

EXCHANGE REGULATIONS PARTICIPATION RULES

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PARTICIPATION RULES

SECTION I

Article 1

GENERAL PROVISIONS

Article 2

Subject of the Regulation

1. Power Exchange Central Europe, a.s., having its registered office at Rybná 682/14, 110 05 Prague 1, ID No.: 278 65 444, entered in the Commercial Register maintained by the Municipal Court in Prague, Section B, file 15632, is a commodity exchange pursuant to the applicable provisions of Act No. 229/1992 Coll. on Commodity Exchanges, as subsequently amended, and an organizer of a regulated market pursuant to Act No. 256/2004 Coll., on Capital Market Undertakings, as subsequently amended.
2. These Participation Rules regulate the terms and conditions for establishing authorization of persons to trade on the Exchange, the rights and duties of such persons, and the other particulars relating to the existence of the authorization of persons to conclude trades in the system of Power Exchange Central Europe, a.s.

Article 3

Definition of Terms

1. **Trading System** – automated electronic trading system that is used for the concluding of trades on the Exchange. Unless the Exchange Rules and Regulations stipulate otherwise, a trading system operated by a business partner of the Exchange or a trading system the copyrights for which belong to a business partner of the Exchange, regardless of whether or not it is located within the Exchange's registered office, is considered part of the Trading System provided the Exchange enables the conclusion of Exchange Trades within the given system.
2. **Exchange** – Power Exchange Central Europe, a.s.
3. **Exchange Information** – any information relating to trades closed on the Exchange and information relating to the Exchange's activities the original source or disseminator of which is the Exchange.
4. **Exchange Trade** – purchase and sale of a Product by persons authorized to trade on the Exchange within the Exchange Floor.
5. **Exchange Rules** – Trading Rules and, as the case may be, other rules approved by the Exchange's general meeting relating to trading on the Exchange.
6. **Exchange Regulations** – detailed rules issued by the Exchange Chamber for individual areas of its operation and valid for concluding of trades on the Exchange, e.g. the Participation Rules, Exchange Regulation – Communication Connection, Fee Rules, Fee Schedule, Standardization of Commodity Contracts.
7. **Exchange Rules and Regulations** – Exchange Rules, Exchange Regulations, Statutes and Settlement Rules.
8. **Exchange Floor** – an assembly of persons authorized to trade on the Exchange and other persons specified in the Exchange Statute who have been awarded admission tickets or who have other right of entry to the Exchange Floor. The Exchange Floor takes place by connecting to the electronic trading system.

9. **Central Depository** – the company Centrální depozitář cenných papírů, a.s., having its registered office at Prague 1, Rybná 14, ID No.: 25081489, appointed by the Exchange as the operator of a settlement system with respect to trades concluded at the Exchange.
10. **Central Counterparty** – a member of the Exchange who is the proper counterparty to all Exchange Trades. That is to say:
 - a) as regards trades in Products with financial settlement and trades in futures and daily Products with their supply destination in the Czech Republic, CENTRAL COUNTERPARTY, a.s., having its registered office at Prague 1, Rybná 682/14, Postcode 110 05, ID No.: 27122689;
 - b) for registered hourly products concluded on the Common Day-Ahead Market of the OTE and the Exchange, Energy Clearing Counterparty, a.s., having its registered office at Prague 1, Rybná 14/682, Postcode 110 05, ID No.: 28441681;
 - c) as regards trades with their supply destination in Slovakia, Central Clearing Counterparty, a.s., having its registered office at Prague 1, Rybná 14/682, Postcode 110 05, ID No.: 28381696; and
 - d) as regards trades with their supply destination in Hungary, Energy Clearing Counterparty, a.s., having its registered office at Prague 1, Rybná 14/682, Postcode 110 05, ID No.: 28441681.
11. **Clearing Participant** – a bank responsible, within the meaning of the Settlement Rules, for unconditional performance of the Trading Participant's obligations arising from the settlement of Exchange Trades and bound by an agreement for the settlement of Exchange Trades (formerly the agreement on participation in the clearing system of trades concluded on the Prague Energy Exchange) comprising the bank's commitment, among others, to settle the trading and settlement fees.
12. **OTE Business Terms** – Business Terms of OTE, a.s.
13. **Settlement Rules** – Part of the Settlement System Rules of the Central Depository regulating the settlement of trades concluded on the market organized by the Exchange. Wherever the Exchange Rules and Regulations, contracts concluded between the Exchange and trading participants, or other contractual documentation refer to "PXE's clearing rules", this is understood to mean the Settlement Rules.
14. **Products** – electricity and/or its derivatives that are the subject of an Exchange Trade on the Exchange.
15. **Products CZ** – Products having their place of delivery registration in the Czech Republic or Products the underlying asset of which is derived from Products having their place of delivery in the Czech Republic.
16. **Products SK** – Products having their place of delivery registration in the Slovak Republic or Products the underlying asset of which is derived from Products having their place of delivery in the Slovak Republic.
17. **Products HU** – Products having their place of delivery registration in Hungary or Products the underlying asset of which is derived from Products having their place of delivery in Hungary.
18. **Participation Agreement** – an Agreement Establishing Authorization to Trade on the Exchange concluded between the Exchange and a Trading Participant.
19. **Contracting Party** – a party to the Participation Agreement, i.e. the Trading Participant or the Exchange.
20. **Common Day-Ahead Market of OTE and the Exchange** – a market organized by Operátor trhu s elektřinou, a.s. (OTE) in accordance with Energy Regulatory Office Decree No. 541/2005 Coll. as the so-called "Day-Ahead Market" to which the Exchange should provide access based upon an agreement between OTE and the Exchange. Trading on this Common Day-Ahead Market of OTE and the Exchange and settlement of these trades are carried out by means of the Exchange's Trading System and are governed by the rules set out in the Trading Rules, Participation Rules, Settlement Rules and OTE Business Terms.
21. **Statutes** – Statutes of Power Exchange Central Europe, a.s.

