

# **Market Conduct Rules**

**Schedule 5**

**Nord Pool AS**

## MARKET CONDUCT RULES

### 1. MARKET CONDUCT PARTIES

These Market Conduct Rules shall apply to all:

- a) Participants;
- b) Clients; and
- c) Client Representatives,

each a “**Market Conduct Party**”.

### 2. COMPLIANCE WITH APPLICABLE LAW

All Market Conduct Parties shall, and shall procure that, each of its Affiliates and all of its officers, employees, agents and professional advisers (including those of its Affiliates), at all times comply with Applicable Law and these Market Conduct Rules.

### 3. REQUIREMENT TO OBSERVE GOOD BUSINESS PRACTICES

No Market Conduct Party shall employ unreasonable business methods when carrying out Trading, and shall always use its best efforts to act in accordance with good business practice.

### 4. INVESTIGATIONS AND DISCIPLINARY MEASURES

4.1 Nord Pool will, via the Market Surveillance, monitor the Physical Markets with a view to ensuring that all Trading and other activities on the Physical Markets are conducted in accordance with these Market Conduct Rules and Applicable Law.

4.2 If the 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 the Market Surveillance, take place without the knowledge of the relevant Market Conduct Party.

4.3 The Market Surveillance may:

- a) following its investigation; or
- b) following any decision or finding by any Competent Authority or any judicial authority that a Market Conduct Party or one of its Affiliates or any one or more of such Market Conduct Party's officers, employees, agents and professional advisers (including those of its Affiliates'), has breached Applicable Law when Trading or it is guilty of a similar offence in another jurisdiction,

recommend in writing to the board of directors of Nord Pool that a Market Conduct Party's access to Trading and/or Clearing be suspended or terminated.

4.4 Any recommendation from the 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

Nord Pool. 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 Nord Pool in its absolute discretion, taking into account any decision or finding (if any) of a Competent Authority 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 Nord Pool shall be notified in writing to the relevant Market Conduct Party. In the event of Nord Pool 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 Nord Pool 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 Nord Pool. 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 (and those of its Affiliates) who are, or are likely to be, involved, whether directly or indirectly in Trading, are subject to obligations which are substantially the same as those set out in Section 5.1.
- 5.3 Each Market Conduct Party acknowledges that:
- a) Nord Pool 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 Competent Authority;
  - b) All communication with Nord Pool and the 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 each of its relevant officers, employees and agents prior to such persons communicating with Nord Pool and/or the Market Surveillance on behalf of such Market Conduct Party.
- 5.4 Communication between Market Conduct Parties and the 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 inconsistent or 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 purposes of surveillance of the Market Conduct Rules and Applicable Law, including the investigation of suspected breaches.

## **6. MARKET SENSITIVE INFORMATION: UMM (NORDIC/BALTIC MARKET ONLY)**

- 6.1 With respect to the Nordic/Baltic Market only, Market Conduct Parties making public disclosures of information pursuant to Article 4 of REMIT or Articles 7, 10 or 15 of the Transparency Regulation shall be required to do so in the form of an Urgent Market Message (UMM) using the UMM system provided by Nord Pool.

## **7. LIABILITY FOR THIRD PARTIES**

- 7.1 Market Conduct Parties shall ensure that any non-Market Conduct Party to which it grants Trading System access (subject to the provisions of the Rulebook) 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 Nord Pool upon request.
- 7.2 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 that:
- 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 Rulebook and the Market Conduct Party cannot be blamed for the non-Market Conduct Party's breach of the Market Conduct Rules.
- 7.3 Unless and to the extent prescribed by Applicable Law, nothing in this Section 7 shall give non-Market Conduct Party entities any rights to enforce any of the Market Conduct Party's rights or obligations directly towards Nord Pool.

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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 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 AS (including the 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 AS (including the 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 AS has initiated investigation of any named entity in respect of the Market Conduct Rules and that Nord Pool 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 AS, as applicable at the relevant time.

\_\_\_\_\_  
(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 AS upon request.*

## ANNEX 2

# SPECIAL REGULATIONS FOR MEMBERS TRADING IN PRODUCTS WITH DELIVERY IN NORWAY, OR WITH BUSINESSES OR FACILITIES IN NORWAY

### 1. INTRODUCTION

This Annex applies to Market Conduct Parties trading in Products with delivery in Norway, or with business or facilities in Norway.

