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MARKET RULES **of** **HUDEX Hungarian Derivative Energy Exchange** **Ltd.**

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MARKET RULES

Preamble

HUDEX Hungarian Derivative Energy Exchange Ltd. (**HUDEX** or **HUDEX Ltd.**) is a private company limited by shares, incorporated under the Hungarian Law with registered office located at 1134 Budapest, Dévai u. 26-28., Hungary and registered under the Company Registration number 01-10-049303.

HUDEX Ltd. holds a license to operate an exchange in Hungary on the base of the Capital Market Act. The license was issued by the Supervisory Authority on 11 December 2017 under the resolution number H-EN-III-483/2017.

According to Art. 305 of the Capital Market Act the Supervisory Authority shall recognize an exchange that has been authorized to engage in the trading of any type of financial instrument as a regulated market.

HUDEX Ltd. is devoted to establish and operate a derivative electricity and natural gas exchange in Hungary on the basis of the regulations of the Capital Market Act, where electricity and natural gas derivative trading are conducted through standardized contracts. The mission of the company is to develop an electricity and natural gas derivative market on a regional level, and to provide continuous trading solutions for electricity and natural gas derivative trading transactions.

I. GENERAL PRINCIPLES AND DEFINITIONS

I.1. General Principles

I.1.1. Introduction

1. The Market Rules set forth the terms on which HUDEX carries out its duties, on which membership on HUDEX is granted and on which HUDEX Members trade on the market.
2. These Market Rules shall be deemed as General Rules and Principles governing the legal relationship between on the one hand HUDEX, as market operator, and on the other hand the persons that are under the scope of these Market Rules.
3. The aim of these Market Rules is to establish transparent, fair and non-discriminatory rules for the operation of the HUDEX.

I.1.2. Scope of the Market Rules

1. The scope of the Market Rules is to regulate the general operating rules of the HUDEX exchange, the rights and obligation of the persons bound by the Market Rules and all other topics that is under the scope of the regulations of a regulated market required by and in accordance with the applicable rules of law.

I.1.3. Persons bound by the Market Rules

1. These Market Rules are binding on the following persons and organizations:
 - a) HUDEX;
 - b) Employees, agents and assignees of HUDEX, which are referred to in the Organizational and Operational Rules of HUDEX;
 - c) HUDEX Members;
 - d) Users of the trading system of HUDEX;
 - e) Traders;
 - f) Clearing Houses;
 - g) exchange data vendors.

I.1.4. Rules and Regulations of HUDEX

1. The Rules and Regulations of HUDEX consist of all rules and regulations which regulate the relationship of the persons bound by this Market Rules, which include the followings besides the applicable law:
 - a) these Market Rules;
 - b) the Membership Fee Schedule;

- c) Resolutions adopted by the Board of Directors under the authorization and within the scope included in these Market Rules;
 - d) Resolutions adopted by the CEO under the authorization of the Market Rules or the Board of Directors and within the scope included in these Market Rules.
2. All Rules and Regulations shall be published on the official HUDEX Website and, if applicable, on all other publication mechanisms required by law.
 3. In addition, the Membership Fee Schedule, the Resolutions adopted by the Board of Directors and the CEO are also communicated to the HUDEX Members in the form of a Market Notice.
 4. The HUDEX Rules and Regulations shall ensure the principle of equal treatment.
 5. The HUDEX Rules and Regulations shall be consistent, transparent and they shall be in compliance with the applicable laws. In case of any discrepancies between the HUDEX Rules and Regulations, the various forms of rules shall be applied in the following order:
 - a) The resolutions of the Board of Directors or the CEO shall not be contrary to the Market Rules, in case of any discrepancy, the Market Rules shall prevail; and
 - b) The resolutions of the CEO shall not be contrary to the resolutions of the Board of Directors, in case of any discrepancy, the resolutions of the Board of Directors shall prevail.
 6. The HUDEX Rules and Regulations shall not create an obligation for the period prior to their effective date. The HUDEX Rules and Regulations shall not enter into force before their publication on the HUDEX Website.
 7. HUDEX Rules and Regulations shall enter into effect at the earliest on the calendar day following their publication on the HUDEX website, or on any other later date specified by the particular regulation. Save as otherwise provided therein CEO Resolutions shall enter into force and are binding and applicable immediately after publication regardless of the date when it is also communicated to HUDEX Members via Market Notice.
 8. The Market Rules are adopted by the decision of the Board of Directors of HUDEX and prior approval of the Supervisory Authority is required before entering into force. The effective date of the Market Rules is specified by a CEO resolution following the approval of the Supervisory Authority is duly granted.
 9. The Membership Fee Schedule is adopted by the decision of the Board, and prior approval of the Supervisory Authority is not required before entering into force.
 10. The Market Rules specify all issues required by the applicable law as well as other fundamental rights and obligations of the persons under the scope thereof.
 11. The CEO of HUDEX shall be authorized to make decisions and instructions within the frame of the HUDEX Rules and Regulations in order to ensure the exchange trading.

12. The Board of Directors of HUDEX has the power to remove any issues from the competence of the CEO by way of a separate Board of Directors resolution. In such case the particular issue will belong to the scope of authority of the Board of Directors until the Board of Directors returns the competence to the CEO.
13. The Board of Directors of HUDEX shall be authorized to decide on the appeals made against those resolutions of the CEO where an appeal is explicitly allowed by these Market Rules.

I.1.5. Modification of the Market Rules

1. Any changes to the Market Rules require a formal and prior approval by the Supervisory Authority, therefore changes to the Market Rules can become effective only after and on the base of the approval of the Supervisory Authority unless otherwise regulated by the applicable law.
2. Changes to the Market Rules become effective at the earliest on the calendar day following their publication.

I.1.6. Limitation of liability of HUDEX

1. Related to the Market Rules, as well as to other HUDEX Rules and Regulations, HUDEX shall only be liable for contractual damages caused wilfully, or damages to life, physical integrity or health.
2. In particular, no claim for damages or indemnity may be made against HUDEX for any special, indirect, or consequential loss or damage; or for any loss of profit, business, revenue, goodwill, business opportunity or anticipated savings; or any loss or corruption of data or for loss or damage particularly due to any software error arising from a failure of software installed in the trading systems of HUDEX, or any direct and/or indirect damage caused by and/or resulting from an outage of the HUDEX trading systems beyond the control of HUDEX save for the scope of liability indicated in the above point.
3. Expiry of claims against HUDEX, unless a shorter time is defined by law, is 1 year after the occurrence of the event triggering the claim for damages. In the case of damage caused with a criminal act no statute of limitations applies beyond 1 year until the lapse of criminal liability.
4. In any event, termination of the Membership Agreement, shall not prevent HUDEX Ltd. from seeking compensation for all direct and / or indirect damage caused by the Member's behaviour, especially in the event of injury to the image of the market resulting from damage to the integrity or orderly and fair operation of the market. For the liability of HUDEX Members the regulations of the Hungarian Civil Code shall apply.

I.1.7. Governing Law, Jurisdiction and Dispute Resolution

1. These Market Rules shall be governed by the laws of Hungary. For any issues not regulated herein, the other HUDEX Rules and Regulations shall apply, as long as they

regulate the particular issue. For issues not regulated in the HUDEX Rules and Regulations, Hungarian law shall apply.

2. All disputes arising out of or in connection with the validity, interpretation, performance, non-performance or termination of these Market Rules shall be submitted to the Commercial Arbitration Court of Budapest, which shall decide any such dispute in accordance with its own rules of proceedings. The place of jurisdiction shall be Budapest, the language shall be English.

I.1.8. Official Language/Announcements

1. These Market Rules are issued in both English and in Hungarian language, in case of any discrepancy between the two versions, the Hungarian version shall prevail.
2. Unless provided otherwise, announcements by HUDEX shall be transmitted electronically. HUDEX Ltd. shall determine the electronic medium by CEO resolution.

I.2. Definitions

1.	Active Order	Means a visible Order for the market, which is considered in the order matching process.
2.	Algorithmic Trading	The definition as defined in point 1 of Article 4 (2) of Act CXXXVIII of 2007 on investment firms and commodity dealers, and on the regulations governing their activities (point 39 of Article 4 (1) of MiFID II) not including High-frequency Algorithmic Trading as defined in point 49a of Article 4 (2) of Act CXXXVIII of 2007 on investment firms and commodity dealers, and on the regulations governing their activities (point 40 of Article 4 (1) of MiFID II)
3.	Board of Directors or Board	Highest decision making body of HUDEX Ltd. according to its statutes in questions related to the Rules and Regulations.
4.	Best Price	The lowest ask price, the highest bid price.
5.	Capital Market Act	Act No. CXX of 2001 on the Capital Market
6.	CEEGEX	CEEGEX Central Eastern European Gas Exchange Private Company Limited by Shares with registered office located at 1134 Budapest, Dévai u. 26-28., Hungary and registered under the Company Registration number 01-10-047091
7.	CEEGEX PhF	Physical Futures natural gas market operated by CEEGEX
8.	CEEGEX Spot	Spot natural gas market operated by CEEGEX

9.	CEO	The Chief Executive Officer of HUDEX Ltd.
10.	Clearing House	Central counterparty of the Trades entered into on HUDEX, handling Settlement, and collateralization of Trades. European Commodity Clearing AG (ECC) has been designated by HUDEX Ltd. as the Clearing House of HUDEX Power Segment. For HUDEX Natural Gas Segment KELER KSZF has been designated.
11.	Clearing Member	According to the two level clearing system on the Power Segment of HUDEX means an undertaking which participates in a Clearing House and which is responsible for discharging the financial obligations arising from that participation. The Clearing Member has its own system clearing license from the Clearing House and is authorized to clear own transactions, client transactions as well as transactions of Non-Clearing Members.
12.	Client Application	Is the front end trading software of ETS (Exchange Trading System) ensured by HUDEX available for HUDEX Members to reach the Trading System of HUDEX's.
13.	Closed Session	Means the time period after the closure of the market until the opening of the market, during which no trading and Active Order entry are permitted according to Section III.5.2.
14.	Contract	Means a Product maturing at a certain date.
15.	Delivery	Physical injection or withdrawal of electricity or natural gas pursuant to Trades on HUDEX.
16.	Delisting Day	The Day on which the Product is delisted on the Products List and Specifications.
17.	Trading Day	Days designated as such in the Trading Calendar and which might be different per Market Segments
18.	FGSZ Ltd.	FGSZ Natural Gas Transmission Private Company Limited by Shares, with registered office located at 8600 Siófok, Tanácsház utca 5., Hungary and registered under the Company Registration number 14-10-300230.