22. **Market** – is defined by the subject of exchange trading, according to the applicability thereof for registration of deliveries within the electrical power system or according to the applicability of an underlying asset derived from Products for delivery in a given electrical power system.
23. **TSO (Transmission System Operator)** – Operátor trhu s elektřinou, a.s. (hereinafter “**OTE**”) for the Czech Republic, Slovenská elektrizačná prenosová sústava, a.s. (hereinafter “**SEPS**”) for Slovakia, Magyar Villamosenergia-ipari Átviteli Rendszerirányító Zártkörűen Működő Részvénytársaság (hereinafter “**MAVIR**”) for Hungary.
24. **Trading Participant** – a person authorized to trade on a Market of the Exchange.
25. **Admission Ticket to the Exchange Floor** – a certificate evidencing the authorization of a Trading Participant or another licensed person to participate in the Exchange Floor.

SECTION II

PERSONS AUTHORIZED TO TRADE ON THE EXCHANGE

Article 4

Persons Authorized to Trade on the Exchange

A person authorized to trade on the Exchange shall be a person who meets the conditions of participation in trading on a Market of the Exchange in accordance with legal regulations, the Exchange Rules, Exchange Regulations and Settlement Rules.

Article 5

Participation Agreement

1. Participation in trading on the Exchange is conditioned upon concluding a Participation Agreement. The Participation Agreement must be in writing and must be executed in accordance with generally binding legal regulations and the Exchange Rules.
2. Czech and English language versions of the proposal to conclude a Participation Agreement are available on the Exchange's website.
3. A person or entity applying for the execution of a Participation Agreement (hereinafter the “**applicant**”) shall always present to the Exchange, in addition to a completed application, the following annexes:
 - a) an extract from the Commercial Register containing the applicant's current data as well as copies of petitions to make or change the entry in the Commercial Register that have not been registered in the Commercial Register as of the filing date of the application; the extract from the Commercial Register shall not be older than three months before submission of the application;
 - b) a contract with a Clearing Participant ensuring cash settlement of trades concluded by the applicant at the Exchange within the meaning of these Rules, unless the applicant is itself a Clearing Participant;
 - c) other documents required by the Exchange, the submission of which it may deem necessary in order to participate on the Exchange.
4. An applicant requesting to participate in trading in Products with physical settlement also shall present to the Exchange, in addition to a completed application and the aforementioned annexes, the following annexes:
 - a) a licence authorizing the applicant to become a Trading Participant within the respective market, relating to the subject of the Exchange Trade,