### 2. INTERPRETATION

2.1 For the purpose of this Annex, the term “**Inside Information**” means information of a precise nature which has not been made public, which relates, directly or indirectly, to one or more Products and which, if it were made public, would be likely to significantly affect the prices of those Products.

For the purposes of this Annex (and as otherwise used herein in connection with “Inside Information”):

(a) The term “**information**” means:

- (i) Information which is required to be made public in accordance with these Market Conduct Rules, contracts or customs for the Physical Markets, in so far as this information is likely to have a significant effect on the prices of Products;
- (ii) Information which is required to be made public in accordance with Applicable Law, including rules and/or guidelines issued by any relevant Competent Authority, in so far as this information is likely to have a significant effect on the prices of Products; and
- (iii) Other information that a reasonable Market Conduct Party would be likely to use as part of the basis of its decision to enter into a Transaction relating to, or to issue an Order in, a Product.

(b) The term “**precise nature**” means information that indicates a set of circumstances which exists or may reasonably be expected to come into existence, or an event which has occurred or may reasonably be expected to do so, and if it is specific enough to enable a conclusion to be drawn as to the possible effect of that set of circumstances or event on the prices of Products.

Information regarding the Market Conduct Party's own plans and strategies for trading shall not be considered as Inside Information.

2.2 For the purpose of this Annex, the term “**Market Manipulation**” means:

- (a) Entering into any Transaction or issuing any Order in Products with delivery in Norway which:

- (i) Gives, or is likely to give, false or misleading signals as to the supply of, demand for, or price of Products; or
- (ii) Secures or attempts to secure, by a person, or persons acting in collaboration, the price of one or several Products at an artificial level, unless the person who entered into the Transaction or issued the Order establishes that his reasons for doing so are legitimate and that that Transaction or Order conforms to accepted market practices on the Physical 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 Products;

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 Products, including the dissemination of rumours and false or misleading news, where the disseminating person knew, or ought to have known, that the information was false or misleading.

2.3 For the purpose of this Annex, the term "**attempt to engage in market manipulation**" means:

- (a) Entering into any Transaction, issuing any Order or taking any other action relating to a Product with delivery in Norway with the intention of:
  - (i) Giving false or misleading signals as to the supply of, demand for, or price of Products;
  - (ii) Securing the price of one or several Products at an artificial level, unless the person who entered into the Transaction or issued the Order establishes that his reasons for doing so are legitimate and that that Transaction or Order conforms to accepted market practices on the Physical Market concerned; 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 Products;

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 Products.

### **3. PROHIBITION OF INSIDER TRADING AND DUTY OF CONFIDENTIALITY**

3.1 Market Conduct Parties who possess Inside Information in relation to a Product with delivery in Norway 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, Products with delivery in Norway 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 Products with delivery in Norway to which that information relates.

3.2 Section 3.1 (a) shall not apply to:

- (a) Transactions conducted in the discharge of an obligation that has become due to acquire or dispose of Products where that obligation results from an agreement concluded, or an Order placed, before the Market Conduct Party concerned came into possession of Inside Information;
- (b) Transactions entered into by Market Conduct Parties, the sole purpose of which is to cover the immediate physical loss resulting from unplanned outages, where not to do so would result in the Market Conduct Party not being able to meet existing contractual obligations or where such action is undertaken in agreement with the TSO(s) concerned in order to ensure safe and secure operation of the system. In such a situation, the relevant information relating to the Transactions shall be reported to Nord Pool without delay;
- (c) Market Conduct Parties acting under national emergency rules, where national authorities have intervened in order to secure the supply of electricity or natural gas and market mechanisms have been suspended in the relevant country or parts thereof.

#### **4. PROHIBITION OF MARKET MANIPULATION**

Any engagement in or attempt to engage in, Market Manipulation on the Physical Markets shall be prohibited.

#### **5. DISCLOSURE REQUIREMENTS**

- 5.1 Each Market Conduct Party shall publicly disclose any information as set out in this Section 5 relating to the Norwegian electricity market regarding the business or facilities which the Market Conduct Party concerned, owns or controls or for whose operational matters that Market Conduct Party is responsible, either in whole or in part.

These disclosure requirements do not apply to information regarding the Market Conduct Party's own plans and strategies for trading.

