

Trading Appendix 5

Market Conduct Rules

N2EX Physical Market

Issued by Nord Pool Spot AS – Effective from 1 October 2014

Obsolete

MARKET CONDUCT RULES

1. INTRODUCTION

- 1.1 These Market Conduct Rules have been issued by NPS under the Trading Rules for the N2EX Physical Market.
- 1.1.1 The provisions herein apply to:
- a) Participants; and
 - b) Account Holders,
- each a “**Market Conduct Party**”.
- 1.1.2 In this Trading Appendix references to “Market Conduct Party” shall be deemed to include any individual Trader or other person acting on behalf of such Market Conduct Party.

2. COMPLIANCE WITH APPLICABLE LAW

All Market Conduct Parties shall at all times comply with Applicable Law and these Market Conduct Rules when Trading.

3. PROHIBITION OF UNREASONABLE BUSINESS METHODS

- 3.1 Market Conduct Parties must not apply unreasonable business methods when carrying out Trading, and shall always seek to act in accordance with good business practice.

4. INVESTIGATIONS AND DISCIPLINARY MEASURES

- 4.1 NPS will, via Market Surveillance, monitor the N2EX Market with a view to ensuring that all Trading and other activities in the Market are conducted in accordance with these Market Conduct Rules and Applicable Law.
- 4.2 If Market Surveillance suspects that any Market Conduct Party is or may be acting (or attempting to act) in breach of these Market Conduct Rules or Applicable Law, it may conduct an investigation. Such investigation may, in the absolute discretion of Market Surveillance, take place without the knowledge of the relevant Market Conduct Party.
- 4.3 Market Surveillance may:
- a) following its investigation; or
 - b) following any decision or finding by any Regulatory Body or any judicial authority that such Market Conduct Party has breached Applicable Law when Trading or it (or any Affiliate) is guilty of a similar offence in another jurisdiction,
- recommend in writing to the board of directors of NPS that a Market Conduct Party’s access to the Trading System be suspended or terminated.
- 4.4 Any recommendation from Market Surveillance for suspension or termination shall include a full description of the factual and legal grounds for the recommendation. The recommendation shall invite the Market Conduct Party involved to present its views to the board of directors of NPS. The Market Conduct Party may respond in writing to present its views, but shall have no obligation to do so.
- 4.5 The appropriate disciplinary measures under these Market Conduct Rules shall be decided by NPS in its absolute discretion, taking into account any decision or finding (if any) of a Regulatory Body or judicial authority pursuant to Section 4.3(b) above, the gravity of any infringement, the damage caused to other Market Conduct Parties and the integrity of the Market, the Market Conduct Party’s potential gains from the infringement, previous behaviour by the Market Conduct Party and other relevant factors including any mitigating circumstances.

- 4.6 The decision by NPS shall be notified in writing to the relevant Market Conduct Party. In the event of NPS publishing the decision, the relevant Market Conduct Party(s) shall be notified in due time prior to such publication.
- 4.7 Nothing in these Market Conduct Rules shall limit a Market Conduct Party's rights, obligations or liabilities under Applicable Law, and disciplinary actions imposed hereunder may be in addition to such disciplinary actions or penalties as may be imposed by other entities under Applicable Law.

