

RULEBOOK

FOR

NORD POOL GAS' PHYSICAL MARKET

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1. INTRODUCTION

- 1.1** Nord Pool Gas A/S ("NPG") is operating a Danish market place for trading in gas. NPG currently organizes the NPG Physical Market.
- 1.2** The Participants are entities operating in the Danish Gas Market that have entered into a Participant Agreement with NPG and a Clearing Agreement with Nord Pool Spot AS ("NPS").
- 1.3** Market Makers are Participants that has entered into a Market Maker Agreement with NPG for the purpose of acting as Market Maker in the NPG Physical Market.

2. THE RULEBOOK FOR NPG PHYSICAL MARKET

- 2.1** The Rulebook consists of these General Rules, the Appendices and the Agreements applicable as described in the table of contents.
- 2.2** The Rulebook is a set of private and agreements applying to NPG and Participants regulating Trading and related activities.
- 2.3** Amendments to the General Rules and Appendices shall be notified in public with minimum two weeks notice, unless required by applicable laws or competent authorities to implement quicker changes. Amendments to an Agreement require the consent of all Parties to the relevant Agreement.
- 2.4** Danish law shall apply to Trading in the NPG Physical Market and the part of the Rulebook relating thereto, with exemption for matters relating to delivery of gas where the local law of the delivery country shall apply.

3. GENERAL INTERPRETATION RULES

- 3.1** In the Rulebook references to an entity include a corporate body, an unincorporated association of persons or any other legal entity or physical person.
- 3.2** References to a Participant include references to the successors of that Participant.
- 3.3** References to points in time refer to Central European Time.
- 3.4** Any words importing the singular shall admit the plural where the context admits and vice versa. Any words importing the neutral gender shall include the feminine gender and the masculine gender (in respect of a physical person).
- 3.5** Included or including shall mean "included without limitation".
- 3.6** The headings in the Rulebook do not affect its interpretation.

4. DEFINITIONS AND ABBREVIATIONS

- 4.1** Capitalized terms in the Rulebook shall have the meaning assigned to them in Appendix 8 (Definitions).

5. CONDITIONS FOR TRADING

5.1 Participants

- 5.1.1 Participants must prior to the commencement of Trading enter into a Participant Agreement with NPG and a Clearing Agreement with NPS.
- 5.1.2 Each Participant must appoint minimum one Contact Person, to be approved by NPG. The Contact Person shall be fully authorized to represent the Participant towards NPG in all respects. Any change in the appointment of Contact Person shall be notified in writing to NPG before coming into force.
- 5.1.3 NPG may require the Participant to set up electronic communication with NPG according to NPG's specifications.
- 5.1.4 Further requirements on Participants follow in the Participant Requirements (Appendix 2).

5.2 Market Makers

- 5.2.1 Participants that wish to be Market Makers in the NPG Physical Market must enter into the Market Maker Agreement with NPG.

5.3 Waiver of confidentiality

- 5.3.1 As part of the approval of Participants, NPG may gather information about their solidity, competence and other relevant affairs.
- 5.3.2 NPG is allowed to gather credit information and other information about the potential Participants' financial position and capability to meet their respective obligations. NPG may for this purpose require relevant information from the Participant, for example access to their financial statements and accounts. By signing the Participant Agreement the Participant is deemed to accept that NPG without hindrance of any duty of secrecy, may collect information from the Participant's bankers or others who might have relevant information.

5.4 Public licenses

- 5.4.1 The Participant must have obtained all required public licenses prior to the commencement of Trading.

5.5 Agreement on balance responsibility

- 5.5.1 The Participants must in its own name or through another company have entered into an agreement on balance responsibility with the relevant Balance Responsible Party or the Transmission System Operator. In the Danish gas market a Participant has to be registered as player in the register managed by Energinet.dk.
- 5.5.2 If the agreement specified above is terminated, NPG may suspend the Participant. If the agreement is terminated, the Participant shall inform NPG immediately.

5.6 Reporting obligations and audit

- 5.6.1 The Participant shall immediately notify NPG of any change in share capital or reorganization which can be of importance for the credit evaluation of the company, including (but not limited to) mergers, split-up, decrease in share capital, changes in corporate structure as

well as any change in information already given to NPG. The Participant shall inform NPG of any change to the company's articles of association or ownership before these are effectuated. NPG shall treat such information confidential.

5.6.2 NPG's auditor conducts both an accounting and a technical audit. It may be of relevance to carry out various inquiries in connection with the auditor's technical audit, in order to confirm that the controlling routines of the Participants that the obligations arising from the Rulebook are adequately fulfilled. The Participants accept that such inquiries are conducted.

6. TRADING

6.1 Listing of Instruments

6.1.1 NPG decides which Instruments that shall be listed at NPG Physical Market.

6.1.2 Removal of listed Instruments is decided by NPG. Delisting may not be effected for the Instrument where there is an Open Balance.

6.2 Trading Systems

6.2.1 NPG maintains an electronic trading system (ETS) as further regulated in the NPG Physical Market Regulations (Appendix 1).

