

Customer Information

Customer Information 2017-11-29

Powernext offers an Organized Trading Facility and delists its non-MTF market segment

Paris, 29 November 2017

With the full application of MIFID 2 on 3rd of January 2018, Powernext will obtain an Organized Trading Facility (OTF) license for the the PEGAS non-MTF market segment of *Powernext Commodities*. The OTF is a new type of trading venue introduced by MIFID 2.

To that end, a set of new market rules, *Powernext Organised Trading Facility*¹, will be introduced. All gas contracts today listed on the non-MTF will be listed under these OTF rules. On the same date, the PEGAS non-MTF market segment will cease to exist. The offering on the regulated market as described in *Powernext Derivatives* remains unchanged.

Technically, the existing non-MTF products will be re-used and just transferred to the OTF market. Trading participants wishing to continue trading on the new OTF will have to sign a new Trading Agreement, their positions will automatically be transferred from non-MTF to OTF instruments without any technical impact.

Instruments available on the OTF

With the transition to the OTF market, all non-MTF products will be converted into OTF products. In this process all existing positions in non-MTF products will be continued in the related OTF products. Also the product master data of the non-MTF products will be re-used. The future OTF products will have the same short code, ISIN code and MICs as the former non-MTF products.

¹ Pending regulatory approval.

In compliance with MIFID 2 requirements, Powernext will list financial and non-financial instruments on the OTF market as outlined in the table below. For the contracts that must be physically settled (classified as non-financial instruments), Members will have to own either:

- their own balancing agreements with relevant TSO's;
- or agreements with third parties providing access thereto.

Powernext Organized Trading Facility Rulebook

Powernext will publish a new rulebook, *Powernext Organised Trading Facility*, validated by the French financial authority, Autorité des Marchés Financiers (AMF). The new rulebook is attached to this customer information but is still pending regulatory approval. The approved rulebook should be published next week.

Admission on OTF

Powernext Trading Agreement

Trading participants willing to continue trading on the existing contracts will have to sign an Annex to the Trading Agreement for the OTF market of Powernext, attached to this customer information.

Powernext Traders Form

In the absence of contradictory information from the Member, Powernext will use the existing non-MTF traders' set-up for the OTF. If a change of trader is necessary, members will have to submit in addition the Traders' Form and the Account Registration Form.

ECC TP Form

For the non-financial instruments, Members will be required to own either their own balancing agreements with relevant TSO's or, agreements with third parties providing access thereto. Members already having balancing agreements in place and trading non-MTF contracts will not need to send a new TP Form. New members will then have to submit an updated TP form to ECC.

Deadline

Membership agreements and required balancing agreements must be submitted before the 18th of December. The absence of Trading Agreement will trigger the suspension from the non-MTF market segment and the closing of the Member's positions. The member can also decide to go out of its non-MTF position and enter into new Regulated Market positions. In this case, you can contact Powernext Market Operations. After the delisting of the non-MTF segment, all the Trading Agreements concerning this Market Segment will be terminated.

Reporting obligations on OTF

Non-financial instruments

Contracts are not classified as financial instruments and therefore do not fall under reporting linked to financial regulation such as EMIR, MAR, MiFID and MiFIR.

Please note that information related to these contracts still need to be reported under REMIT.

Financial instruments

Contracts are classified as financial instruments and therefore will fall under the same reporting obligations as contracts on the regulated market (especially EMIR, MAR, MiFID an MiFIR regulations). Information related to these contracts still need to be reported under REMIT.

As it is the case for the PEGAS Regulated Market, traders have to submit additional information such as the LEI code of their company and the national IDs of the registered traders². In addition, customers have to sign an agreement with Powernext's parental company EEX AG for the reporting of their positions and transactions³. Members are also requested to inform Powernext if they are using algorithms to trade on PEGAS markets⁴. Members having already sent these documents for the PEGAS Regulated Market do not need to send this document again.

Clearing and margin calculation

The OTF products and the exchange-traded products share the same settlement prices. In addition, margin requirements in OTF products and the respective existing exchange-traded products will be netted.

² Various communications have been sent with the new trader form. If you have not received this e-mail, please contact Powernext membership department.

³ This document can be found following this link :

<https://www.eex.com/blob/75224/eb9ab2cb1a70d75edf953e25fb4126a4/mifidii-mifir-data-services-agreement-final-data.pdf>

⁴ Various communications have been sent with the new algorithm form. If you have not received this e-mail, please contact Powernext membership department.

List of Instruments: Powernext OTF Gas Futures

Short Code	MIC	Name	Physical delivery status	Classification
H3B*	XPOT	TTF	mandatory	non-financial
H0B*	XPOT	NCG	mandatory	non-financial
H2B*	XPOT	GPL	mandatory	non-financial
HCB*	XPOT	PSV	mandatory	non-financial
H5B*	XPOT	PEG	mandatory	non-financial
H6BM	XPOT	TRS	mandatory	non-financial
H9B*	XPOT	NBP	mandatory	non-financial
HAB*	XPOT	ZEE	optional	financial**
HBB*	XPOT	ZTP	optional	financial**
HDB*	XPOT	ETF	mandatory	non-financial
H8B*	XPOT	CEGH VTP	mandatory	non-financial

- Month, Quarters, Seasons and Years are available for trading
 - **financial instruments, all reporting required

Please note that Powernext might continue using the old non-MTF indicative technical name for a short period. This name appears in documents like the list of transactions and invoices. Clients will be informed of the change to these names.

Please do not hesitate to contact Powernext Market Operations or Sales team if you have any further questions.

Yours faithfully,

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