



SEEPEX Code of Conduct

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Section 1 – Preamble

- (1) Pursuant to the SEEPEX Exchange Rules, the following rules of conduct are applicable to SEEPEX A.D. for itself and the Exchange Members of SEEPEX.
- (2) According to European Regulation n° 1227/2011 on wholesale energy market integrity and transparency (REMIT), the SEEPEX Code of Conduct establishes rules prohibiting abusive practices affecting wholesale energy markets.
- (3) This SEEPEX Code of Conduct aims to prevent and detect Exchange Members' misbehaviour in order to operate the market in a fair and transparent manner.
- (4) These rules are intended to strengthen the confidence which the market and the public have in the markets of SEEPEX, its pricing mechanisms and the reference character of the exchange prices.

Section 2 – Scope of the Application

Article 2.1 – Legal Classification

- 2.1 The SEEPEX Code of Conduct is part of the Market Rules of SEEPEX.
- 2.2 The SEEPEX Code of Conduct does not release the Exchange Members from the obligation to comply with the other documents composing the SEEPEX Market Rules, such as the Trading Agreement, the Exchange Rules and the Operational Rules as well as any Notice or communication issued by SEEPEX AD in compliance with the SEEPEX AD Market Rules

Section 3 – Definitions

Article 3.1 - Definitions

- 3.1 For the purposes of this Code of Conduct the following definitions shall apply:
- 3.1.1 **'Inside Information'** means information of a precise nature which has not been made public, which relates, directly or indirectly, to one or more Physical Power Contracts and which, if it were made public, would be likely to significantly affect the prices of those Physical Power Contract.
- 3.1.2 **Market Manipulation** means:
- a. entering into any transaction or issuing any order to trade which:
- (i) gives, or is likely to give, false or misleading signals as to the supply of, demand for, or price of Physical Power Contracts;
 - (ii) secures or attempts to secure, by a person, or persons acting in collaboration, the price of one or several Physical Power Contracts at an artificial level, unless the person who entered into the Transaction or issued the order to trade establishes that his reasons for doing so are legitimate and that that transaction or order to trade conforms to accepted market practices on SEEPEX markets; or
 - (iii) employs or attempts to employ a fictitious device or any other form of deception or contrivance which gives, or is likely to give, false or misleading signals regarding the supply of, demand for, or price of Physical Power Contracts;
- or
- b. disseminating information through the media, including the internet, or by any other means, which gives, or is likely to give, false or misleading signals as to the supply of, demand for, or price of Physical Power Contracts, including the dissemination of rumors and false or

misleading news, where the disseminating person knew, or ought to have known that the information was false or misleading.

3.1.3 Attempt to Manipulate the Market means:

- a. entering into any transaction, issuing any order to trade or taking any other action relating to a Physical Power Contract with the intention of:
 - (i) giving false or misleading signals as to the supply of, demand for, or price of Physical Power Contracts;
 - (ii) securing the price of one or several Physical Power Contracts at an artificial level, unless the person who entered into the transaction or issued the order to trade establishes that his reasons for doing so are legitimate and that that transaction or order to trade conforms to accepted market practices on the SEEPEX Market; or
 - (iii) employing a fictitious device or any other form of deception or contrivance which gives, or is likely to give, false or misleading signals regarding the supply of, demand for, or price of Physical Power Contracts;

or

- b. disseminating information through the media, including the internet, or by any other means with the intention of giving false or misleading signals as to the supply of, demand for, or price of Physical Power Contracts.

Section 4 – Rules of Conduct

Chapter 1 – Prohibition of Market Manipulation

Article 4.1 – Principles

- 4.1.1 Any engagement in or Attempt to engage in Market Manipulation on a Physical Power Contract is prohibited.
- 4.1.2 This prohibition includes, without limitation:
 - a. Any kind of false or misleading behaviour;
 - b. Any kind of collusions or the collusive cooperation of Exchange Members among each other or with third parties;
 - c. Any kind of Price positioning behaviour.
- 4.1.3 The Exchange Members commit to fairness towards SEEPEX AD and the other Exchange Members. They shall only conclude Transactions on SEEPEX in compliance with the customary trade practices and the principles of professional market traders.

- 4.1.4 All orders submitted on the Exchange must have a due economic justification. SEEPEx AD is entitled to look for such justification by requesting explanations to the beneficiary of such orders.