6.2.2 NPG organizes Trading in Instruments among Participants by receiving Bids in the ETS and according to prevailing rules for price calculations determine traded volumes and prices.

6.2.3 Trading at NPG Physical Market is organized anonymously so that the identities of the Participants placing Bids and entering into Transactions are not disclosed to other Participants or third parties, unless required by law.

6.2.4 Further regulations on Trading follow in the NPG Physical Market Regulations (Appendix 1).

6.3 Clearing

6.3.1 A Transaction is automatically submitted to NPG and subject to Settlement and Clearing upon registration with NPS.

6.4 Intraday Trading Limits

6.4.1 Participants may be subject to Intraday Trading Limits related to their positions and Collateral posted.

6.5 Trading Fees

6.5.1 The Participants shall pay the Trading Fees prevailing at any one time as further provided in the Fee Schedule (Appendix 5).

7. CLEARING

7.1 Central Counterparty Clearing

7.1.1 NPS shall register for Clearing all Transactions that are submitted to NPG.

7.1.2 NPS enters into the Transactions as central counterparty performing Settlement and Clearing upon registration of a Transaction with NPS, where after NPS and the relevant Participants parties in the Transaction.

7.1.3 NPS shall maintain a clearing system in which all Transactions are recorded at Clearing Accounts maintained for each Participant.

8. DEFAULT AND NON-COMPLIANCE

8.1 Definitions of Default and Non-Compliance

8.1.1 Default exists if NPS or a Participant fails to meet obligations with respect to Collateral or Settlement.

8.1.2 Non-Compliance exists if NPS or a Participant fails to meet any other requirements and obligations under the Rulebook.

8.2 Default by a Participant

8.2.1 NPG is upon a Default by a Participant entitled to any or all of the following actions:

- Suspend the Participant.
- Instruct the Participant to withdraw all Bids and close positions.
- Set off receivables of the Participant against the Participants obligations to NPG.
- Terminate the Participant Agreement in the event of a material default.

8.3 Non-Compliance

8.3.1 NPG is upon non-compliance by a Participant entitled to any and all of the following actions:

- Issue a written warning to the Participant.
- Suspend the Participant from Trading.
- Terminate the Participant Agreement in the event of material non-compliance.

8.4 Before imposing a sanction, the Participant shall, if possible, be given an opportunity to present a rejoinder and to give an opinion on the facts presented by another Party.

8.5 NPG may in their sole discretion independently decide on whether or not and how to make their sanctions public.

9. FORCE MAJEURE

- 9.1** The rights and obligations of the Parties under the Rulebook cease in a Force Majeure situation. As Force Majeure is considered, *inter alia*, changes to applicable laws and regulations, instructions by regulatory bodies, natural disasters, strikes, lockouts, sabotage as well as rationing situations that are extraordinary and that the situations can not reasonably be overcome by the Party claiming Force Majeure relief.
- 9.2** Each Party shall notify the other Party immediately of any Force Majeure situation.
- 9.3** The Parties shall to the extent possible prevent or limit the consequences of a Force Majeure situation, in order for normal service to be resumed as soon as possible.

10. LIABILITY

- 10.1** The Parties are not liable for damages unless having acted with negligence or willful conduct, however so that liability for indirect or consequential damages requires gross negligence.
- 10.2** The Parties have at all times a strict liability to meet their settlement obligations but their liabilities for further damages are limited as to the above.
- 10.3** The Parties are not responsible for damages and losses caused by a Force Majeure situation.

11. MARKET CONDUCT AND MARKET SURVEILLANCE

- 11.1** Participants shall at all times comply with the provisions of the Market Conduct Rules (Appendix 3).
- 11.2** Non-compliance with Market Conduct Rules may be sanctioned by NPG according to the Market Conduct Rules.
- 11.3** NPG shall monitor the Trading on the NPG Physical Market and ensure that the operations are conducted in accordance with applicable laws, public regulations and the Rulebook.
- 11.4** NPG may, when it finds it proper, carry out investigations of Participants. NPG may make requests to and collect information from Participants concerning their own or their clients' or customers' or employers' business. Such business includes all physical Bidding and Trading.
- 11.5** In connection with investigations of Participants' business, NPG may, directly from the relevant Balance Responsible Party or Transmission System Operator, gather any data relating to management, market and settling of accounts.
- 11.6** The market supervision body at the Transmission System Operator may, in connection with the investigations relating to its markets, make requests to NPG and collect information regarding Participants' physical Trading at NPG.
- 11.7** NPG may impose a daily charge on an entity or person that does not comply with its information duty running until the entity or person provides the information.

12. INFORMATION MATTERS

- 12.1** NPG is, regardless of confidentiality duty, entitled to compile and distribute information regarding trading data and technical and financial matters, as far as the information does not identify an individual Participant. NPG holds exclusive proprietary rights to the trading data, however so that a Participant holds non-exclusive rights to any trading data originating from him.
- 12.2** NPG may, without consent from the Participant, pass on information to public authorities if so required by law or regulation. NPG will in such cases inform the Participant of the information given.