Information shall be deemed to relate to the Norwegian electricity market if the information relates to any business or facilities inside Norway as more particularly described in Section 5.2 below, or if the information relates to incidents outside Norway, but where the information otherwise fulfill the requirements set out in Section 5.2(d) or (e). Information relating to business or facilities outside Norway shall only be publicly disclosed as an Urgent Market Message as described in Section 5.4 if the Market Conduct Party possesses this information and the information is not publicly disclosed in accordance with REMIT or the Transparency Regulation elsewhere.

- 5.2 The information to be publicly disclosed according to Section 5.1 shall be limited to information relevant to facilities for production, consumption or transmission of electricity regarding:
- (a) Any outage, limitation, expansion or dismantling of capacity of 100 MW or more for one Generation Unit or Consumption Unit, or 100 MW or more for one Production Unit with an installed capacity of 200 MW or more, up to three (3) years forward, including updates of such information;



- (b) Any outage, limitation, expansion or dismantling of capacity in the transmission grid affecting cross zonal capacities by 100 MW or more, up to three (3) years forward, including updates of such information;
  - (c) Any outage, limitation, expansion or dismantling of capacity in the transmission grid affecting power feed-in and/or consumption by 100 MW or more, up to three (3) years forward, including updates of such information;
  - (d) Any information that is likely to significantly affect the prices of one or more derivatives based on Products if made public.
  - (e) Any Inside Information not covered by sub-paragraph (a) to (d) above
- 5.3 Where information is subject to public disclosure pursuant to this Section 5 the public disclosure shall when relevant as a minimum include information on:
- (a) The affected Day-ahead Market area(s) or other geographical area(s);
  - (b) The affected Generation Unit, Production Unit, Consumption Unit or line;
  - (c) The time of decision or occurrence of the event;
  - (d) The installed capacity in MW;
  - (e) The available capacity to the market in MW;
  - (f) The estimated start time of the event, and the corresponding stop time; and
  - (g) The cause of the event
- 5.4 All information which shall be publicly disclosed pursuant to this Section 5 shall be publicly disclosed as soon as possible, and no later than 60 minutes after occurrence of the event which leads to the relevant information. Such information shall be publicly disclosed as an Urgent Market Message (UMM) using the UMM system provided by Nord Pool.
- (a) A Market Conduct Party may under its own responsibility exceptionally delay the public disclosure so as not to prejudice its legitimate interests, provided that such omission is not likely to mislead the public and provided that the Market Conduct Party is able to ensure the confidentiality of that information and does not make decisions relating to trading in Products based upon that information. In such circumstances, the Market Conduct Party shall without delay provide that information, together with a justification for the delay of the public disclosure, to the Market Surveillance.
  - (b) Whenever a Market Conduct Party or a person employed by, or acting on behalf of, a Market Conduct Party discloses information as mentioned in this Section 4 in the normal exercise of his employment, profession or duties, that Market Conduct Party or person shall ensure simultaneous public disclosure of that information according to paragraph (a) of this Section 5.4. In the event of a non-intentional disclosure the market participant shall ensure complete and effective public disclosure of the information as soon as possible following the non-intentional disclosure. This Section 5.4(b) shall not apply if the person receiving the information has a duty of confidentiality, regardless of whether such duty derives from law, regulation, articles of association or a contract.

## 6. PUBLICATION OF INFORMATION RELATING TO INVESTIGATIONS

- 6.1 Nord Pool may make public the fact that investigations of any specific matter have been initiated, provided that the identity of the Market Conduct Party is not disclosed. Nord Pool may only make public the identity of a Market Conduct Party under investigation if, at the sole discretion of Nord Pool, such publication is necessary to sustain the integrity of the relevant market, or to prevent unjustified damage and/or loss of reputation to another Market Conduct Party, and the envisaged consequences of the Market Conduct Party's identity being disclosed are proportionally deemed less onerous than those resulting from non-disclosure. A Market Conduct Party whose identity has been made public in accordance with this Section 6.1 may require Nord Pool to disclose and make public the results of the investigation.
- 6.2 Nord Pool may disclose the results of any investigations which lead to a public warning or Violation Charge under Section 7, including the identity of the Market Conduct Party. Nord Pool may furthermore reproduce and/or publish any relevant information gathered in the investigations to the extent such reference is reasonably necessary for Nord Pool's reasoning in respect of its decision or the grounds for its decision. Nord Pool shall endeavour to present and publish information under this Section 6 in a neutral manner, and only following a prior notification to the Market Conduct Party that is subject to the applicable investigation and/or disciplinary actions.