- b) a power of attorney in accordance with Article 8(10) herein,
 - c) for the purposes of OTE a Declaration on Exemption from the Exchange's Obligation of Secrecy according to the sample document prescribed by the Exchange at the time the Trading Participant receives authorization to trade with Products whose deliveries are registered in the Czech Republic; this declaration, however, need not be presented if the Trading Participant has already presented it before or if the Trading Participant is obliged to submit the declaration for the purposes of trading on the Common Day-Ahead Market of OTE and the Exchange.
5. If the legal nature of the applicant does not permit submitting some of the annexes specified in the previous paragraph, the applicant shall notify the Exchange thereof, at the latest when submitting the completed application for the Participation Agreement.
 6. If the applicant is a legal entity established abroad, the extract from the Commercial Register means a public document evidencing at least the existence of such legal entity and the data concerning its registration, legal form and name. If such document does not include data regarding the address of the seat, statutory bodies or manner of acting of such foreign legal entity, such information must be otherwise conclusively evidenced. In the event that the statutory body of the foreign entity is another legal entity, it is also necessary to submit an extract from the Commercial Register or another similar public document relating to the legal entity that serves as the statutory body.
 7. The applicant shall submit the annexes to the application either in original or in an officially authenticated copy, unless the Exchange agrees to the submission of the annexes in a different form. A document submitted in other than the Czech, Slovak, English or German language shall be accompanied by an official translation into the Czech language, unless the Trading Participant and the Exchange agree otherwise for the specific case.
 8. The Exchange may request from the applicant such additional information and documents as it may deem necessary in order to conclude a Participation Agreement.
 9. If the applicant fulfils all requirements of law and the Exchange Rules and submits all annexes necessary to execute the Participation Agreement, the Exchange can conclude the Participation Agreement with the applicant without undue delay, unless the Exchange provides grounds that such contract could jeopardize the interests of the Exchange or its participants or the credibility of trading on the Exchange. This paragraph shall also apply if the Exchange waives submission of any of the documents.
 10. If the applicant fails to fulfil all requirements of law and the Exchange Rules or does not submit all annexes necessary to execute the Participation Agreement, the Exchange may refuse to conclude a Participation Agreement with the applicant. The Exchange shall notify the applicant thereof without undue delay, stating the reasons for such refusal.
 11. By signing the Participation Agreement, the Trading Participant expressly undertakes to comply with and to perform any measures, including an obligation to pay monetary penalties, arising for the Trading Participant for reasons of a failure to comply with the Statutes, the Exchange Rules or the Exchange Regulations.
 12. By signing the Participation Agreement, the Trading Participant acknowledges that its participation at the Energy Exchange is subject to state supervision by the respective state authority. The Trading Participant shall provide such cooperation as may be necessary for the performance of state supervision.

Article 6

Registration of a Trading Participant

1. The Exchange shall allocate to the Trading Participant a registration number, which the Trading Participant shall state in the case of every use of services provided by the Exchange.
2. After the allocation of the registration number, the Trading Participant shall pay a one-time fee under the conditions established by the Fee Rules and Fee Schedule for obtaining the right to trade on the Exchange. In the absence of payment of such fee, the Trading Participant will not

be allowed to conduct Exchange Trades or to use other services provided by the Exchange, unless the Trading Participant and the Exchange agree otherwise.

Article 7

Establishing Authorization to Trade on the Exchange

1. The applicant's authorization to trade on the Exchange and to use the Associated Services arises upon issuance of the Admission Ticket to the Exchange Floor by the Exchange. The scope of authorization in relation to Products in which the applicant will be authorized to trade is given by the contents of the Admission Ticket to the Exchange Floor. Issuance of the Admission Ticket to the Exchange Floor is conditioned upon concluding the Participation Agreement and presenting the documents in accordance with Article 4 herein. There shall be no legal entitlement for the issuance of the Admission Ticket to the Exchange Floor.
2. Unless stipulated otherwise, the Admission Ticket to the Exchange Floor is valid for an indefinite period of time, though no longer than the effective period of the Participation Agreement. The Admission Ticket also becomes invalid upon expulsion of the Trading Participant from exchange trading.
3. The authorization to trade includes the right to submit orders to buy or sell.
4. The conditions for the Trading Participant's specific trading are defined in the Exchange Rules and Regulations or, in the case of trades concluded on the Common Day-Ahead Market of OTE and the Exchange, in the OTE Business Terms. In order to be able to pursue specific trades, it is also necessary to ensure that the Trading Participant is connected to the Trading System in accordance with the Exchange Rules and the Exchange Regulations.

Article 8

Authorization for the Common Day-Ahead Market of OTE and the Exchange

1. Only such Trading Participant is allowed to trade on the Common Day-Ahead Market of OTE and the Exchange as has concluded an Agreement on Settlement of Imbalances and an Agreement on Access to the Organized Short-term Electricity Market with OTE and has fulfilled the other conditions for conclusion and settlement of trades on the Common Day-Ahead Market of OTE and the Exchange in accordance with the Exchange Rules and the OTE Business Terms.
2. If the Trading Participant receives authorization to trade with registered hourly products on the Common Day-Ahead Market of OTE and the Exchange, it shall apply that the Trading Participant is obliged upon signing the Participation Agreement to submit to the Exchange a Declaration for the purposes of trading on the Common Day-Ahead Market of OTE and the Exchange in the form as prescribed by the Exchange. This declaration serves for the purposes of OTE, and the Trading Participant acknowledges that submitting this declaration to OTE constitutes one of the conditions for the origin of its right to trade on the Common Day-Ahead Market of OTE and the Exchange.