5. DUTY TO PROVIDE INFORMATION UPON REQUEST

- 5.1 Subject to Section 5.6, Market Conduct Parties are obliged to provide all such information as NPS considers relevant either in the context of the performance of its monitoring role or in the context of any investigation of any suspected breach of the Market Conduct Rules or to comply with Applicable Law as soon as possible following a written request from NPS. Market Conduct Parties shall make all necessary arrangements with third parties in respect of confidentiality etc. to ensure they are able to comply with their obligations under this Section 5.
- 5.2 Market Conduct Parties shall ensure that their officers, employees, agents and other personnel are subject to obligations substantively similar to those set out in Section 5.1.
- 5.3 Each Market Conduct Party acknowledges that:
- a) NPS may from time to time, whether or not such information is acquired in the context of an investigation or not, provide information on Trading activity to the relevant Regulatory Body;
 - b) All communication with NPS and Market Surveillance may be recorded, stored and used in connection with the monitoring of compliance with Applicable Law and these Market Conduct Rules,
- and each Market Conduct Party shall procure all necessary consents from all its relevant officers, employees and agents prior to any individual communication with NPS and/or Market Surveillance on behalf of such Market Conduct Party.
- 5.4 Communication between Market Conduct Parties and Market Surveillance may include personal data relating to individuals to the extent such information is comprised within any relevant communication or is otherwise necessary.
- 5.5 Nothing in this Section 5 shall be interpreted as being in conflict with a Market Conduct Party's duty to comply with Applicable Law.
- 5.6 Information received in accordance with this Section 5 shall only be used for the purpose of surveillance of the Market Conduct Rules and Applicable Law, including the investigation of suspected breaches.

6. LIABILITY FOR THIRD PARTIES

- 6.1 Market Conduct Parties shall ensure that any non-Market Conduct Party to which it grants Trading System access (subject to the provisions of the Trading Rules and the Clearing Rules) complies with these Market Conduct Rules at all times as if the Market Conduct rules applied directly to such non-Market Conduct Party. The Market Conduct Party shall procure that such non-Market Conduct Party signs a declaration in substantially the format set out in the Annex 1 hereto, which shall be kept by the Market Conduct Party and delivered to NPS upon request.
- 6.2 In case of a breach of the Market Conduct Rules by a non-Market Conduct Party, the Market Conduct Party may only be relieved from its obligations under the Market Conduct Rules to the extent:
- a) the non-Market Conduct Party itself fulfils all other obligations under the Market Conduct Rules as set out above; and
 - b) the Market Conduct Party itself is not in default of the Trading Rules or the Clearing

Rules and the Market Conduct Party cannot be blamed for the non-Market Conduct Party's breach of the Market Conduct Rules.

- 6.3 Unless and to the extent prescribed by Applicable Law, nothing in this Section 6 shall give non-Market Conduct Party entities any rights to enforce any of the Market Conduct Party's rights or obligations directly towards NPS.

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ANNEX 1

ADHERENCE FORM – MARKET CONDUCT RULES

The undersigned, being an entity engaged in Trading and/or Clearing at the Physical Market on behalf of , hereby represent in favour of Nord Pool Spot AS that:

- (i) I have read and understood the Market Conduct Rules;
- (ii) I accept and acknowledge that I am under a duty to comply with the Market Conduct Rules as applicable at any time when Trading, as if I were a Market Participant;
- (iii) I accept and acknowledge that Nord Pool Spot AS (including Market Surveillance) may take such actions against me as provided under the Market Conduct Rules, and to otherwise enforce the Market Conduct Rules against me, as if I were a Market Participant;
- (iv) I accept and acknowledge that Nord Pool Spot AS (including Market Surveillance) may, regardless of any duty of confidentiality but subject to the provisions in the Market Conduct Rules, inform the public of the fact that Nord Pool Spot AS has initiated investigation of any named entity in respect of the Market Conduct Rules and that Nord Pool Spot AS may also disclose the results of such investigations, including any disciplinary actions;
- (v) I accept and acknowledge that the Market Conduct Rules may be amended in accordance with the provisions of the Trading Rules, and that any such amendment shall affect my obligations in relation to these representations accordingly.
- (vi) I shall be deemed to repeat these representations upon each Order, Transaction, Clearing Request and Clearing Transaction that I am involved with.

Capitalised terms in this adherence form shall have the meanings ascribed to them in the Definitions of the Trading Rules of Nord Pool Spot AS, as applicable at the relevant time.

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(place and date)

(signature)

(name and position in typed letters)

This adherence form shall be recorded and kept with the Market Conduct Party and disclosed to Nord Pool Spot AS upon request.