuant to Article 101, paragraph 101.9 of the ME Rules;
- the share of the overall amount allocated to the MTE, immediately lose their validity both for the submission of bids/offers and the execution of trades in the MTE, and for the delivery of the net position of the MTE on the PCE. It is understood that these bank guarantees remain valid in relation to the management of default;
- the share of the overall amount allocated to the MT-GAS, for the purpose of financial adequacy verifications, immediately lose their validity, both for the submission of bids/offers and the execution of trades, and for the registration of the net position to be delivered at the PSV. It is understood that these bank guarantees remain valid in relation to the management of default;
- the share of the overall amount allocated to the PCE, for the purpose of financial adequacy verifications, remains valid until the end of the invoicing period in which falls the thirtieth calendar day following that on which the event has occurred, unless the Market Participant priorly posts another suitable guarantee and the request to return the guarantee submitted by the Market Participant has been positively verified by GME pursuant to Article 101, paragraph 101.9 of the ME Rules.

3.2 Guarantees provided pursuant to Annex 5 of the ME Rules

The bank guarantees issued by banks that, after receiving the request for enforcement, fail to make the consequent payment within the time limit indicated therein:

- the share of the overall amount allocated to netting markets, for the purpose of financial adequacy verifications, remains valid until the end of the invoicing period in which falls the thirtieth calendar day following that on which the event has occurred, unless the Market Participant priorly posts another suitable guarantee and the request to return the guarantee submitted by the Market Participant has been positively verified by GME pursuant to Article 101, paragraph 101.9 of the ME Rules;
- the share of the overall amount allocated to the MPEG, for the purpose of financial adequacy verifications, remains valid until the end of the invoicing period in which falls the thirtieth calendar day following that on which the event has occurred, unless the Market Participant priorly posts another suitable guarantee and the request to return the guarantee submitted by the Market Participant has been positively verified by GME pursuant to Article 101, paragraph 101.9 of the ME Rules;
- the share of the overall amount allocated to the PCE, for the purpose of financial adequacy verifications, remains valid until the end of the invoicing period in which falls the thirtieth calendar day following that on which the event has occurred, unless the Market Participant priorly posts another suitable guarantee and the request to return the guarantee submitted by the Market Participant has been positively verified by GME pursuant to Article 101, paragraph 101.9 of the ME Rules.