Article 9

General Duties of a Trading Participant

1. A Trading Participant trading in Products with physical settlement must meet the following conditions:
 - a) it must be a licensed participant in trading in electricity in accordance with the relevant legal regulations, and
 - b) it must be admitted to settlement at the TSO, such admission being based either directly on a contract with the TSO, or, where the TSO's rules do not so allow, by means of another entity that has concluded a contract with the TSO.

2. A person or entity may not become a Trading Participant if such a person or entity is in liquidation or if such a person or entity's assets have been subject to any of the following during the past 5 years:
 - a) declaration of a bankruptcy order or a permission of composition or a decision to dismiss a petition for bankruptcy due to insufficient assets according to Act 328/1991 Coll., on Bankruptcy and Composition;
 - b) a court's decision regarding the person or entity's bankruptcy and its solution through a bankruptcy (*konkurs*) or discharge of debts (*oddlužení*), or a court's decision regarding the refusal of an insolvency petition owing to insufficient assets or cancellation of bankruptcy proceedings due to wholly insufficient assets according to Act 182/2006 Coll., on Bankruptcy and Methods of its Resolution; or
 - c) issuance of a similar decision in accordance with a foreign legal regulation.
3. A person or entity who does not have or has lost its authorization for its activities on the basis of which it is authorized to trade on the Exchange shall not be a Trading Participant.
4. A Trading Participant who is not a Clearing Participant shall be obliged to conclude an agreement on cash settlement of trades concluded on the Exchange through a Clearing Participant.
5. A Trading Participant shall establish a communication connection with the Exchange under the terms and conditions of, and with parameters stipulated in, the Exchange Regulations¹. This shall not apply, however, if the communication connection had already been established on the basis of a previously signed agreement with the Exchange or if the establishment of such communication connection is not necessary under the given circumstances.
6. A Trading Participant shall be required to meet all technical prerequisites set forth in a special regulation of the Exchange¹.
7. A Trading Participant shall be required to comply with all regulations applying to Exchange Trades.
8. A Trading Participant shall be required to comply with the duties of Trading Participants set forth in rules of the Central Depository, which regulate the settlement of trades concluded on the Exchange. A breach of such duties shall be deemed to be a breach of these Participation Rules.
9. A Trading Participant shall be required to fulfil all obligations arising from Exchange Trades in accordance with the Exchange Rules.
10. If stipulated by law or required by the Exchange, a Trading Participant shall be required to appoint one or more natural persons (individuals) as its agents and who will conclude Exchange Trades in its name. An agent may only be a person who has not been sentenced for a crime against property or *any* other intentional criminal offence². If stipulated by law or required by the Exchange, a power of attorney must be granted in writing and the grantor's signature must be officially authenticated.
11. A Trading Participant is obliged without undue delay to notify the Exchange in writing of all circumstances that could affect exercise of the Trading Participant's rights and fulfilment of the Trading Participant's responsibilities under the Participation Agreement, including, but not limited to:
 - a) all changes in data entered in the Commercial Register and other material organizational changes,
 - b) all changes in circumstances on the basis of which the Trading Participant obtained permission from the respective body authorizing the Trading Participant to trade on the Exchange,

¹ Exchange Regulation – Communication Connection of PXE Participants

² Section 40(3) of Act No. 229/1992 Coll., on Commodity Exchanges

- c) all circumstances that could result in failure to fulfil the Trading Participant's financial obligations under the Participation Agreement,
 - d) the commencement of proceedings relating to withdrawal of a licence to carry out the Trading Participant's activities,
 - e) the commencement of insolvency proceedings against the Trading Participant, or the appointment of a receiver or winding-up of the Trading Participant,
 - f) all changes on the side of the Trading Participant that affect the settling of trades and clearing of taxes,
 - g) any lawsuit (including those within an arbitration proceeding) or another action undertaken against the Trading Participant that could result in threatening its position as a Trading Participant or in harming the Trading Participant's good name,
 - h) all circumstances that threaten or may threaten trading on the Exchange or settling the Exchange Trades.
12. A Trading Participant shall specify an address for correspondence purposes. The Trading Participant shall ensure the acceptance of correspondence through the entire duration of the Participation Agreement.
13. A Trading Participant shall be required to meet the conditions, or obligations, described in the preceding paragraphs of this Article during the entire effective period of the Participation Agreement.