19.	Halt Session	Means the time period overriding other Trading Sessions when the trading is not possible due to market suspension or technical problems according to Section III.5.4.
20.	High-frequency Algorithmic Trading	The definition as defined in point 49a of Article 4 (2) of Act CXXXVIII of 2007 on investment firms and commodity dealers, and on the regulations governing their activities (point 40 of Article 4 (1) of MiFID II)
21.	HUDEX or HUDEX Ltd.	Means HUDEX Ltd., the market operator of HUDEX as a private company limited by shares, with registered office located at 1134 Budapest, Dévai u. 26-28., Hungary and registered under the Company Registration number 01-10-049303. HUDEX operates the exchange (regulated market) as market operator and HUDEX is the regulated market itself.
22.	HUDEX Member or Member	Legal entity that was granted membership on HUDEX in accordance with these Market Rules and signed a Membership Agreement with HUDEX Ltd.
23.	HUDEX Website or Website	The official website of HUDEX (www.hudex.hu) on which HUDEX publishes information according to law and to Rules and Regulations.
24.	HUPX	HUPX Hungarian Power Exchange Company Limited by Shares., with registered office located at 1134 Budapest, Dévai u. 26-28., Hungary and registered under the Company Registration number 01-10-045666.
25.	HUPX DAM	Day-ahead power market operated by HUPX.
26.	HUPX PhF	Physical Futures electricity market operated by HUPX
27.	Hungarian Civil Code	Act No. V of 2013 on the Hungarian Civil Code
28.	Last Trading Day	Means the last Trading Day on which the Contract is tradable on HUDEX due to the maturity of the Contract or the delisting of the Product. Unless otherwise defined expressly, the Last Trading Day is equal of the expiry of the Contract.
29.	Listing Day	The Day on which the Product is listed on the Products List and Specifications.

30.	Manifest Error	An obvious difference in price of the submitted Order, which exceeds the limits defined in points III.9.1.2. and III.9.1.3.
31.	Margin Call	The call of the Clearing House towards the HUDEX Member to put beyond the margin extra margin on his account at the Clearing House.
32.	Market Data	The offers made by HUDEX Members on Products and sorted by the trading system, also information related to prices and rates on completed transactions and reference indices calculated and published by HUDEX.
33.	Market Maker Agreement	An agreement concluded by and between HUDEX and the HUDEX Member with regards to market making commitments undertaken by HUDEX Member and to obligations and rights defined in the Rules and Regulations and this agreement.
34.	Market Maker	The HUDEX Member that concluded Market Maker Agreement with HUDEX.
35.	Market Notice	A way of communication by which resolutions issued by the Board or CEO of HUDEX Ltd., other Rules and Regulations or other information is communicated to HUDEX Members directly.
36.	Market Rules	This document that sets forth the terms on which HUDEX Ltd. carries out its duties, on which membership on HUDEX is granted and on which HUDEX Members trade in the market.
37.	Members' Committee	A consultative committee of HUDEX Members, having certain proposal making and advisory roles during the amendment process of the Market Rules.
38.	Membership Agreement	Agreement between the HUDEX Member and HUDEX Ltd. whereby the HUDEX Member accepts to comply with the Rules and Regulations of HUDEX Ltd.
39.	Membership Fee Schedule	Set of fees payable by HUDEX Members upon trading on HUDEX.

40.	Member States of the Energy Community	The contracting member states, which have concluded or entered later into the agreement with the European Community on the Treaty establishing Energy Community signed in Athens, on the 25 October 2005. The actual list of the contracting member states is available on the official website of the Energy Community www.energy-community.org .
41.	MiFID II	Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU
42.	MiFIR	Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012
43.	Inactive Session	Means the time period when the trading is not possible on a given day (non Trading Day) according to Section III.5.3.
44.	Non-Clearing Member	According to the two level clearing system on the Power Segment of HUDEX means a participant in the clearing procedure which has concluded a non-clearing member agreement with a Clearing Member and is approved as participant in trading on HUDEX by the Clearing House.
45.	Open Session	Means the time period after the opening of the market until the closure of the market during which trading and Active Order entry is possible according to Section III.5.1.
46.	Opening Day	The Trading Day specified in the Products List and Specification as the day of opening of a Contract.
47.	Order Book	Centralization by the Trading System of buy and sell Orders and ranking based on the execution priority determined by the matching algorithm.
48.	Order Type	Classification of Orders based on specific attributes that influences the execution of an Order.
49.	Order	Electronic message by which the HUDEX Member submits the price and the quantity for which it seeks to make a Trade in a Contract.

50.	OTC Broker platform	Means organised market place as defined in Article 2(4) of Commission implementing regulation (EU) No 1348/2014 of 17 December 2014 on data reporting implementing Article 8(2) and Article 8(6) of Regulation (EU) No 1227/2011 of the European Parliament and of the Council on wholesale energy market integrity and transparency
51.	Parties	The persons signing the Membership Agreement and the Marker Agreement referred to together.
52.	Pricing Panel	Is the panel participating in the mechanism to determine the Reference Price in case of insufficient market activity according to Section III.15.3.
53.	Product	A product that defines the terms and conditions of a deal known as standardized futures.
54.	Products List and Specifications	Document defined by resolution of CEO of HUDEX as part of the Rules and Regulations, which contains details of Products and Contracts tradable on HUDEX.
55.	Reference Price	Is determined by HUDEX for each respective Contract based on the weighted average trade prices and calculated according to Section III.16.3.1.
56.	Registered Email Address	The e-mail address of the HUDEX Member serving as the official point of contact to which all relevant messages, notes, other communication, including Market Notices directed to the HUDEX Member are sent by HUDEX.
57.	Rules and Regulations	Set of documents issued by HUDEX Ltd. defined in Section I.1.4. of the Market Rules.
58.	Segment / Market Segment	A unit in trading on HUDEX which has unique rules based on the subject (product) of trading, the Members participating in the trading, and the manner of clearing and settlement.
59.	Settlement	Payment of Transactions executed on HUDEX and handled by the Clearing House.
60.	Settlement Price	Is determined by HUDEX for each respective Contract based on the Settlement Price and calculated according to Section III.16.3.2.

61.	Spread Implicit Orders	Are Orders which are only used on the Power Segment for simultaneous trading of Contracts.
62.	Supervisory Authority	The Central Bank of Hungary acting within its function as supervisory authority of the financial intermediary system.
63.	Technical Requirements	Requirements defined by resolution of CEO of HUDEX as part of the Rules and Regulations, which contains details of technical access and use of the Trading System.
64.	Trade	Contract agreed on HUDEX for which the procedures and specifications are defined in the Rules and Regulations, especially in the Products List and Specifications.
65.	Trader or User	A natural person authorized to trade in the name and on behalf of a HUDEX Member according to the Market Rules.
66.	Trader's Exam	Exam leading to the qualification as a Trader on HUDEX.
67.	Trading Account	An account dedicated to register Trades concluded on HUDEX and the open positions.
68.	Trading Calendar	Information defined by resolution of CEO of HUDEX as part of the Rules and Regulations, which contains the opening hours and Trading Days on HUDEX and indicates the concrete maturity dates for each Contract for the given year calculated upon the rules described in the Products List and Specifications.
69.	Trading Session	Time period indicating the possibility of trading, Active Order entry and other characteristics of trading on a given day.
70.	Trading System	Electronic system operated by HUDEX Ltd. that allows HUDEX Members to trade on HUDEX Market Segments.
71.	Trayport GlobalVision	An exchange software operated by HUDEX with a real-time matching engine and front end trading system which enables HUDEX to host an electronic marketplace.
72.	Underlying Product	A commodity product that serves as the basis of Products.
73.	Withheld Order	Means an inactive stance of an Order. A Withheld Order is not visible for the market and is not considered in the order matching process.



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II. Exchange Membership

II.1. Admission of HUDEX Members

II.1.1. General Admission Requirements for HUDEX Members

1. HUDEX Ltd. hereby defines the admission requirements to be complied with the applicant in order to participate in trading on HUDEX. The HUDEX Member is entitled to participate in trading on HUDEX Market upon the admission is completed according to these Market Rules based on a contractual relationship made by and between HUDEX Ltd. and the HUDEX Member on the Segment of the HUDEX Market defined in the decision of the CEO of HUDEX Ltd. upon the acceptance of HUDEX Membership. The HUDEX Membership comes into force on the date specified by the CEO in its resolution granting membership and this shall also be the date when the Membership Agreement comes into force.
2. HUDEX operates two Market Segments, the Power and Natural Gas Segments. The application for admission and the granting of membership can be made separately per each Market Segment.
3. Any legal entity is entitled to become a HUDEX Member, who complies with the following conditions:
4. General conditions to be applied to each applicant:
 - a) an undertaking, which
 - i) holds license, which enables to provide investment services including commodities and which authorizes it to trade in at least on one Market Segment of HUDEX, issued by the Supervisory Authority or an equivalent competent authority in the European Union and in this latter case, duly notified the competent authority on its intention to provide cross border services or;
 - ii) holds a license
 - issued by the Hungarian Energy and Public Utility Regulatory Authority for electricity trading, electricity trading with limited scope, for electricity universal service provision, electricity production, electricity distribution system operation or electricity transmission system operation in case of membership on the Power Segment;
 - issued by the Hungarian Energy and Public Utility Regulatory Authority for natural gas trading, natural gas trading with limited scope, for natural gas universal service provision, natural gas distribution system operation, natural gas transmission system operation or natural gas storage operation in case of membership on Natural Gas Segment;

- issued by the designated mining authority according to Act No. XLVIII of 1993 on the mining for mining for mining of hydrocarbon in case of membership on Natural Gas Segment;
 - issued by the competent authority in the member states of the European Union according to directive 2009/73/EC for transmission system operation in case of membership on Natural Gas Segment;
 - issued by the competent authority in the Member States of the Energy Community according to the respective national legislation implementing the directive 2009/73/EC for transmission system operation in case of membership on Natural Gas Segment.
- b) in case the applicant does not hold a license enabling to provide investment services referred to in point II.1.1.4.a) i) further requirements are for the applicant to have sufficient good repute, have a sufficient level of trading ability, competence and experience, have adequate organisational arrangements and have sufficient resources for the role they are to perform, taking into account the different financial arrangements that are necessary to guarantee the adequate settlement of transactions to be concluded on HUDEX;
- c) fulfils the conditions laid down in this chapter II. of the Market Rules;
- d) concludes a Membership Agreement with HUDEX in which it undertakes to accept all Rules and Regulations of HUDEX, included but not limited to the Market Rules amended from time to time as binding upon itself and accepts that its activity on HUDEX, its data and its registers in connection with its activity can be monitored by HUDEX in the frame of onsite supervision at any time ;
- e) has a valid and effective contract with a Clearing House or with a Clearing Member of a Clearing House by whom Settlements will be executed and it is duly certified to HUDEX Ltd.;
- f) the documentation defined in Section II.1.2. has been completed and submitted to HUDEX Ltd.;
- g) has appointed at least one Trader who fulfils the admission conditions for Traders defined in these Market Rules;
- h) is equipped with the necessary technical connection for trading on the systems of HUDEX according to Technical Requirements and accepts to be monitored by HUDEX at any time;
- i) HUDEX performed the prior audit of the membership applicant according to point II.5.12. of the Market Rules, and concluded that it is expected that the applicant will be able to meet the requirements set forth in the Market Rules;
- j) has successfully concluded the conformance test set forth in point a II.5.1.1 of the Market Rules;

