

Instruction I-EX-ENE- 02/2024

Pre-arranged Trades or Block Trades

MEFF

October 2024

Contract group: Energy Derivatives

Date: 29 October 2024

Effective Day: 30 October 2024

Replaces: I-EX-ENE-02/2023

This Instruction sets out the principles applicable to acceptance of Pre-arranged Trades or Block Trades, the operating procedure and the timetable. It is modified due to the removal of Volume Action modality.

1. PRINCIPLES FOR THE ACCEPTANCE OF PRE-ARRANGED TRADE

The basic principle governing the acceptance of Prearranged Trades is that its price is a market price.

MEFF and BME CLEARING will supervise any trade before registration. Registration will only occur in case both entities accept the trade.

This Instruction establishes MEFF's supervision criteria.

To cater with this principle, MEFF defines, in Chapter 2 of this Instruction, a range for prices called Reference Parameters. If the trade, for which registration has been requested, falls within the Reference Parameters, MEFF will directly accept the transaction. If the trade, for which registration has been requested, is outside the Reference Parameters, MEFF will review the transaction, according to section 2 of this Instruction, in order to accept or reject the Agreed Trade.

2. REFERENCE PARAMETERS

The price parameters are as follows:

CONTRACT	PRICE RANGE WITH RESPECT TO LAST REFERENCE PRICE
Annual	+/-20%
Quarterly	+/-20%
Monthly	+/-30%
Daily and Weekly	+/-100%

MEFF will establish the reference price for each of the contracts at 8:00, 11:00, 14:00 and 17:00 CET.

In order to establish the reference prices, MEFF will observe external sources that are market benchmarks. If there are no updated reference prices, MEFF's closing price of the previous session or that which can be deduced from the evolution of market prices during that session will be taken as the reference price.

3. OPERATING PROCEDURE

The required data for sending a Pre-arranged Trade to the system for further confirmation and registration are:

- Contract
- Price
- Volume
- Buyer Member
- Seller Member

Requests for registration of these transactions will be communicated to MEFF's electronic system S/MART by a type "H" transaction reporting the data of the specific transaction intended to be registered, the volume and price (to two decimal places) of the trade and data of the counterparties.

One of the Members participating in the transaction may communicate it, in which case the other Member participating in the operation will have to confirm or, alternatively, a broker may communicate the transaction, in which case the participating Members must specifically confirm it.

The transaction may be confirmed by the Members, alternatively:

- a) Via a MEFF terminal.
- b) Via MEFF´s web portal ("MEFF Trade Entry Website");
- c) Via a telephone call or electronic mail to the Supervision´s Services Department;
- d) Via a Broker, providing a signed written consent sent to MEFF as per the Annex to this Instruction. This signed written consent will authorise MEFF to consider confirmed, to all effects, all transactions from a given Member which the corresponding Broker submits to MEFF for clearing and settlement. Those transactions will be registered in the Member's name without MEFF requiring a subsequent confirmation from the Member.

If the counterparty rejects the transaction or fails to confirm it within the session, MEFF will reject the registration request.

Should the Members who are counterparty to the transaction accept such transaction and supervision criteria comply with the previously stated requirements; MEFF will register it and communicate to BME CLEARING for the immediate processing at the CCP. BME CLEARING could supervise the trade according with the established criteria in the "Transactions directly agreed between Energy Segment Members and Brokered Transactions" Circular.

Once MEFF and BME CLEARING accept the trade, it will be registered at MEFF and immediately at BME CLEARING for clearing and settlement, acting BME CLEARING since that moment as the counterparty.

In case that MEFF or BME CLEARING does not accept the trade, it will be rejected.

In the event that any of the counterparties or the broker requests the cancellation of a pre-arranged trade, sent to the system and confirmed by the counterparties, MEFF´s Supervision Department will confirm said cancellation with the counterparts and proceed to its cancellation as long as the contract is still alive in the system.

4. PRE-ARRANGED TRADES DISCLOSURE

MEFF offers the possibility of pre-arranged trade deferral always under request, of the trade petitioner and depending on the trade size.

- If the trade is on a contract considered as liquid by ESMA: trade volume must represent a nominal greater than the thresholds published by ESMA (Large in Scale, LIS, post negotiation) for each asset class and underlying.
- For contracts considered liquid any volume can be accepted.

Non-disclosure consists in that the only public data at the end of the session will be the cumulative traded volume and the open position. All trade details will be made public two working days after the trade.

5. REGISTRATION CALENDAR

The calendar for Registration of Pre-arranged trades for Members of the Power Derivatives Contract Group will be established in the "Trading Calendar for Power Contracts Group" Circular.

6. TIMETABLE

The timetable for requesting and registration of Pre-arranged Trades will be as established in Circular "Timetable for the Power Contract Group". Any request for a Block Trade sent which remains pending acceptance outside said timetable will be cancelled by the system.

ANNEX

..... (here forth
"Member of MEFF") operates regularly in the energy products segment via one or several
brokers, trading power derivatives.

BME CLEARING offers clearing and settlement services over transactions on power
derivatives executed by Members of MEFF.

According to Instruction "*Transactions directly agreed between Market Members and
Brokered Transactions*", in order for MEFF to register transactions at BME CLEARING for
clearing and settlement, those Members who have executed the transactions must
confirm them. The aforementioned Instruction details in section three the possibility for
Members to confirm transactions via a broker providing a signed written consent from
the Member to MEFF, where the Member authorizes MEFF to consider confirmed all
transactions of this Member which the corresponding Broker submits to MEFF, without
prejudice of the Member's right to communicate possible errors incurred by the broker
for their cancelation, according to what is stipulated in section 3 of the above mentioned
Instruction.

By sending and signing this written consent, the Member.....
authorises MEFF to consider confirmed all transactions of the Member which
..... (The Broker¹) may submit to MEFF for its
clearing and settlement at BME CLEARING. These transactions will be registered under
the Member's name, without MEFF requiring a subsequent confirmation from him.

¹ A signed written consent form will be requested for each broker.

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