Article 10

Additional Rights and Duties of a Trading Participant

1. As part of the Associated Services (see Article 14), the Trading Participant will obtain Exchange Information, which is provided in electronic form allowing further processing. Trading Participants may use the Exchange Information only for their own purposes. Use for own purposes of the Trading Participant shall mean saving, processing, use and keeping (not limited as to time) of any information provided by the Exchange. The use for own purposes of the Trading Participant shall also mean the provision of such information during performance provided to a third party, if such performance relates to the object of the trading participant's activities.
2. The Exchange Chamber shall set the scope of Exchange Information which may be disseminated by Trading Participants without restrictions. The scope of such information shall be announced in the Bulletin and on the Exchange's website. In all other cases, a Trading Participant may disseminate Exchange Information only if it has concluded an agreement with the Exchange on the terms of such dissemination.
3. A Trading Participant shall provide the Central Counterparty with all cooperation required in case a tax control, or any other investigation by state authorities, takes place in relation to trading or settlement of Exchange Trades.
4. Unless stipulated otherwise below, all information that a Trading Participant is required to present to the Exchange in accordance with these Participation Rules is confidential in nature and may be used solely for the purpose of trading on the Exchange; this shall not affect the reporting duty of the Exchange under generally binding legal regulations.
5. The Trading Participant acknowledges and agrees that:
 - a) within trading on a Market of the Exchange, orders to buy or sell and the related data (hereinafter for the purposes of this paragraph collectively referred to as "data") may be entered into a Trading System that is fully or partially operated by a third party or the copyrights to which the third party owns;
 - b) it does not have and shall not have intellectual property rights to the data;
 - c) the Exchange may grant to the operator of the Trading System or part thereof or to the owner of copyrights to the Trading System or part thereof authorisation to keep, process or otherwise use the data for the purposes of ensuring proper trading and settlement of trades on a Market

of the Exchange or fulfilling the requirements stipulated for those entities by valid legal regulations;

- d) the Exchange may grant to third parties authorisation to use the data for the purposes of providing informational services, unless doing so would violate the principle of concluding trades anonymously.
6. A Trading Participant shall provide maximum assistance to the Exchange in performing analytical control of trades in accordance with the Exchange Rules.

Article 11

Rights and Duties of a Trading Participant with Regard to Settling Trades

1. During the entire term of the Participation Agreement, the Trading Participant shall perform its obligations relating to the deliveries of electricity arising from the trades concluded at the Exchange. The Trading Participant undertakes to comply with all obligations resulting from the position of the Trading Participant as a subject of settlement.
2. The Trading Participant shall follow the manner of settling trades in the Products as established by the Exchange and shall comply with the rules regulating the settling of such trades at the Exchange. It shall do so even if such rules are issued by an entity other than the Exchange.
3. For the purpose of settling trades in Products at the Exchange, a Trading Participant that is not a Clearing Participant shall enter into a trade settlement agreement with a Clearing Participant to ensure that any settlement of trades concluded at the Exchange and the cash settlement for the physical delivery of electricity may be carried out exclusively by means of such a Clearing Participant.
4. The Trading Participant shall provide the Central Depository as well as the Central Counterparty with all information required for settlement of trades and clearing of taxes.

Article 12

Transparency

1. A Trading Participant shall carry out its activities so as to prevent a breach of transparency of trades concluded on the Exchange. In this respect, a Trading Participant shall, without limitation:
 - a) refrain from any conduct leading to price manipulation in relation to an Exchange Trade (not distort the price of a trade),
 - b) not publish incorrect information about concluded trades,
 - c) not distort information about offers and demand in relation to Products,
 - d) not distort other information relating to trading on the Exchange.

Article 13

Measures Taken in the Case of a Trading Participant's Failure to Fulfil Its Duties

1. If a Trading Participant breaches its duties set forth by the Participation Agreement or by the Exchange Rules, the Exchange may take the following measures with regard to the Trading Participant:
 - a) issue a written reprimand,
 - b) notify all persons authorized to trade on the Exchange of the breach of such Trading Participant's duties,
 - c) impose a penalty fee in the amount set forth by the Fee Rules and the Fee Schedule,
 - d) disclose such breach of the Exchange Rules by the Trading Participant to both the professional and general public,
 - e) temporarily suspend the authorization to trade,

- f) permanently expel the Trading Participant from exchange trading.
2. The proceedings concerning such measures may be commenced within 6 months after the date when the Exchange Chamber learned of the facts decisive for imposition of such measures, but no later than 2 years after the date such breach occurred.
3. The decision on imposing the measures set forth in paragraph 1(a) to (e) above, including the determination of the effective date of such measures, shall be made by the General Secretary. The decision on expulsion from exchange trading may be taken only by the Exchange Chamber. The measures are not subject to appeal.
4. Proceedings for imposing the above measures are not open to the public.
5. The Exchange may request from the Trading Participant clarification of all circumstances which are relevant to the subject of the proceedings initiated for imposing the relevant measure.
6. For the purpose of proceedings for imposing a measure, the Exchange may require the Trading Participant to submit information, documents or other materials which can contribute to ascertaining the true facts of the case. The Trading Participant is entitled to express its viewpoint regarding all materials and circumstances relevant to the subject matter of the proceedings.
7. The decision to impose the relevant measure shall be delivered to the Trading Participant's registered office and shall include the reasoning behind it. Such decision may also include a decision on its publication in the Journal and on the Exchange's website.
8. The General Secretary shall suspend the authorization of a Trading Participant to trade in the following cases:
 - a) the Trading Participant operates in the unsecured settlement mode in accordance with applicable provisions of a special rule regulating the settlement of Exchange Trades³, or
 - b) upon occurrence of other circumstances set forth by the Exchange Rules.
9. If the authorization of a Trading Participant to trade has been temporarily suspended, the Exchange has a right unilaterally to close its positions.