- k) has HUPX DAM membership in case of requesting Delivery of electricity Products;
- l) in case of trading relating to physically settled Natural Gas Products, an agreement with the Hungarian natural gas system operator, FGSZ Ltd. shall be an additional condition for HUDEX Membership;
- m) has submitted a declaration on the use of Algorithmic Trading;
- n) has in place such internal procedures and applies such contractual obligations towards their contractors (clients) and, if it is necessary towards the Clearing House concerned or with its Clearing Members, which ensure that upon the application of the position management control measures set forth in Section 317/A. of the Capital Market Act and point III. 17 of the Market Rules the applicant is able to:
 - decrease or close their own open position in the Contracts concerned with the measures, or (depending on the notice of HUDEX) to provide liquidity back into the market with the express intent of mitigating the effects of a large or dominant position, according to point III. 17.1 of the Market Regulation
 - notify and order their clients to decrease or close their open position, or (depending on the notice of HUDEX) to provide liquidity back into the market with the express intent of mitigating the effects of a large or dominant position according to point III. 17.1 of the Market Regulation, furthermore to apply such unilateral measures that ensure the performance of these obligations if their clients fail to perform;
- o) HUDEX Members which are not Clearing Members of the Clearing House through Contracts being cleared shall apply such contractual obligations towards any Clearing Member of the Clearing House, which ensure that such Clearing Member shall become counterparty according to contractual obligation in relation to such cleared Contract, moreover which ensure that the provisions of the Commission Delegated Regulation (EU) 2017/582 are continuously met.
- p) non Clearing Member HUDEX Members concluded a Contract either by on account of their clients or by on their own accounts shall apply such due and valid contractual obligations towards their clients, which ensure that their clients and themselves shall become counterparties according to contractual obligation in relation to such Contract after the clearing and settlement of such Contract subject to the direct or indirect clearing settlement concluded with the Clearing Member, moreover which ensure that the provisions of the Commission Delegated Regulation (EU) 2017/582 are continuously met;
- q) has submitted its LEI code to HUDEX.

II.1.2. Required Documents to be submitted for Admission

1. Membership applications must include the following elements:
 - a) Membership Agreement duly signed by the applicant in 2 originals;
 - b) an application form determined by the CEO in one original including information identifying the company and main contacts and authorized and appointed representatives as the case may be and statements of the company regarding the lack of liquidation, windup and bankruptcy in one original;
 - c) an application form determined by the CEO in one original about the authorized Trader(s);
 - d) company excerpt or equivalent official original document (issued within 30 calendar days) certifying that the applicant is duly registered and is legally operating in its home country;
 - e) proper proof that the applicant holds a license for the trading of any/all instrument traded on HUDEX set forth in point II.1.1.4. i) or ii) (copy of the license) ;
 - f) copy of VAT certification;
 - g) in case of applicants for Natural Gas Market Segment and Clearing Member applicants: a certification from the Clearing House of existing clearing membership;
 - h) in case of Non-Clearing Member applicants: i) a statement from the Clearing House confirming that one of its Clearing Members has concluded a clearing agreement with the applicant as Non-Clearing Member, and ii) a statement from the Clearing House confirming that the Clearing Member is in fact a clearing member;
 - i) in case of physical Delivery of electricity, the declaration of HUPX Ltd. on the existing HUPX membership;
 - j) in case of applicants of Natural Gas Market Segment, a copy of an agreement with the Hungarian natural gas system operator, FGSZ Ltd;
 - k) statement form determined by the CEO in one original whether the applicant wishes to conclude the Data Reporting Agreement with HUDEX pursuant to Article 6 of REMIT IR.
 - l) if the applicant has not got a license set forth in point II.1.1.4. a) i), a duly filled "Know Your Customer" template set forth by the CEO to prove the fulfilment of requirements set forth in point II.1.1.4. b);
 - m) a declaration set forth by the CEO of HUDEX on the completion of the conformance test set forth in point II.1.1.4. j);
 - n) a conformance report issued by HUDEX on the result of the conformance test set forth in point II.1.1.4. j);
 - o) a declaration set forth by the CEO of HUDEX on the use of Algorithmic Trading set forth in point II.1.1.4. m);

- p) a declaration set forth by the CEO of HUDEX on the existence of the procedures and the contractual relations set forth in points II.1.1.4. n), o), p);
 - q) a proof issued by HUDEX on the conformance related to the prior audit set forth in point II.5.12.
2. All forms referred to above in Sections a), b), c), k, l), m), o) and q) are available on HUDEX's Website.
 3. HUDEX Members authorize the HUPX and CEEGEX to submit the copy of the relevant documents set forth in the above points e), f) and j) and the necessary information for the prior audit set forth in the above point s) to HUDEX, furthermore authorize HUDEX to become aware of the content of the abovementioned documents and to use them in the application procedure. This prior option is not available and the HUDEX Members shall submit the copy of the documents to HUDEX too, if there have been any changes in the facts set forth in the above points e), f) and j) and in the core content of the documents verifying these facts.
 4. The above documents shall be submitted to HUDEX, according to the choice of the applicant, either in English or in Hungarian language and in original hard copy.
 5. If a HUDEX Member authorized to trade in a Market Segment applies for trading right in another Market Segment, this person as applicant does not have to submit the documentation already submitted if their contents continue to be valid at the time of the new application and the applicant confirms that the contents of the documents are unchanged and continue to be true.

II.1.3. Admission procedure

1. HUDEX shall decide on the application for membership within 15 calendar days from the receipt of the complete application.
2. In case the application does not include all documents specified in these Market Rules, HUDEX calls the applicant within 15 calendar days to complete the admission also defining the missing information to be completed within calendar 60 days from receipt of such call. The application without a complete and duly signed application form (II.1.2.1.b) cannot be considered as a valid application. The applicant may request an extension to this deadline if it is unable to fulfil the requirements for equitable reasons. In this case the deadline is extended by the CEO with a further calendar 60 days.
3. The applicant may request an additional extension to this deadline if it is unable to fulfil the requirements for equitable reasons and based on such request, the CEO of HUDEX may extend such deadline in its discretion.
4. The deadline for HUDEX for evaluating an application restarts on the date the applicant submits all the missing documents.
5. In case the applicant fails to submit the missing information within the applicable deadline, HUDEX shall reject the application.

6. An application for membership may be declined by a resolution of the CEO of HUDEX on the grounds that it fails to comply with the provisions of law or the terms of the Market Rules or in case the applicant withdraws its application.
7. If HUDEX decides not to grant an applicant HUDEX Membership, the CEO resolution shall include detailed reasons of the decision.
8. A HUDEX Member can appeal against the CEO resolution according to point I.1.4.13.
9. In case all membership requirements have been met, the CEO of HUDEX shall issue a resolution on granting membership including the effective date of the admission to membership. In this case HUDEX shall duly sign the Membership Agreement and send one original back to the new HUDEX Member.
10. The CEO also states the Segment(s) on which the applicant has the right to participate in trading on HUDEX Market in his/her decision on the admission.
11. The new HUDEX Member shall be entitled to trade on HUDEX and shall be bound by the Rules and Regulations of HUDEX relating to HUDEX Members starting from the effective date of admission to membership. The name of a new HUDEX Member will be published in a Market Notice to the other HUDEX Members and the admission of this new member will be also published on the HUDEX Website.

II.1.4. Membership Agreement

1. The Membership Agreement is the basis of the contractual relationship between the HUDEX Member and HUDEX Ltd. that provides for the following:
 - a) the Segment(s) on which the HUDEX Member is entitled to participate in trading on HUDEX Market
 - b) the statement that the Rules and Regulations – including the Market Rules shall apply for this contractual relationship.
2. The Membership Agreement comes into effect on the date defined in the resolution of the CEO of HUDEX. The Membership Agreement is concluded to an indefinite period of time and is applicable for all Segment(s) defined in the Agreement and approved by HUDEX Ltd. in the resolution of the CEO.
3. The sample of the Membership Agreement is determined by the CEO and is published on the official website of HUDEX.
4. In the event of any discrepancies between the Membership Agreement and any regulation of the effective version of the Rules and Regulations, the regulation of the Rules and Regulations shall take precedence.
5. The Membership Agreement cannot be assigned or transferred unless otherwise agreed by the contractual Parties.

II.2. Admission of Traders

II.2.1. Requirements of Traders

1. Registration of Traders on HUDEX may be requested by Members or applicants who submit a membership application. A Trader can only be registered and be active for only one HUDEX Member at any given time.
2. During the admission proceeding, the applicant shall appoint at least one Trader that has complied with the applicable admission rules as described in this section. Each HUDEX Member shall have at least one registered Trader during the term of their membership.
3. A person appointed as a Trader shall comply with the following conditions:
 - a) has passed successfully the Trader's Exam, as determined below in Section II.2.2. based on which a certification is granted by CEO;
 - b) is legally authorized to conduct exchange transactions for and on behalf of a HUDEX Member;
 - c) has no criminal record and other sanctions, punishment imposed by any competent supervisory authority in the past five years.

II.2.2. HUDEX Trader's Exam

1. Traders may only be admitted on HUDEX, in case they successfully passed the Trader's Exam. The Trader's Exam shall be completed by one common exam for all Market Segments of HUDEX. Upon the successful Trader's Exam the Trader is entitled to trade on the Power Segment and on the natural gas Segment of HUDEX. The Trader's Exam shall be organized and set up by HUDEX or persons authorized by HUDEX and shall include questions regarding in particular:
 - a) the HUDEX market's structure and environment,
 - b) HUDEX products and contracts specifications,
 - c) use of HUDEX Trading Systems,
 - d) netting mechanisms,
 - e) Delivery procedures,
 - f) the risks inherent in the products traded.
2. All Traders which were previously authorized by HUPX Ltd. on HUPX PhF power markets shall not have to pass the HUDEX Trader's Exam in order to get registered as Traders on the Power Market Segment of HUDEX.
3. All Traders which were previously authorized by CEEGEX Ltd. on CEEGEX PhF natural gas markets shall not have to pass the HUDEX Trader's Exam in order to get registered as Traders on the Natural Gas Market Segment of HUDEX.

4. In relation of points 2. and 3., Hudex Members and Traders concerned authorize HUPX and CEEGEX to submit the copy of the proof of the completion of the Trader's Exam to HUDEX, and authorize HUDEX to become aware of the content of the documents and to use them in the trader registration procedure.
5. HUDEX shall be entitled at its sole discretion to set up the questions of the HUDEX Trader's Exam, to set the dates of the exam as well as to determine the requirements of successfully passing the exam. The details of all exams are determined and published by HUDEX on its website.
6. In case of failing to pass the Trader's Exam, the applicant shall be free to try it over and over again without any limitation.