## 7. DISCIPLINARY ACTIONS

- 7.1 Nord Pool may impose a daily charge if the Market Conduct Party does not comply with Section 5.1, in which case such charge shall accrue on each calendar day from such decision has been made until the Market Conduct Party provides the information. Market Conduct Parties accept charges imposed under this Section 7.1 as an enforceable basis for execution, unless restricted by Applicable Law.
- 7.2 In the event that a Market Conduct Party is in breach of the Market Conduct Rules, or the appendix to these Market Conduct Rules, other than as set out in Section 7.1, Nord Pool may decide to invoke one of the following disciplinary actions against the Market Conduct Party:
- (a) Issue a non-public warning, in any case where such Market Conduct Party, in the opinion of Nord Pool, has committed a breach of the Market Conduct Rules, but in circumstances where the nature of the breach is minor and no further disciplinary actions are recommended as a direct result of the breach
  - (b) Issue a public warning, in any case where such Market Conduct Party, in the opinion of Nord Pool, has committed a serious or repeated breach of the Market Conduct Rules, but in circumstances where no further disciplinary actions are recommended as a direct result of the breach
  - (c) Impose a fine (a **“Violation Charge”**), in any case where such Market Conduct Party, in the opinion of Nord Pool, has committed a severe or repeated breach of the Market Conduct Rules. The size of the Violation Charge may be up to NOK 2,500,000 (two million five hundred thousand).
- 7.3 The appropriate action shall be decided by Nord Pool in its absolute discretion, taking into account the criteria for each action as set out in Section 7.2 and furthermore the gravity of the infringements, the damage caused to other Market Conduct Parties and the integrity of the relevant 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.

Nothing in this Section 7 shall limit a Market Conduct Party's rights, obligations or liabilities under Applicable Law, and any disciplinary actions imposed hereunder shall be in addition to any disciplinary actions or penalties imposed by other entities than the Nord Pool under Applicable law.

## **8. PROCEDURES FOR INVESTIGATION OF BREACHES AND DISCIPLINARY ACTIONS**

### **8.1 General**

This Section 8 sets out the procedures applicable to the investigation by or on behalf of Nord Pool of possible breaches of the Market Conduct Rules or Applicable Law.

### **8.2 Investigations and the Market Surveillance's Recommendations**

- (a) If the Market Surveillance suspects a breach of the Market Conduct Rules or Applicable Law, it will initiate an investigation. Such investigations may be initiated in the sole discretion of the Market Surveillance regardless of the knowledge of the Market Conduct Party(s) involved.
- (b) If the investigations of the Market Surveillance support the suspicion of a breach of Applicable Law, the Market Surveillance may in its sole discretion report to the relevant Competent Authority.
  - i. If the investigations of the Market Surveillance support the suspicion of a breach of these Market Conduct Rules, the Market Surveillance may in its sole discretion recommend disciplinary actions against the Market Conduct Party(s) involved, as further provided for below.
  - ii. The Market Surveillance may issue non-public warnings as set out in Section 7.2(a) to Market Conduct Parties without conferring with the board of directors of Nord Pool.
  - iii. Any recommendation for a daily charge as set out in Section 7.1 or public warning or Violation Charge as set out in Section 7.2(b) and (c), from the Market Surveillance shall be in writing and shall be filed with the board of directors of Nord Pool, and include a due description of the factual and legal grounds for the recommendation. The filing shall invite the Market Conduct Party(s) involved to present their views to the board of directors of Nord Pool. The Market Conduct Party may respond in writing to present its views, but shall have no obligation to do so.

### **9.3. Decision of Nord Pool**

- (a) The board of directors of Nord Pool will in its full discretion decide if and what disciplinary actions that shall be applied against the Market Conduct Party(s). The board of directors of Nord Pool may delegate this decision to the CEO of Nord Pool.

The decision by Nord Pool shall be notified in writing to the relevant Market Conduct Party(s). In the event of Nord Pool publishing the decision, the relevant Market Conduct Party(s) shall be notified in due time prior to such publication.