Article 4.2 – Prohibition of false and misleading behaviours

- 4.2.1 Exchange Members are especially forbidden to:
- a. Entering of orders without a due economic justification.
 - b. Place orders with no intention of executing them.
 - c. Give false or misleading signals as to the supply of, demand for, or price of Physical Power Contracts;
 - d. Employing a fictitious device or any other form of deception or contrivance which gives, or is likely to give, false or misleading signals regarding the supply of, demand for, or price of wholesale energy Physical Power Contracts;
 - e. Disseminate false or misleading market information through media, including the internet or by any other means.

Article 4.3 – Prohibition of collusion or collusive cooperation

- 4.3.1 Exchange Members are especially forbidden to:
- a. Submit buy or sell orders at the same time (or nearly the same time) for the same price and quantity (ie pre-arranged trades).
 - b. Enter into arrangements for the sale or purchase of a wholesale energy Physical Power Contract where there is either no change in beneficial interests or market risk or enter into arrangement where the transfer of beneficial interest or market risk is only between parties who are acting in concert or collusion.

Article 4.4 – Prohibition of price positioning behaviors

- 4.4.1 Exchange Members are especially forbidden to:
- a. securing the price of one or several Physical Power Contracts at an artificial level, unless the person who entered into the transaction or issued the order to trade establishes that his reasons for doing so are legitimate and that that transaction or order to trade conforms to accepted market practices on the wholesale energy market concerned;
 - b. artificially cause prices to be at a level not justified by market forces of supply and demand, including actual availability of production, or transportation capacity, and demand
- 4.4.2 Exchange Members are authorized to conclude Cross Trades as far as there is real economic justification and/or no purpose of influencing exchange prices.

Article 4.5 – Alternative procedures

- 4.5.1 If alternative procedures are established to determine indexes, all participants in these procedures in which the fair market value is established shall convey their assessment free from any self-interest and to the best of their knowledge and belief

Chapter 2 – Transparency Requirements

Article 4.6 – Prohibition of Insider Trading

- 4.6.1 Exchange Members or their Exchange Traders who possess inside information in relation to a Physical Power Contract shall be prohibited from:
- a. using that information by acquiring or disposing of, or by trying to acquire or dispose of, for their own account or for the account of a third party, either directly or indirectly, Physical Power Contracts traded on SEEPEX to which that information relates;
 - b. disclosing that information to any other person unless such disclosure is made in the normal course of the exercise of their employment, profession or duties;
 - c. recommending or inducing another person, on the basis of inside information, to acquire or dispose of Physical Power Contracts traded on SEEPEX to which that information relates.

Article 4.7 – Transparency Commitment

- 4.7.1. The Exchange Members support SEEPEX AD in further developing the transparency of the activities on the SEEPEX.

Chapter 3 – Trading Participants' conduct through the public

Article 4.8 – Principles

- 4.8.1. In as far as an Exchange Member makes statements regarding its participation in the exchange towards the public, said participant shall be obliged to make such statements truthfully.
- 4.8.2. Moreover, Exchange Member shall be obliged to refrain from bringing the exchange and the companies operating the exchange SEEPEX into disrepute by consciously false statements.

Section 5 – Exchange Members' Organisation requirements

Article 5.1 – Organisation of Exchange Members

- 5.1.1. The Exchange Member shall be obliged to organise its business operations in such a way that it fulfils all the legal and regulatory requirements for power trading, especially in exchange trading and the settlement of exchange transactions.
- 5.1.2. The adequate organisation of the Exchange Member shall comprise, in particular, the following – under consideration of the personal circumstances and the extent of the business activities of the trading participant:
- a. that the Exchange Member has an internally established organisational structure,
 - b. that the scope of duties of the employees is clearly defined,
 - c. that the trading activities are monitored effectively internally and
 - d. that effective risk management with regulations and control mechanisms for the basic risks from energy trading is available.
 - e. The obligation to inform SEEPEX without any delay in case of any change in the information concerning its company.

Article 5.2 – Qualification of Exchange Traders

- 5.2.1. The Exchange Member shall ensure that their Exchange Traders are sufficiently qualified and enjoined to comply with the Market Rules of SEEPEX, including this SEEPEX Code of Conduct.

Chapter 4 – Trading participant’ conduct through their clients

Article 5.3 – Principle and Scope of Application

- 5.3.1. The provisions of this section apply to the trading participants and traders who carry out their clients’ orders directly or indirectly on SEEPEX.
- 5.3.2. The Exchange Member are obliged to treat their clients with the required professionalism and fairness and to resolve conflicts with client’s interests adequately.