II.2.3. Registration procedure

1. Applications for the registration of a Trader must include the following elements:
 - a) an application form about the authorized Trader(s) as per Section II.1.2.1. c) of these Market Rules including a statement of a HUDEX Member or applicant for membership declaring that the Trader is legally authorized to conduct exchange transactions on the Market Segment concerned for and on behalf of the HUDEX Member;
 - b) statement by the Trader declaring that he/she has no criminal record and other sanctions, punishment imposed by any competent supervisory authority in the past five years;
2. The forms referred to above in Sections a) and b) are determined by the CEO and are available on HUDEX Website.
3. The above documents shall be submitted to HUDEX in one original copy, and duly signed personally by the Trader applicant in case of Section II.2.1.3. c).
4. Proof of successfully passing the HUDEX Trader's Exam does not have to be submitted, HUDEX shall ex officio determine whether the applicant fulfils this condition.
5. Regarding the Trader registration procedure, the rules of the admission to membership procedure shall apply accordingly with the exception that the deadline for the registration of Traders of existing HUDEX Members shall be 3 (three) Trading Days from receipt of the complete documentation.

II.2.4. Trader Identification

1. HUDEX Members operate on HUDEX through one or more Traders placed under their authority acting on their behalf.
2. Traders are identified on HUDEX and are the only persons authorized to place, modify or cancel Orders in the Trading system of HUDEX by using their personal login and password given by HUDEX.

3. Traders shall be provided with a personal login sent to them by e-mail to their personal e-mail address after the identification of the Trader via the information given on the application form. The Traders will receive their password either via the registered telephone number on the registration form after their identification with information given on the registration form or via sms sent to mobile telephone number indicated on the registration form. By taking over the Trader's personal login and password, the Trader undertakes not to give it to any third person and to be fully responsible for the handling of the personal login and password. Both the HUDEX Member and the Trader will be held responsible for all consequences related to any unauthorized use of the personal login and password of the Trader and in such case HUDEX may impose sanctions on both the HUDEX Member and the Trader in accordance with these Market Rules.
4. HUDEX Members cannot decline responsibility for the actions of any person acting under their authority or on their behalf. Similarly, HUDEX Members cannot decline responsibility for the actions of a Trader declared to HUDEX Ltd., regardless of whether such Trader is acting under the Member's authority or on its behalf, as long as the HUDEX Member requests the suspension or deregistration of such a Trader.
5. HUDEX regards registered traders set forth in point II.2. Admission of Traders as contact persons in the Order delisting process set forth in point II.5.4.9.

II.3. Rules on membership

II.3.1. Members' Rights and Obligations

II.3.1.1. General Rules

1. HUDEX Members' rights and obligations on HUDEX are set forth in the Rules and Regulations of HUDEX Ltd that HUDEX Member shall comply with all the times.
2. HUDEX Members on HUDEX's Market Segments can commercially engage in the business of:
 - a) purchasing and selling for their own account (own transactions),
 - b) purchasing and selling in their own name for the account of a third party (customer transactions).
3. HUDEX Members shall pay the fees according to the Membership Fee Schedule even in case their membership is suspended.
4. The HUDEX Members are obliged to comply with the membership conditions at all times during their membership.
5. Each HUDEX Member shall apply internal procedures and contracts that ensure the enforcement of the Rules and Regulations, including Market Rules and the Clearing House rules.

6. HUDEX Members at the request of HUDEX shall submit reports to HUDEX, which has to be prepared based on a regulatory requirement.
7. HUDEX Members shall report details of their own open positions held through Products traded on HUDEX, as well as through those contracts concluded on OTC market which are economically equivalent to both OTC trades registered to HUDEX clearing and HUDEX Products, on a daily basis, as well as those of their clients and the clients of those clients until the ultimate beneficiary client is reached, with the details, in the form and until the deadline set forth in the CEO resolution in order to comply with Section 317/B. of the Capital Market Act,
8. HUDEX Members shall, upon the request of HUDEX, provide access to all information related to the HUDEX Members or their clients, including all relevant documentation about the size and purpose of a position or exposure they entered into, information about beneficial owners, any concert arrangements, and any related assets or liabilities in the underlying market.
9. The HUDEX Member accepts that HUDEX is entitled to conduct on-site inspections at the HUDEX Member and that HUDEX may at any time request any information and documents for inspection in order to determine the compliance of the HUDEX Member with these Market Rules and Rules and Regulations of HUDEX, as the case may be.
10. Regardless of the inspection, information requests and audits made by HUDEX, the HUDEX Member shall be liable for any consequences arising from its failure to observe any requirements set out in the Rules and Regulations, including the Market Rules and all applicable legislative provisions regarding its procedures relating directly or indirectly to its HUDEX Membership.
11. The HUDEX Member agrees to pass on to HUDEX any document that could help HUDEX to identify an infringement of the Rules and Regulations of HUDEX.
12. The Supervisory Authority, and, if relevant, other relevant competent supervisory authorities are entitled to request information and the submission of documents from any HUDEX Member in accordance with the applicable law and to carry out inspections as far as this is required for the performance of their tasks.
13. The HUDEX Member shall at all times during its membership on HUDEX maintain adequate skills and experience to perform its activity in accordance with the Rules and Regulations of HUDEX. Therefore HUDEX cannot be liable for any damages arisen from the non-existence of the adequate skills and experience of the HUDEX Member. Further, during the term of the HUDEX Membership, the HUDEX Member is obliged to provide the necessary information required by law to its clients in connection and regarding to the Products and Contracts and the operation of HUDEX Market.
14. HUDEX Members shall promptly notify HUDEX Ltd. of any change to the list of their authorized Traders.

15. In case of termination of the HUPX DAM membership of HUDEX Member, HUDEX Member is not entitled anymore to request the Delivery of the electricity Products. HUDEX Member shall inform HUDEX about such termination.
16. HUDEX Members being HUPX Phf or CEEGEX Phf members on 2 January 2018 and having a proper agreement with the Clearing House, as well as, if Clearing House rules allow it, applicants becoming HUDEX Member as of 3 January 2018 according to those rules are permitted to transfer their open positions of transactions concluded on the HUPX Phf or CEEGEX PhF market to HUDEX, with due regard to the Clearing House rules. The Delivery of their Contracts previously concluded on the HUPX Phf and their open positions transferred to HUDEX on the Power Market Segment shall be governed by the Rules and Regulations of HUPX and the HUDEX Market Rules.
17. HUDEX Member shall inform HUDEX on its Registered Email Address(es) upon application to membership and it may thereafter change this address any time with at least a 24-hour prior notice to HUDEX. Any and all communication sent by HUDEX to the HUDEX Member, especially Market Notices shall be deemed as received in case the HUDEX Member or its email system confirms receipt of such email and, in the lack thereof for any reason, one hour after publication of it on the HUDEX Website.
18. Using High-frequency Algorithmic Trading technique set forth in Section 4. (2) 49c. of the Act CXXXVIII of 2007 on Investment Firms, Commodities Brokers and the Rules of their Activities (Section 4. (1) 40 of the MiFID II.) and providing direct electronic access, including direct market access and sponsored access, to third parties set forth in Section 4. (2) 38.a. of the abovementioned act (Section 4. (1) 41 of MiFID II) are banned on HUDEX for HUDEX Members.
19. The HUDEX Member shall employ a sufficient number of staff (key persons) with the necessary skills to manage the trading systems of HUDEX and of HUDEX Member and HUDEX Member's trading algorithms, and with sufficient knowledge and competence to overcome erroneous trades, and with the knowledge of the Rules and Regulations, furthermore with the sufficient knowledge of:
 - a) the trading systems and algorithms of HUDEX and of the HUDEX Member
 - b) the monitoring and testing of these systems and algorithms;
 - c) trading strategies used by HUDEX Member through the trading systems and algorithms;
 - d) the legal obligations of HUDEX Member regarding exchange trading.The HUDEX Member shall prove that its key persons have the competence stated by law upon the request of HUDEX
20. HUDEX Members are entitled to establish the Members' Committee, which is a body elected from the representatives of the HUDEX Members. The rules for election and other organizational rules of the Members' Committee are defined by HUDEX Members. The Members' Committee has an advisory role in the process of decision

making on the amendment of the Market Rules. The Members' Committee may exercise an advisory role in the process of decision making on the amendment of general rules of Rules and Regulations affecting significantly the rights and duties of HUDEX Members. The establishment, the names and contact details of the members and the representative (chairperson or secretary) of such Members' Committee shall be communicated to HUDEX without delay following the formation of the committee.

21. Each party authorizes the other to quote its corporate name or trading name as a commercial reference.

II.3.1.2. Confidentiality

1. Both HUDEX Members and HUDEX undertake to respect the general principle of privileged communications, pursuant to applicable laws and regulations. In particular, each party agrees to respect trade secrets and to refrain from divulging to third parties, either free of charge or for consideration and in any form whatsoever, the information that it receives from the other party or that it obtains through performance of this agreement, concerning but not limited to the party's business, commercial policy, industrial strategy, management or organizational plans, computer applications and any medium bearing the word "confidential" and, in general, any information or document of a financial, economic, technical, IT-related, commercial or social nature, without the prior written authorization of the other party, designating the beneficiaries of such information and the tenor thereof. These provisions are without prejudice to the legally mandated publication obligations of HUDEX.
2. Furthermore, both Parties undertake not to divulge to third parties the concepts, ideas, know-how and techniques revealed by either Party in the performance of this agreement.
3. However, each Party is entitled to communicate:
 - a) to the service providers or subcontractors of its choosing: the information received from the other Party that is strictly necessary to the provisions of their services,
 - b) to the competent authorities and any other authority or third parties: the information that such authorities or third parties may request under applicable laws or regulations or the Rules and Regulations of HUDEX.
4. The provisions of this article shall remain in force, including after termination of the Membership Agreement, for an unlimited period of time.

II.3.1.3. Services providers and subcontractors

1. In consequence whereof, HUDEX and HUDEX Members authorize the other to divulge to its service providers or subcontractors, where strictly necessary, the information that such providers or subcontractors need to fulfil their obligations. However, the parties must ensure that their contractual relations with service providers or subcontractors are compatible with the Rules and Regulations of HUDEX, in particular the clauses governing confidentiality and trade secrets.

2. A HUDEX Member that engages a service provider or a subcontractor hereby agrees:
 - a) to introduce provisions into the agreements as binding on the service provider or subcontractor whereby HUDEX Ltd. is authorized to audit or supervise the said service provider or subcontractor, and also introduce binding provisions requiring cooperation during such audits and supervision,
 - b) to introduce provisions into the aforementioned agreements whereby the service provider or subcontractor agrees to implement all reasonable and justified modifications required by the HUDEX Member further to audit-related recommendations from HUDEX Ltd.

II.3.1.4. REMIT reporting

1. In order to fulfil its tasks and duties pursuant to REMIT implementing regulation (EU) No 1348/2014 as an exchange, HUDEX Ltd. will organize the provision of information to ACER according to Regulation (EU) No 1227/2011 on wholesale energy market integrity and transparency and offers data reporting agreement to HUDEX Member as referred to in Section II.1.2.1.m).

II.3.2. Communication of Information

1. After the granting of admission to trading, HUDEX Member shall still be required to notify HUDEX without delay on the following changes:
 - a) liquidation, windup or bankruptcy procedure is launched with regard to the HUDEX Member;
 - b) withdrawal of, or any limitations to the license issued by their competent authority;
 - c) termination, suspension of, or changes to the Clearing Agreement;
 - d) any reason for suspension occurred according to Section II.3.3.1 or any of the reasons for a previous suspension no longer exists;
 - e) any change in the LEI code of the HUDEX Member.