Article 14

Expulsion from Exchange Trading

1. Grounds for expulsion from exchange trading are in particular the following:
 - a) the Trading Participant fails repeatedly to comply with rules concerning exchange trading,
 - b) the Trading Participant has refused to accede to the Exchange Trade settlement method determined by the Exchange, or
 - c) the Trading Participant fails to fulfil duly and in a timely manner the obligations resulting from Exchange Trades.
2. Furthermore, a Trading Participant shall be expelled from exchange trading if:
 - a) the Trading Participant has entered into liquidation or a bankruptcy order has been adjudicated or composition has been permitted with respect to the Trading Participant, or if a bankruptcy petition has been dismissed due to insufficient assets, and/or if a court decides about the Trading Participant's bankruptcy or refuses an insolvency petition filed against the Trading Participant owing to insufficient assets, or if a similar decision was issued in accordance with a foreign legal regulation,
 - b) the Trading Participant's licence authorizing it to trade on the Exchange has been withdrawn under a special law,
 - c) it has been decided to wind up the Trading Participant and its legal successor does not meet the terms and conditions set forth herein, or
 - d) the Trading Participant has requested its expulsion from exchange trading.

³ Settlement Rules

3. Expulsion from exchange trading means termination of the trading authorization under the Participation Agreement as of the date set forth in the relevant decision of the Exchange Chamber. The Participation Agreement remains in effect in all other respects until all obligations of the Trading Participant are fulfilled.
4. Following its expulsion from exchange trading, a Trading Participant shall be obliged to fulfil all its obligations to the Exchange and to other Trading Participants (if any), unless stipulated otherwise in the decision on expulsion from trading.
5. Following permanent expulsion of the Trading Participant, the Exchange shall close all the Trading Participant's positions in accordance with the settlement regulations of the Central Depository.

SECTION III

CONTRACTUAL PROVISIONS

Article 15

Associated Services

1. The Exchange provides the Trading Participant with the following Associated Services under the terms stipulated in the Exchange Rules, the Settlement Rules and the Exchange Regulations:
 - a) provision of trading and settlement for transactions relating to the Products in which the Trading Participant is entitled to trade:
 - provision of concluding transactions via the Trading System,
 - registration of transactions agreed within the Trading System,
 - settlement of transactions concluded within the Trading System,
 - settlement of registered transactions;
 - b) facilitating a communication connection for the Trading Participant to the Trading System for the purpose of using the services according to the previous letter.
2. The Exchange is entitled to provide one or more Associated Services through a third party, although it always shall bear responsibility as if it provided an Associated Service itself.

Article 16

Price Terms for Provision of Services, Invoicing and Place of Performance

1. The Exchange provides its services for a fee, set forth together with terms of payment in the Fee Rules and Fee Schedule, or in accordance with contract provisions.
2. The types and rates of exchange fees which the Trading Participant shall be obliged to pay, as well as the means of payment, payment due date and the issuing of tax documents, shall be stipulated in the Exchange Regulations.
3. The Fee Rules and the Fee Schedule shall be approved by the Exchange Chamber. Updated wordings of the Fee Rules and the Fee Schedule and any amendments thereto shall be published in the Journal and on the website of the Exchange at least 15 calendar days prior to their effective date.
4. Persons authorized to conclude trades or other persons to whom the Exchange provides services shall pay fees in accordance with the Fee Rules and the Fee Schedule.
5. By entering into a Participation Agreement, the Trading Participant agrees that the Central Counterparty may issue tax documents for deliveries of electric power in an electronic form, in accordance with valid legal regulations. This also applies to invoices issued by the Central

Counterparty on behalf of the Trading Participant for supplies of electric power by the Trading Participant to the Central Counterparty.