Article 5.4 – General Rules of Conduct

- 5.4.1. Exchange Member shall, in particular, be obliged
- a. to provide their services in connection with trading on SEEPEX with the required expert knowledge, care and conscientiousness in the interest of their clients at all times,
 - b. to endeavour to avoid conflicts of interests and to clearly explain the general type and origin of conflicts of interest to the clients prior to the execution of transactions for clients.
- 5.4.2. All the information which Exchange Member make accessible to their clients has to be honest, unmistakeable and such information must not be misleading.

- 5.4.3. Generally, any introduction of client orders should serve the interest of the client and should have the same result as if the individual order would have been directly submitted to the Exchange for execution.

Article 5.5 – Processing of Orders

- 5.5.1. Upon the execution of client orders an Exchange Member shall take precautions safeguarding that
- a. client orders are executed on the Exchange forthwith, in particular, without favour for other client orders or own interests of the trading participants,
 - b. comparable client orders are executed or forwarded in accordance with the sequence in which they were received,
 - c. the interests of all the clients involved are preserved in combining client orders,
 - d. any misuse of information in connection with client orders which have not yet been carried out is prevented.

Article 5.6 – Mandatory practices against VAT fraud and money laundering

- 5.6.1. *The Exchanges Members are liable for its customers towards SEEPEX.*
- 5.6.2. *Exchange Members purchasing and selling in their own name for the account of a third party (customer transactions), or acting as intermediaries for contracts to buy and sell (brokerage operations) have to avoid suspicious contractual relationship. They especially shall do their best to prevent from being taken in chains of transactions involving VAT frauds and money laundering.*
- 5.6.3. In particular, Exchange Members shall:
- a. Contract with their customers only after checking reliability, good standing and economic capacity of its company (i.e.: “Know Your Customer” Principle) based on – but not limited to – the following information:
 - Company history
 - Shareholding structure
 - Company location
 - Company professionalism
 - Experience in the energy market
 - b. Monitor the transactions of their customers and ask for explanations for unusual trading behaviors (erratic volumes, spikes in volumes).
 - c. Regularly inquire whether their customers act as agent of third parties and about the identity of these third parties.
 - d. Not engage in a transaction whose economic cause is unknown or appears unusual, for example when:

- Terms of payment proposed by their customers are unusual, e.g. cash payment or payment into a bank account in a different country than the one in which the vendor has its residence.
- Delivery terms and/or terms and conditions proposed by their customers are unusual for the relevant industry.
- Their customers act as agent of third parties and the identity of these third parties is unknown or suspect.

5.6.4. If the Exchange Member detects any suspicious behaviors it shall inform without any delay the relevant authorities and SEEPEX Market Surveillance Office.

Section 6 – Instructions, information and penalties

Article 6.1 – Instructions

- 6.1.1. The Exchange Member and Exchange Traders authorised to trade on SEEPEX are obliged to comply with the instructions and rules of the relevant supervisory authorities as well as SEEPEX AD itself and in particular the SEEPEX Market Surveillance Office.
- 6.1.2. In case Exchange Member or Exchange Traders authorised to trade on the exchange violate existing provisions or fail to comply with instructions of supervisory authority or Market Surveillance Office, they can be temporarily suspended from trading on the exchange in its entirety or for certain partial markets by SEEPEX AD in accordance with the more detail provisions contained in the SEEPEX Market Rules or they can be banned from dealing with client's orders.

Article 6.2 – Information Rights

- 6.2.1. The SEEPEX Market Surveillance Office is entitled to request information and the submission of documents from any Exchange Member and to carry out investigations in as far as this is required for the performance of its tasks according to article 1.31 of SEEPEX Exchange Rules. In particular, the Market Surveillance Office is entitled at any time to ask such information pertaining to the final beneficiary (ies) of the operations of the Exchange Member.

Article 6.3 – Penalties

- 6.3.1. In case Exchange Member and Exchange Traders authorised to trade on the exchange violate existing rules, fail to comply with instructions by SEEPEX or the request for information by the Market Surveillance Office or the relevant supervisory authority, they can be excluded from trading on the exchange in its entirety or for certain partial markets or Physical Power Contracts by SEEPEX AD in accordance with the more detailed provisions in the Exchange Rules or they can be banned from dealing with client's orders.

- 6.3.2. These penalties are cumulative and not exclusive of any other penalty provided by other provisions within SEEPEX Market Rules.

Section 7 – Final Provision

Article 7.1 – Entry into Force

- 7.1.1. The SEEPEX Code of Conduct as well as any amendments thereto shall enter into force the day of its publication unless a different time is provided for.
- 7.1.2. If an Exchange Member does not accept such changes, it may terminate with immediate effect its admission to the Exchange within the next ten (10) calendar days following the date of publication