II.3.3. Suspension of the Membership

II.3.3.1. Suspension

1. The CEO of HUDEX shall suspend the membership of a HUDEX Member in the following cases:
 - a) upon the request of the Clearing House in case settlement of the trading of the HUDEX Member cannot be ensured;
 - b) the HUDEX Member has no Trader;
 - c) in case of physically settled natural gas Products, the agreement with FGSZ Ltd. has been terminated or;
 - d) as a sanction imposed by HUDEX according to Section II.3.6.

2. Membership may be suspended based on one or more of the above conditions. If suspension is applied under multiple grounds, the CEO shall not be obliged to adopt separate resolutions, however, reasoning shall be issued for each cause for suspension and membership may only be restored in case all reasons of suspensions have been remedied or in case they no longer exist.
3. Suspension can be applied for the full HUDEX membership or only for the Market Segment affected with the exception of suspension applied as a sanction where the full HUDEX membership shall be suspended according to Section II.3.6.
4. The maximum period of suspension of membership is 3 months that can be exceeded by the CEO with a further 3 month period if the reason for the suspension is not remedied.
5. The CEO decides on the suspension in a resolution, in which the reasons of the suspension and the first day of the suspension shall be stated.
6. If the reason for the suspension of the membership no longer exists, HUDEX shall immediately terminate the suspension.
7. The CEO may terminate the membership of the suspended HUDEX Member upon the expiry of the suspension period in case at least one of the reasons of suspension still exists, in a separate CEO's resolution.

II.3.3.2. Suspension initiated by the Clearing House

1. The Clearing House can submit an application regarding the order for suspension of membership if the HUDEX Member or its Clearing Member does not fulfil its obligations towards the Clearing House or its Clearing Member, as the case may be. In such case, HUDEX will suspend the HUDEX Member from trading solely based on the request of the Clearing House without examining the merits of the request and HUDEX shall have no liability in connection with such suspension. The Clearing House shall promptly notify HUDEX in case the reason for suspension no longer exists and in such case, the CEO of HUDEX shall restore the membership without undue delay.
2. If a Clearing Member is excluded from clearing, Non-Clearing Members affiliated with it may only be suspended until they are able to engage in trading on HUDEX through another Clearing Member. The right to revoke their admission remains unaffected.

II.3.3.3 Consequences of Suspension of Membership

1. Suspension cannot be considered as termination of the Membership Agreement.
2. During the suspension period, the Member shall not be entitled to trade on HUDEX, however, it is permitted to use the trading system to observe trading as long as the suspension is in effect.
3. All Orders of the suspended Member will be cancelled by HUDEX and it is not permitted for this Member to enter any new Orders during suspension.

4. In case of a default of a Clearing Member, the corresponding provisions in the Clearing House's clearing conditions will apply. In order to handle the default, the Clearing House has the authority to request from HUDEX to create a technical account in the trading system in order to manage the close-out of a Non-Clearing Member belonging to the defaulted Clearing Member. This technical account shall be solely operated by HUDEX – upon the Clearing House's request – for the purpose of position closing.
5. HUDEX shall not be held responsible towards the HUDEX Members of any consequences following suspension effected in line with the Rules and Regulations of HUDEX.
6. When a HUDEX Member is suspended, HUDEX informs the other HUDEX Members thereof by means of a Market Notice.
7. The suspended HUDEX Member shall make arrangements in order to safeguard the interests of its clients to the maximum extent possible in the given situation during the suspension period.
8. The suspension shall not affect the fee payment obligation of the HUDEX Member towards HUDEX.

II.3.4. Exclusion of a Trader

1. After the Trader's registration, the Trader shall still be required to notify HUDEX without delay of the following changes:
 - a) the Trader is not any more legally authorized to conduct exchange transactions for and on behalf of the HUDEX Member;
 - b) sanctions, punishment were imposed on the Trader by any competent supervisory authority.
2. The Trader shall request his/her cancellation from the Traders' register in case he/she is not any more legally authorized to conduct exchange transactions for and on behalf of the HUDEX Member without undue delay. The Trader may be held responsible for failing to meet this obligation or in case of any delay thereof. In case the Trader intends to trade on behalf of another HUDEX Member/applicant, the HUDEX Member concerned shall inform HUDEX thereof in accordance with Section II.2.
3. Traders cannot be suspended from trading, they could only be cancelled from the Traders' register according to the point 4 below.
4. The CEO shall cancel the Trader from the Traders' register:
 - a) upon the Trader's request, or
 - b) upon the HUDEX Member's request, or
 - c) by HUDEX's decision in case conditions for registration are no longer met or the membership of the HUDEX Member on behalf of which the Trader is acting is terminated, or

- d) as a sanction in case the Trader materially breaches his/her obligations under these Market Rules or any other HUDEX Rules and Regulation.

II.3.5. Termination of Membership

1. Membership on HUDEX will only be terminated in case
 - a) the HUDEX Member terminates its membership in a written notice to HUDEX applying at least a 30 calendar day notice period from the receipt of the termination notice by HUDEX; or
 - b) the Segment(s) in which the HUDEX Member is entitled to participate in trading cease(s) to exist, with respect to the affected Segment(s); or
 - c) the reason of suspension for the suspended HUDEX Member still exists upon the expiry of the suspension period; or
 - d) the license for trading of the HUDEX Member was withdrawn affecting every Market Segment by the competent authority;
 - e) the clearing agreement of the HUDEX Member with the Clearing House or with the Clearing Member terminates for any reason; or
 - f) HUDEX terminates membership of the HUDEX Member as a sanction in accordance with Section II.3.6.
2. HUDEX shall not terminate the membership of HUDEX Member without cause.
3. In case the HUDEX Member initiates the termination of its HUDEX Membership or the Membership of the HUDEX Member terminates due to other cases as indicated in point 1. HUDEX Member is obliged to close its positions without prejudice to the prescriptions in point II.3.3.4.
4. HUDEX shall pass a resolution on the termination of membership in all of the above cases and membership on HUDEX may only be terminated by way of the resolution of CEO of HUDEX. Such HUDEX resolution shall automatically terminate the Membership Agreement between HUDEX and the terminated HUDEX Member effective from the date indicated in such resolution.
5. HUDEX shall be obliged to make a resolution on the termination of HUDEX membership upon receipt of the notice on termination of membership by the HUDEX Member without any further requirements. In this case HUDEX shall terminate membership with the effective date included in the termination notice by the HUDEX Member, provided that it is at least 30 calendar days from receipt of the notice.
6. HUDEX membership may be terminated in full or partially in respect of a Market Segment either by HUDEX as a sanction or by the HUDEX Member. In case the termination does not relate to all Segments in which the HUDEX Member is entitled to participate in trading, membership shall remain in force in the Segment(s) not affected with the termination without need of any further modification of the Membership Agreement.

7. The termination of membership of a HUDEX Member also results in the revocation of the admission of all Traders who were acting on behalf of this HUDEX Member.
8. The HUDEX Member shall be obliged to fulfil the obligations resulting from the Trades executed in its name and from the contracts concluded in its name before the time of termination, even if this involves acts taken after the termination date. In particular the terminated HUDEX Member shall be obliged to pay the outstanding and due amounts.
9. HUDEX Members shall perform the obligations and liabilities arisen before the termination of their membership regardless of the date of the termination of its membership.
10. In case of the termination of the HUDEX Membership, the concerned HUDEX Member cannot claim a refund of fees or other reimbursement from HUDEX.
11. All Orders of the HUDEX Member are cancelled in the Trading System upon the effective date of termination of membership as defined in the CEO resolution according to II.3.5.1. and II.3.5.3.
12. HUDEX Ltd. shall also notify other HUDEX Members on the revocation of a HUDEX Membership in a Market Notice.

II.3.6. Sanctions applicable by HUDEX

1. Sanctions can be applied by HUDEX in a CEO resolution against HUDEX Members and/or Traders in case of non-performance of their obligations defined in the Rules and Regulations.
2. In case of breach of any provisions of the Rules and Regulations including the Market Rules the following sanctions can be applied.

In case of HUDEX Members:

- a) warning;
- b) fine;
- c) suspension or limitation of trading license;
- d) suspension of membership;
- e) termination of membership.

In case of Traders:

- a) warning;
 - b) revocation of registration;
 - c) prohibition from acting as trader on HUDEX Market.
3. In determining the type and degree of sanction to be applied, the weight, the frequency and the consequences of the violation shall be taken into account. When sanctions are imposed, a graduated approach shall be applied for determining which individual

sanction and to what amount shall be applied. Accordingly, a more severe sanction is usually applied if the HUDEX Member or Trader received a less severe sanction earlier thereof. However, the CEO may deviate from the graduated approach considering equity, fairness and all circumstances, especially the seriousness of the material breach of the Rules and Regulations and the prior conduct of the HUDEX Member.

4. Resolutions imposing sanctions on HUDEX Members shall be published on the HUDEX website and shall be communicated to the sanctioned HUDEX Member by way of publication on the HUDEX Website. HUDEX will inform HUDEX Member also via a Market Notice sent to his Registered Email Address. The date of the disclosure of the sanction to the sanctioned HUDEX Member shall be the date when the resolution containing the sanction is published on the HUDEX website regardless of the date when it is also communicated to the Member affected via Market Notice sent to his Registered Email Address or to other HUDEX Members via Market Notice.
5. Warnings may be used in the events of minor violations and breaches of the Rules and Regulations of HUDEX if the infringement does not cause significant detriment of interests. In case the same breach is perpetrated more than twice, this sanction cannot be applied.
6. A fine may be imposed for more serious violations of the Rules and Regulations of HUDEX or for non-compliance with the obligations set therein recurring after a warning if a more serious sanction is not justified evaluating all circumstances. Fines may only be imposed on HUDEX Members and not on individual Traders.
7. The fine depends on the severity of the breach or violation and shall be in the range of HUF 100.000 to 5.000.000.
8. Fines shall be paid to HUDEX within eight (8) calendar days of the publication of the final decision on the official HUDEX website. In the event of overdue payment, the defaulting HUDEX Member shall pay default interest calculated for the period starting when payment falls overdue. For default interest the pertaining rules of the Hungarian Civil Code shall apply.
9. HUDEX may limit or suspend the trading license of HUDEX Member in the case that HUDEX Member is in material breach of the provisions of Rules and Regulations, in particular, the breach of the rules of position management controls set forth in point III. 17., and of ratio of the value of unexecuted Orders and the value of Transactions set forth in point III.8.4., and of prior audit set forth in point II.5.12. Suspension or limitation of the trading license means the temporary limitation and suspension of the trading license of the Market Segment concerned with the sanction or of the whole Market Segment of the traders of HUDEX Members.
10. HUDEX may suspend the HUDEX Member in case the HUDEX Member materially breaches the Rules and Regulations of HUDEX or in case the conditions of admission are no longer met and HUDEX deems that the HUDEX Member can remedy such breach within a reasonable time and thus a more serious sanction is not necessary.