6. The Exchange will send electronic invoices to the Trading Participant with an electronic mark and a qualified time stamp established on the basis of the qualified system certificate issued by PRVNÍ CERTIFIKAČNÍ AUTORITA, a.s.
7. A Trading Participant is obliged to provide the Exchange with its e-mail address for the delivery of invoices issued according to the paragraph above. The Trading Participant shall notify the Central Counterparty of any changes regarding such address by the last day of the calendar month of the invoice period. Invoices shall be deemed delivered upon the receipt of a "Confirmation of E-mail Delivery Message".
8. If the place of performance in relation to electricity deliveries to the Trading Participant is the registered office of the Trading Participant, then the electricity shall be provided to the Central Counterparty directly by the Trading Participant. If the aforementioned place of performance is the registered office of the Trading Participant's organizational unit, then the electricity shall be provided to the Central Counterparty by the Trading Participant via such organizational unit.
9. If the place of performance is changed, the Trading Participant shall notify the Central Counterparty in writing not later than by the 15th day of the calendar month preceding the calendar month during which the deliveries with the changed place of performance shall be carried out for the first time. The Trading Participant hereby acknowledges that the Central Counterparty shall only reflect the changed place of performance for the purpose of issuing tax documents if the period for the notification of such a change is adhered to. Notwithstanding the aforementioned, the Trading Participant must comply with the rules concerning value-added tax settlement and the place of performance regarding the deliveries of electricity as established in the Exchange Rules and Regulations.
10. The Exchange declares that for the purposes of the value-added tax the Central Counterparty has designated the place of performance regarding the deliveries of electricity by the Trading Participant to the Central Counterparty as the Central Counterparty's registered office.
11. The Central Counterparty may change the place of performance within the limits of the law; a notification regarding such a change shall be sent to the Trading Participant not later than by the 15th day of the calendar month preceding the calendar month during which the deliveries with the changed place of performance shall be carried out for the first time.

Article 17

Liability for Damage

1. Each Contracting Party shall be responsible, in accordance with the Commercial Code, for damage caused to another Contracting Party as a consequence of a violation of its obligations.
2. The Trading Participant acknowledges that the Exchange, the Central Counterparty and the Central Depository shall not be liable for damage caused to the Trading Participant in connection with termination of a Clearing Participant's activities for reasons as set forth in the Settlement Rules or due to a circumstance excluding the liability of these entities pursuant to Section 374 of Act No. 513/1991 Coll., the Commercial Code.
3. The Trading Participant acknowledges that the Trading System may not be entirely free of errors and that its functioning may be interrupted and agrees that if the Exchange is unable to allow the conclusion of trades or use of Associated Services due to errors or an interruption in the Trading System's operation this shall not constitute a breach of the Exchange's obligations. Nevertheless, should such circumstance arise, the Exchange shall make all necessary efforts to remedy the matter in the shortest time possible.
4. This shall be without prejudice to the Contracting Parties' liability for damage caused to third parties.

Article 18

Other Covenants

1. Any information, notices or communications to be delivered by one Contracting Party to another Contracting Party shall be deemed duly delivered
 - a) in the case of delivery in person at the time of delivery to the other Contracting Party and
 - b) in the case of sending by registered mail or fax on the day of delivery to the other Contracting Party or, in case of doubts concerning the delivery, 2 days after being sent to the addresses provided in the heading of the Participation Agreement or notified by the other Contracting Party.

This provision shall not apply to electronic communication between the Contracting Parties.

2. Submission and settlement of claims shall be governed by the provisions of the Claims Procedure of the Exchange stipulated in the Settlement Rules.

Article 19

Terminating the Participation Agreement

1. A Participation Agreement may be terminated by any Contracting Party with a one-month notice period commencing on the first day of the calendar month following the month in which a written termination notice was delivered to the other Contracting Party. A Contracting Party also is entitled to give notice in this way only in relation to those Products to which the Trading Participant's authorization to trade applies.
2. Either of the Contracting Parties (the "**withdrawing party**") is entitled to withdraw from the Participation Agreement if the other Contracting Party (the "**violating party**") (i) repeatedly violates any of the obligations resulting from the Participation Agreement or the Exchange Rules and Regulations, (ii) is in default with settlement of any sum pursuant to the Participation Agreement or the Exchange Rules and Regulations for a period of more than 14 days, or (iii) violates an obligation resulting from the Participation Agreement or Exchange Rules and Regulations and the violating party does not resolve such violation within 14 days from obtaining a written notice from the withdrawing party for correction. Withdrawal from the Participation Agreement must be effected in writing. The withdrawing party also is entitled to withdraw from the Participation Agreement only in relation to such part as concerns any of the Products to which the Trading Participant's authorization to trade applies and to which the violation of an obligation relates.
3. The effectiveness of the Participation Agreement shall also end in the event that either of the Contracting Parties loses its qualifications to be a Contracting Party to the Participation Agreement under generally binding legal regulations.
4. Furthermore, the Participation Agreement may be terminated by mutual agreement between the Contracting Parties.
5. The Participation Agreement shall also be terminated in the event of cancellation or loss of the authorization to act as a Trading Participant, occurring in accordance with generally binding law, the Statutes or the Exchange Rules.
6. The Participation Agreement shall be governed by, and interpreted in accordance with, the laws of the Czech Republic.
7. The right to trade on the Exchange shall not pass automatically to a Trading Participant's legal successor, unless the Trading Participant's legal successor demonstrates that it has fulfilled all conditions for participation in trading on the Exchange within the transfer period of the rights and obligations.
8. Unless otherwise stipulated in the arrangements between the Contracting Parties, the Participation Agreement may be changed or amended solely as agreed between the Contracting Parties in the form of written amendments.