11. HUDEX may suspend the HUDEX Member in particular, if the HUDEX Member has a default in payment that exceeds 30 calendar days of delay and the outstanding debt of the HUDEX Member exceeds 1000 Euro (gross).
12. Suspension as a sanction can only be applied for the full HUDEX membership and not for Market Segments separately.
13. For suspension of a HUDEX Member applied as a sanction, Section II.3.3. shall apply accordingly.
14. In cases involving serious breaches or violations of the Rules and Regulations of HUDEX, the CEO may terminate membership of a HUDEX Member or revoke the registration of a Trader. As a general principle, termination of membership or revocation of a Trader's registration may be applied according to the graduated approach if the Member/Trader has been already sanctioned in the last 2 years, however, termination of membership or revocation of a Trader's registration may be imposed in particularly justified cases even if the Member/Trader has not been sanctioned before.
15. Both the HUDEX Member and the Trader is entitled to appeal against any sanction applied by a CEO resolution against the HUDEX Member/Trader to the Board of directors of HUDEX. The Board of Directors shall make a decision on the appeal within 60 calendar days from receipt. No further appeal shall be granted against the decisions of the Board of Directors within the organization of HUDEX, however, the right of the HUDEX Member to seek legal remedy in accordance with Section I.1.7.2. remain unaffected.
16. A Trader may only appeal against a decision on sanctioning the Trader him/herself and also the HUDEX Member shall be entitled to appeal against sanctions applied on the Traders acting on its behalf.
17. According to the Act 9 of 2016 on the compensation for recovery costs the debtor HUDEX Member shall be required to provide compensation to the creditor HUDEX for recovery costs in an amount equivalent to at least 40 (forty) euros translated by the medium foreign exchange rate of the Magyar Nemzeti Bank in effect on the first day of the period for which interest for late payment is charged.

II.4. Market Making Commitment

1. Any of the HUDEX Members may offer to HUDEX Ltd. to commit to be a Market Maker in order to increase the liquidity of certain Products admitted to trading. Nevertheless it is within the own discretion of HUDEX Ltd. whether it enters into a Market Maker Agreement with the HUDEX Member offering such commitment or not.
2. Market Makers undertake to quote bid and ask prices for one or more Products admitted to trading on a continuous basis or at specific times at the request of HUDEX, in accordance with the conditions set in the Market Maker Agreement. The specific terms of the Market Maker commitment of a HUDEX Member will be set out in the Market Maker Agreement, which includes the bidding and asking obligations,

specification of the Product types, the minimum order quantities in MW and/or minimum traded volume in MWh, the maximum spread between bid and ask prices in Euro/MWh, the period and session when the commitment shall be fulfilled.

3. On the basis of the Market Maker Agreement, the contractual Parties might also specify discounts and reduced rates of payable fees and other preferment's to which the Market Maker will be entitled in return for the performance of its market making commitment, the sanctions for not performing a Market Making commitment and other contractual terms and conditions which the Parties find relevant and are agreed upon. As only HUDEX Members can become Market Makers, a Market Maker Agreement shall only be effective during the effect of the HUDEX Membership Agreement.
4. The commercial terms and conditions of the concluded Market Maker Agreements will not be disclosed unless otherwise required by law.
5. HUDEX concludes Market Maker Agreements on a fair and non-discriminatory manner.
6. HUDEX will send the Market Maker Agreements to the Supervisory Authority.

II.5. Requirements for Technical Access

II.5.1. Requirements for Technical Access

1. The technical conditions related to the connection to the trading systems of HUDEX are met if the HUDEX Member is equipped with IT-facilities which comply with the requirements set out in the Rules and Regulations of HUDEX concerning technical equipment. HUDEX Ltd. (or on its behalf its duly mandated subcontractor) is permitted to check on the compliance of the relevant regulations on-site.
2. HUDEX Member is entitled to use „Front End” provided either by HUDEX (HUDEX Client) or by third parties as its own trading system, in accordance with the Technical Requirements determined by the CEO of HUDEX. Such HUDEX Member shall be responsible for ensuring that the order routing facility is used properly, for the designated purpose and in accordance with the provisions of the Rules and Regulations. Should the HUDEX Member fail to comply with these requirements, HUDEX Ltd. may at its own discretion restrict or revoke the permission to use an order routing system.
3. HUDEX Ltd. may require its Members to support and participate in technical testing in order to confirm compliance with technical requirements for access to the trading platform and/or to deliver changes or updates to the trading infrastructure or trading software. Upon request of HUDEX HUDEX Members shall participate in testing's with reasonable resources. HUDEX does not guarantee the proper performance of HUDEX systems during such testing's.

II. 5. 1.1. Conformance testing

1. HUDEX Member shall perform conformance testing in the Trading System testing environment separated from the production environment and provided by HUDEX to verify that its own trading systems and trading algorithms
 - a) have the essential functions, such as submission, modification, cancellation of the Orders, indication of the intention (whether it is speculative or hedging), downloading of the static and market data, and all business data flow operate in compliance with the Rules and Regulations and with the laws and operate properly in technical and functional way as well;
 - b) are able to connect and interact properly with the order matching engine of the HUDEX.
2. HUDEX defines the minimum test scenario which shall be executed by the HUDEX Member according to the above point 1. and which covers the monitoring of all of the above stated requirements.
3. The HUDEX Member shall prepare the record of the execution of the tests set forth in the above point 1. and performed in accordance with the test scenario.
4. The HUDEX Member shall operate such trading systems that ensure that its own trading systems or trading algorithms
 - a) do not contribute to disorderly trading conditions;
 - b) can continue to operate effectively in case of market stress situation (a significant increase of the number of turnover or orders compared with normal trading activity);
 - c) connect properly to the Trading System and handle properly the cancel on disconnect command, market data feed loss and the throttles, and the recovery, including the intra-day resumption of trading and the handling of suspended Contracts or non-updated market data.
5. HUDEX Member shall perform conformance testing in the Trading System testing environment separated from the production environment and provided by HUDEX in order to examine the compliance with the provisions set forth in the above 4. point. HUDEX Member shall examine the level of consistency of the required operation with the functions provided by the Trading System of HUDEX. HUDEX shall not be obliged to validate the adequacy of those means or the outcome of that testing.
6. In case of Algorithmic Trading, HUDEX Member shall separate its different trading algorithms with special ID (Algo ID) and shall previously inform HUDEX thereof and shall certify that the algorithms it deploys have been tested to avoid contributing to or creating disorderly trading conditions prior to the deployment or substantial update of a trading algorithm or trading strategy and shall state the means used for that testing. HUDEX Member is fully liable for the testing of its algorithmic trading systems and

algorithmic trading strategies and for the execution of the necessary modifications thereof.

7. HUDEX Member shall inform HUDEX on the conclusion of the test set forth in the above point 5. and (if applicable) of the test set forth in the above point 6., in a written form.
8. The tests set forth in the above point 1., 5. and (if applicable) 6. shall be performed by the HUDEX Member at least in the following cases and the HUDEX Member shall provide, in case of test set forth in the above point 1., a test record, and in case of tests set forth in the above points 5. and (if applicable) 6., a declaration to HUDEX:
 - a) prior to the first connection to the Trading Systems of HUDEX;
 - b) prior to the introduction or essential modification of its trading system, trading algorithm or trading strategy;
 - c) prior to the installation or substantial update of the Trading System of HUDEX.
9. HUDEX does not monitor the occurrence of the circumstances stated in the above point 8. b), HUDEX Member shall notify HUDEX about it and shall initiate the test. HUDEX does not bear any liability for the omission of this obligation.
10. The testing shall be performed in the test environment provided by HUDEX and at the latest prior to the go live of the new version. HUDEX Member shall inform HUDEX without delay on the conclusion of the test.
11. HUDEX shall prepare a conformance report on the result of the test and deliver it to the HUDEX Member.
12. In order to support the performance of the testing obligation, HUDEX provides a conformance testing environment to its actual and prospective members which:
 - a) is accessible on conditions equivalent to those applicable to the other testing services of HUDEX;
 - b) provides a list of financial instruments which can be tested and which are available in the production environment, that is the testing opportunity of at least one representative Product on both the Power and the Natural Gas Market Segment;
 - c) is available during general market hours upon request, or, if available only outside market hours, on a pre-scheduled periodic basis;
 - d) is suitable for testing trading algorithms and disorderly trading conditions;
 - e) is supported by staff with sufficient knowledge;
 - f) is actually and fully separated with network separation from the production environment.

II.5.2. Technical facilities for accessing services

1. When implementing its Trading Systems, HUDEX Ltd. does its best endeavours to ensure the continuity and availability of the services provided under the Rules and Regulations.
2. HUDEX agrees to provide the HUDEX Member with functional assistance, as defined in the Rules and Regulations.
3. In the event of a malfunction in the trading system that could impact a HUDEX Member, HUDEX Ltd. shall make its best efforts to inform the concerned HUDEX Member of the nature and probable duration of such malfunction as soon as practically possible.
4. The HUDEX Member shall access HUDEX Ltd.'s Trading System solely through the electronic order-transmission and reception systems specified by HUDEX Ltd. and described in the Technical Requirements.
5. The HUDEX Member agrees to comply with the procedures for accessing the HUDEX Trading Systems. In particular, it shall not conceal its true identity or appropriate another's identity; nor shall it transmit information that may cause a system malfunction or overload.

II.5.3. Technical Requirements

1. Before the signature of the Membership Agreement, HUDEX Ltd. supplies the HUDEX Member with the technical and operational documents needed to operate the technical facilities for accessing its services.
2. The HUDEX Member is obliged to get familiar with all the information needed to operate the technical access facilities, notably in the form of technical specifications contained in documents that HUDEX Ltd. gives to the HUDEX Member.
3. The HUDEX Member also agrees to take into account any technical or operational documents that HUDEX Ltd. may supply at a later date.

II.5.4. HUDEX Member's equipment

1. The HUDEX Member agrees to maintain a hardware and software environment that complies with the technical specifications defined in the Technical Requirements. The Technical Requirements must be followed in order to ensure proper use of the HUDEX System's.
2. HUDEX is entitled to determine the types of the technical accesses which are required to use the different trading functions and possibilities concerned, in the Technical Requirements.
3. Accordingly, the HUDEX Member shall ensure that the characteristics of its hardware and software environment will not disrupt or interfere with Trading Systems.
4. In the event that the HUDEX Member's use of services disrupts the operation of the trading systems of HUDEX, HUDEX Ltd. shall contact the HUDEX Member in order to

terminate such disruptions. If these disruptions cannot be terminated within a reasonable time period, or if they endanger the trading system of HUDEX, then HUDEX Ltd. reserves the right to suspend the HUDEX Member's access to the market, without prejudice to the enforcement of the other provisions herein and to the damages that may be claimed in respect of such disruptions under these Market Rules and the applicable law.

5. Under all circumstances, the HUDEX Member agrees to comply with the technical specifications, as defined in the Technical Requirements.
6. HUDEX Member shall be able to cancel or revoke any and all unexecuted Orders submitted to HUDEX Trading Systems as an emergency measure without delay (kill function). Unexecuted Orders include orders by Traders and clients of the HUDEX Member. HUDEX Member shall have its own rules regarding the operation of the kill function and shall provide it to HUDEX upon request. In case HUDEX Member is not able to cancel its Orders because of technical problems it may request HUDEX to execute the cancellation according to the provisions of point III.6.11.
7. During trading HUDEX Member shall be capable of monitoring in real time and if it is necessary blocking or deleting
 - a) such Orders that would be considered by the respective laws as insider trading or market manipulation, or would be in breach of law otherwise;
 - b) such Orders that – by order, within a time interval, or in both ways – do not comply with the trading parameters set by the Rules and Regulations, HUDEX Member's internal regulations or other laws for price (price collar) or value and volume;
 - c) such Orders which are not in compliance with the maximum message number defined for a given period of time in the internal rules of HUDEX Member or by HUDEX in Rules and Regulations and in Technical Requirements (preventing the submission of excessive number of orders, modification or cancellation requests that cause trading overloads)
 - d) Orders of its Trader in case it is known to him that its Trader exceeds his powers specified in the internal regulations of HUDEX Member or in any other document – including the agreement concluded between the HUDEX Member and its client – with respect to the HUDEX Product concerned;
 - e) such Orders for which the risk that HUDEX Member violates its own risk threshold might arise.
 - f) Orders submitted erroneously or repeatedly (especially through algorithmic trading).
8. The minimal requirements specified in this section do not affect HUDEX Member's own responsibility to carry out its pre- and post-transaction controls.
9. HUDEX Member shall ensure HUDEX to contact the employees of the HUDEX Member who are responsible for the real-time monitoring.

10. HUDEX Member shall operate post-transaction (post-trade) control mechanisms which ensure the compliance with the obligations regarding risk management and the prevention of market manipulation and insider dealings set forth in the applicable laws and in the HUDEX Member's internal bylaws. If a control mechanism is initiated, the HUDEX Member shall take adequate measures which may include adjusting or shutting down the affected trading system and the algorithm, or orderly withdrawal from the market.
11. HUDEX Member shall operate adequate and necessary controls regarding the risk exposures of its individual clients, Products, Traders, trading departments or the HUDEX Member itself.

II.5.5. HUDEX Member's use of the systems

1. The HUDEX Member agrees to use the services offered by HUDEX Ltd., the technical facilities for accessing those services, the associated hardware and software, the IT and telecommunications equipment, and transmission media:
 - a) in compliance with applicable legal and regulatory provisions;
 - b) in compliance with the Technical Requirements;
 - c) in compliance with the Rules and Regulations;
 - d) solely in connection with the services offered by HUDEX Ltd.; all other use, connection to other networks, and sharing of files or data with other networks or applications is expressly subject to prior authorization in writing from HUDEX Ltd.;
 - e) without making them available to third parties not authorized under the Rules and Regulations; in this respect the HUDEX Member shall not assign, sublease, modify, pledge, transfer or, in general, make them available to third parties in any form whatsoever.
2. The HUDEX Member agrees to seek and abide by the legal, regulatory, administrative and contractual authorizations arising from the applicable domestic or foreign laws or international law pertaining to the use of the services offered by HUDEX Ltd., and in particular to comply with the requirements of protection of confidential information as it is stipulated in the provisions of the Hungarian Civil Code regarding the protection of confidential information or any equivalent regulation or provision.

II.5.6. Security measures

1. HUDEX Member agrees to respect the physical and logical security measures intended to protect the integrity of Trading Systems. HUDEX Member assumes entire responsibility for drafting policies, rules, methods and procedures in this matter, and shall update these in order to maintain and improve the protection of its IT resources in compliance with the Rules and Regulations.
2. In particular, as regards to system access, HUDEX Member will take personal responsibility for organizing and applying any internal logical and physical security

measures, including restriction of access to the site in which its equipment is located, in order to protect its access codes from unauthorized third parties.

3. Before sending any information over the systems put in place to access HUDEX, HUDEX Member shall also ensure that measures are taken to avoid the propagation and dissemination of, in particular, computer viruses over the other party's systems and its own configuration.
4. HUDEX Member shall put in place adequate back-up procedures for instructions, data and files.
5. If HUDEX Member observes that the systems have been penetrated by an unauthorized third party, it shall alert HUDEX immediately and seek the cause of such penetration and take appropriate measures and cooperate with HUDEX in good faith in order to prevent or deny any further unauthorized use.
6. The HUDEX Member accepts and authorizes HUDEX Ltd. (or its authorized sub-contractor) to record any telephone conversations and accept that such recordings may constitute admissible evidence.

II.5.7. Other provisions concerning internet use

1. HUDEX Ltd. and the HUDEX Member each have their own IT systems for which they are responsible. All information transmitted between the systems of HUDEX Ltd. and the HUDEX Member is carried over the Internet.
2. As a consequence whereof, both Parties:
 - a) certify that they are cognizant of the Internet, its technical performance and, in particular, its response times and operating modes; they therefore may not and will not raise any claims against each other in connection with the performances of the Internet,
 - b) are responsible for their choice of IT service providers at their own costs and, in particular, their respective Internet access providers; they therefore may not and will not raise any claims against each other in connection with the consequences of the acts or defaults of such providers,
 - c) acknowledge that the technical reliability of Internet-based data transmission is relative, since such data are carried on heterogeneous networks with varying technical characteristics and capacities; they therefore may not and will not raise any claims against each other in connection with the absence of data transmission or from the degradation of data occurring between the time they are transmitted by the HUDEX Member and the time they are received by HUDEX Ltd.,
 - d) acknowledge that each Party is responsible for taking the appropriate measures to protect its own data, software and hardware from unauthorized third-party access and contamination by computer viruses, by means of logical and physical security measures, including firewalls, implemented according to accepted practice.

3. The HUDEX Member shall be responsible for connecting to the Trading Systems. Accordingly, the HUDEX Member must obtain the administrative authorizations, obtain the necessary subscriptions, and make the necessary connections or have them made at its own cost.

II.5.8. Upgrades

1. HUDEX Members must upgrade their services and technical access facilities to the Trading Systems as soon as such upgrades are made available by HUDEX. HUDEX Members shall be liable for the completion of upgrades. If the upgrades are not completed, HUDEX will not be liable for any consequences thereof.
2. HUDEX Ltd. shall make these upgrades available either with a view to improving the services provided to the HUDEX Member or because of technical imperatives. HUDEX Ltd. will make every effort to give the HUDEX Member without undue delay notice of such upgrades. HUDEX may instruct HUDEX Members on the tasks of the implementation of the upgrades.

II.5.9. Intellectual property and license

1. HUDEX Ltd. warrants that it has obtained all the licenses necessary for using the aforementioned trading and order transmission systems.
2. The HUDEX Member guarantees HUDEX Ltd. that it holds the authorizations, property rights and license contracts for all the configurations, firmware and software needed for trading.
3. For cases where a software application used by the HUDEX Member to access HUDEX requires a license or an equivalent right, the provisions pertaining to such license or right are appended to the Rules and Regulations or are provided by HUDEX Ltd. to the HUDEX Member and must be adhered to by the HUDEX Member.
4. The HUDEX Member undertakes to respect the intellectual property rights of HUDEX Ltd. and of all third parties providing a system or software application needed to access HUDEX. To this end, the HUDEX Member shall take all reasonable measures as regards its staff and third parties to protect said rights and, in particular, shall refrain from altering references to property rights and copyright specified on the materials supplied by HUDEX. The HUDEX Member can neither remove nor modify references to copyright, trademarks, trade names or any other sign of intellectual property.

II.5.10. Trading Accounts

1. Following admission to HUDEX Membership, HUDEX Ltd. assigns to the HUDEX Member one or more Trading Accounts with one or more Users with login name and password in line with the request of the HUDEX Member.

II.5.11. Default setup of Users

1. The HUDEX Member can ask HUDEX to create additional Users or to delete existing Users at any time.
2. The HUDEX Member may determine whether the given User concludes exclusively speculative or solely hedging transactions, and HUDEX will set the default settings of the User and perform its reporting obligations accordingly. The HUDEX Member may request the modification of the default settings of the given User. If the HUDEX Member fails to indicate on the application form which default setting is requested, then HUDEX will automatically set the default settings to speculative transactions.
3. In the case the HUDEX Member wishes to conclude both speculative and hedging transactions with the same User at the same time, then HUDEX may determine further requirements for the HUDEX Member in the Technical Requirements.

II.5.12. Configuration, licenses and support

II.5.12.1. Launching of HUDEX Client Application

1. The HUDEX Client Application install file can be downloaded from the HUDEX operated data publication platform, its details are regulated in the Technical Requirements.
2. HUDEX Client Application may be installed on any user PC. HUDEX Ltd. shall supply the HUDEX Member with the technical parameters necessary to access the HUDEX trading systems as set forth in the Technical Requirements and will provide the IDs required for the use of the HUDEX trading systems according to Section II.2.4.
3. A User can only login from one system at one time. They would need to ensure they have logged out before they can change workstations.

II.5.12.2. HUDEX Client Application User License

1. The HUDEX Member is granted a HUDEX Client Application User license and shall abide by its terms.
2. HUDEX Client Application is reserved for the exclusive use of the Member for trading activities and for the sole purpose of making trades on HUDEX under the terms of the Rules and Regulations of HUDEX. Only HUDEX Members are authorized to download and use for trading the HUDEX Client Application and HUDEX Members shall be responsible for downloads performed using their respective user-IDs and access codes. HUDEX Client Application can be made available for access from another of the HUDEX Member's computers under the terms of the user license.
3. The HUDEX Member shall not modify, disassemble, decompile, or merge HUDEX Client Application or any copy thereof.
4. The HUDEX Member shall not sublicense, assign, or transfer the user license.

5. The user license remains granted as long as the Membership Agreement remains in effect. The user license shall be cancelled if the HUDEX Membership is terminated.
6. HUDEX may grant read only accesses for exchange data vendors set forth in Section g) I.1.3 with the conditions stipulated in a separate agreement under the terms of the Technical Requirements.

II.5.12.3. Operating support

1. HUDEX Ltd. provides an operating support service that may be reached by telephone on Trading Days. The availability hours and other details of operating support are adopted by CEO's resolution.

II.5.12.4. Communication

1. HUDEX Members shall communicate exclusively via their Registered Email Address regarding issues of trading and market operation due to security reasons. HUDEX will disregard any request or question incoming via any other communication channel.