Article 20

Plurality of the Trading Participants

1. If in relation to Products with financial settlement or in relation to Products the delivery of which is registered in one specific state the Participation Agreement stipulates that the entity stated in clause A of the Participation Agreement (hereinafter the **“Main Participant”**) and the co-participant defined in the Participation Agreement (**“Co-participant”**) are jointly and severally the Trading Participant, then the following variant provisions apply to trading with these Products:
 - a) If (i) the Participation Agreement or (ii) the Exchange Rules, Exchange Regulations or Settlement Rules (hereinafter jointly referred to as the **“Rules and Regulations”**) refer to a Trading Participant, this shall mean jointly the Main Participant and the Co-participant, unless results otherwise from this Article.
 - b) The Main Participant and the Co-participant jointly and severally have all rights and bear all responsibilities arising from the Participation Agreement and the Rules and Regulations in relation to the Exchange and the Central Counterparty, unless results otherwise from this Article.
 - c) The Main Participant and the Co-participant are jointly and severally liable in the case that either of them violates any of the obligations stated in the Participation Agreement or in the Rules and Regulations.
 - d) Unless the Contracting Parties agree otherwise, the Main Participant is the sole entity authorized to carry out activities on the side of the Trading Participant leading to the conclusion of trades on the Exchange. For that purpose, the Main Participant shall use its own Admission Ticket to the Exchange Floor and its own access to the Trading System by means of which it shall place orders to buy or sell. This shall not affect the Co-participant’s responsibility arising from such trading.
 - e) As in the case of Products with physical settlement the Co-participant ensures the physical delivery and consumption of electricity sold or purchased by the Trading Participant on the Exchange, the Contracting Parties have agreed that:
 - the price for the physical delivery of electricity by the Trading Participant to the Central Counterparty shall be paid by the Central Counterparty to the Co-participant to the Main Participant’s clearing account, provided that the tax documents in relation to these deliveries are issued in the name of the Co-participant;
 - the price for the physical delivery of electricity by the Central Counterparty to the Trading Participant shall be paid by the Co-participant from the Main Participant’s clearing account, provided that the Central Counterparty issues the tax documents in relation to these deliveries to the Co-participant.
 - f) If a licence is required to trade in Products, the Co-participant must hold such licence.
 - g) In the case of Products with physical settlement, the Co-participant at the same time must be subject to settlement at TSO or, in permitted cases, it must be a member in a balancing group of another trader at TSO that is subject to settlement at TSO.
 - h) The Trading Participant undertakes to fulfil all obligations arising from the position of a Co-participant as a subject of settlement.
 - i) The Main Participant, the Co-participant, or both of them jointly must have an agreement with a Clearing Participant in relation to the settlement of Exchange Trades concluded by the Trading Participant.
 - j) In cases when the registration of trades under these Rules is not performed by the Exchange, the registration of trades at TSO (scheduling) is ensured by the Co-participant. Nevertheless, the Trading Participant is fully responsible to the Exchange and Central Counterparty for appropriately registering the trades.

SECTION IV

TEMPORARY AND FINAL PROVISIONS

Article 21

Liability

The Exchange shall not be liable for any damages caused to Trading Participants or to third parties due to a breach of these Participation Rules by another Trading Participant.

Article 22

Disputes Resolution

Any disputes between Trading Participants and disputes with the Exchange concerning exchange trading shall be resolved by the relevant courts.

Article 23

Amendments to the Exchange Rules and Exchange Regulations

1. Amendments to the Exchange Rules shall be proposed by the Exchange Chamber and approved by the General Meeting of the Exchange. Amendments to the Exchange Regulations shall be approved by the Exchange Chamber.
2. The Exchange Rules shall come into effect as of the date set by the General Meeting. The Exchange Regulations shall take effect as of the date set by the Exchange Chamber.
3. Updated wording of the Exchange Rules and the Exchange Regulations also shall be published on the Exchange's website.

Article 24

Effectiveness of the Participation Rules

These Participation Rules were approved by the Exchange Chamber on 15 September 2011 and take effect on 1 October 2011.