II.5.13. Due diligence and annual assessment of HUDEX Members

1. HUDEX shall conduct due diligence assessment of the prospective HUDEX Members prior to the beginning of its trading activities to ensure that they meet the requirements set out in Sections II.5.1.1 and II.5.4.7 and shall review the compliance of the already existing members with these requirements by annual risk-based assessment.
2. The due diligence and the risk-based assessment shall take into account the (expected) scale and potential impact of trading undertaken by the HUDEX Members as well as the time elapsed since the Exchange Member's last risk-based assessment.
3. HUDEX shall, where necessary, undertake further assessments in addition to the annual risk-based assessment in order to check the compliance with the conditions referred to in Subsection 1.
4. HUDEX initiates the reviews and assessments by prior written notice (with reasonable deadlines), in which the procedure of the due diligence is presented. HUDEX carries out the due diligence primarily by requesting information or in particularly justified cases by on-site audit. HUDEX (and the prospective HUDEX Member) shall provide the requested information in due time priority agreed and allow the on-site audit as set forth in the applicable laws.
5. If HUDEX concludes that the HUDEX Member does not meet the requirements set out in Subsection 1, the Exchange requests the given HUDEX Member to provide further information necessary for the audit or to cease the non-compliant operation within HUDEX given deadline. If HUDEX fails to comply with this request within that deadline, then HUDEX is entitled to constrain or suspend the HUDEX Member's trading rights. Notwithstanding the request for further information, HUDEX may apply sanctions on the HUDEX Member, if the HUDEX Member does not comply with the requirements

set forth in Section 1 and this non-compliance may result in circumstances endangering the orderly trading according to the findings of HUDEX.

II.5.14. Applicable throttling procedure in case of overload of the Trading System

1. HUDEX continuously monitors the concentration of the electronic data streams of orders, in order to identify the potential risks that may affect the orderly operation of the market, and HUDEX is entitled to apply order throttling procedures for the individual HUDEX Members or for the whole market to avoid the overload of the Trading System. Throttling procedure is applied, if the Exchange recognizes that the number of Orders entered by one or more HUDEX Members exceeds the overload limits determined by HUDEX in CEO Resolution.
2. HUDEX is entitled to order the HUDEX Member to reduce the number of orders entered per second, if the HUDEX Member exceeds the overload limits and this trading activity results in such a severe overload in the system which may endanger the operation of the Trading System. If the HUDEX Member fails to promptly comply with this order, HUDEX is entitled to suspend the identification number of the HUDEX Member who caused the overload in order to avoid the shut-down of the Trading System, and to apply other sanctions set forth in these Market Rules.

II.5.15. Other Provisions

1. In case the HUDEX Member recognizes a breach of pre-, post-trade or other obligations set forth in the Rules and Regulations of HUDEX, it shall notify HUDEX thereof without delay, but within 3 business days of the recognition of the breach of the obligation at the latest.

III. Common rules for trading and market operation

III.1. Market Segments

1. The following Market Segments exist on HUDEX:
 - a) Power Segment: Financial Futures with optional Physical Delivery on the Hungarian power system operated by MAVIR Ltd. Optional Physical Delivery is available for HUPX DAM Members based on request. In case of Physical Delivery the Market Rules of HUPX DAM market shall apply.
 - b) Natural Gas Segment: Physical Delivery Futures Market with Physical Delivery on the Hungarian natural gas transmission system operated by FGSZ Ltd.
2. A Market Segment may be terminated by CEO Resolution after the last Product in that Market Segment was delisted.

III.2. Products and Contracts

III.2.1. General Rules of Listing Products

1. A Product is listed on HUDEX with the inclusion in the Products List and Specifications.
2. The Product List and Specifications shall include at least the following information in connection with a Product:
 - a) Product name;
 - b) Listing Day;
 - c) Underlying Product;
 - d) Basic Quality of the Underlying Commodity;
 - e) The unit of minimum trading amount;
 - f) Price characteristics;
 - g) Minimum tick value;
 - h) Minimum and maximum price;
 - i) Delivery Point;
3. The Product List and Specifications shall include at least the following information in connection with a Contract:
 - a) Contract series
 - b) Opening Day of the Contract;
 - c) Last Trading Day in the Contract;
 - d) Method of Delivery in the Natural Gas Segment;
 - e) Method of Delivery in the Power Segment

4. The CEO may determine, amend or modify the Products List and Specifications by CEO Resolution.
5. Any modification to the Product List and Specifications shall be published at least 3 (three) Trading Days prior to the modification entering into force, by publication on the HUDEX website and also via Market Notice to the HUDEX Members.
6. In order to list a new Product, the following conditions shall be met:
 - a) The Underlying Product shall be a commodity power and natural gas product ;
 - b) The technical conditions regarding the trading of the Product are met;
 - c) Settlement of the Trades are assured.
7. Any terms of a Product may be amended after the Listing Day with the exception of the Underlying Product and the Listing Day. The specifics of a Product set forth in Subsections 2. a)-i) and the specifics of a Contract stipulated in Subsections 3. a)-d) may be modified upon prior approval by the Clearing House.

III.2.2. Opening Contracts

1. The Contracts are opened automatically – according to the Products List and Specifications – on the Opening Day.

III.2.3. Closing Contracts

1. The Contract is closed automatically on the Last Trading Day.

III.2.4. Delisting Products

1. Products are delisted by the Resolution of the CEO and by removal from the Products List and Specifications.
2. The CEO may delist a Product at his/her sole discretion provided that only Products can become delisted that show no open interest on the Delisting Day.
3. In case the Supervisory Authority prescribes the removal of a Product from the Products List and Specifications the CEO shall delist the Product in a CEO resolution.
4. The CEO Resolution shall determine the Day of Delisting.

III.3. Suspension of Trading

1. Every Product traded on HUDEX shall comply with the requirements of the orderly, transparent and fair trading at all times.
2. The CEO may suspend the trading of a Product and a Contract series or all trading on a Market Segment or on HUDEX, if the trading does not comply with the Rules and Regulations unless this suspension significantly detracts the investors' interests or the orderly operation of the market.

3. The CEO is entitled to suspend the trading of one or more Products or the trading in a Market Segment or all trading activities on HUDEX for the remainder of the Trading Day on which the suspension Resolution is made and at most for the next Trading Day, Any suspension with a longer term shall be decided by the Board of Directors. The Board of Directors may decide the term of the suspension at its own discretion without limitation regarding duration.
4. The decision-making process of the CEO and the Board of Directors, regarding a suspension, shall comply with the applicable laws of Hungary and the European Union and the HUDEX Rules and Regulations.
5. In the case of suspension, HUDEX shall suspend the trading of those Products which are in relation with the suspended Products and the Products using the suspended Product as underlying Product.
6. In addition to the above, the CEO shall suspend the trading in a Product, Contract series or on a Market Segment or all trading activities on HUDEX, if the Supervisory Authority ordered such a suspension.
7. Any above-mentioned resolution regarding the suspension shall include its reasons.
8. HUDEX shall publish its resolutions regarding suspensions and the Supervisory Authority must be notified immediately on decisions on any suspensions on HUDEX.
9. If trading in a Product, Contract series or the trading on a Market Segment or on HUDEX is suspended entirely or in part, the Halt Session described in Section III.5.4. applies and no new Orders may be entered for the suspended Product or Contract of a Contract series or in the suspended Market Segment. All existing Orders will be switched to a withheld status.
10. Trading shall be restored without undue delay, if the reason for suspension no longer exists or the Supervisory Authority requests the termination of the suspension. The decision on the restoring of trading shall be made by the CEO or the Board of Directors, depending on who made the decision on suspension, except that the Board of Directors may authorize the CEO to terminate the suspension if the reason for suspension ceased to exist. If the Supervisory Authority requests the termination of suspension, the CEO shall take measures to restore trading, in which case the restoration of trading is based on the resolution of the Supervisory Authority and HUDEX will not decide on it by a separate resolution,
11. HUDEX shall publish a Market Notice on the restoring of trading at least 15 minutes before the opening of the trading.
12. HUDEX shall notify the Supervisory Authority when trading is restored, and shall post a notice to that effect on the Supervisory Authority's website, and on the HUDEX website as well.

III.4. Halt of the Market in case of a technical problem

1. HUDEX is an electronic exchange. Upon the occurrence of technical problems:
 - a) the HUDEX Member(s) affected shall immediately notify HUDEX Ltd. of any problems with entering, sending or receiving data from the Trading System;
 - b) conversely, HUDEX Ltd. shall notify its Members of any general disruption of its systems as soon as it is expectable in the given circumstances.
2. HUDEX shall halt the trading on HUDEX in case of temporary technical problems – which prevent the orderly and fair trading – in order to eliminate the technical problems and re-establish the regular course of trading. Such market halt does not require a CEO Resolution.
3. The market halt will be applied regarding all trading activities.
4. During a market halt the Halt Session shall be applied and HUDEX will use its best efforts to eliminate the technical problem as quickly as possible. If the market halt is anticipated to last more than 3 (three) hours or the technical problem still exists after this term, the CEO shall suspend the trading by Resolution.
5. The trading will recommence and the market halt will be withdrawn without delay upon the elimination of the technical problem.
6. HUDEX Ltd. informs the HUDEX Members without delay by e-mail about the market halt and the recommencement of the trading.
7. In case of technical malfunctions, HUDEX Ltd. shall be authorized to take any suitable and appropriate measures which are required to safeguard or resume proper trading or settlement.
8. In case of urgency, the CEO is entitled to issue appropriate orders or measures within the frame of the HUDEX Rules and Regulations to ensure the orderly conduct of the trading on HUDEX and the settlement of the Trades. These orders, decisions are binding for all HUDEX Members.

III.5. Trading Sessions

1. The market hours for the commencement and the end of trading for all Products shall be determined by CEO.
2. The CEO may extend or reduce the trading hours as well as the commencement of any of the trading periods to the extent necessary to maintain orderly trading conditions or for reasons relating to the Trading Systems.
3. The times and frequency of Trading Sessions may be set at the sole discretion of CEO, which shall be published at least two Trading Days before the effective day.
4. The market hours for the Market Segments comprise three plus one consecutive periods.

III.5.1. Open Session

1. During the Open (continuous trading) Session Traders of the HUDEX Members may submit Orders into the Order Book, which will match when bids and offers are equal or overlap in price. Cross Trades are not permitted.

III.5.2. Closed Session

1. After closure and before opening of the market, Active Order entry and trading are not permitted.

III.5.3. Inactive Session

1. When a product is not tradeable on a given day the session indicator will be Inactive Session. During the Inactive Session Active Order entry and trading are not permitted.

III.5.4. Halt Session

1. The Halt Session is an “override” session that can be scheduled by CEO taking into account the rules in Sections III.3. and III.4.
2. During the Halt Session:
 - a) All Orders are switched to withheld status.
 - b) At the beginning of the Halt Session HUDEX shall notify the HUDEX Members that trading is not possible.
 - c) All Orders are shown in light grey in the main trading window and the status of the session is changed to "HALT".
 - d) Contracts cannot be traded.
 - e) Active Orders cannot be entered or changed.
 - f) Withheld Orders cannot be activated.
 - g) At the end of the Halt Session HUDEX shall notify the HUDEX Members that the trading is resumed, the status of the session is changed to that was in place prior to the halt, at this point entering and changing of orders is possible again.
 - h) After the market is set to trading, all withheld orders can be re-activated by its owner (unless the contracts have expired in the meantime) and can be executed provided there is a corresponding order book situation.
3. At the end of the Halt Session, the system will be returned to the session that was in place prior to the halt.

III.6. Rules on Orders

III.6.1. Anonymity

1. The Orders and Trades are anonymous.

III.6.2. Order Description

1. An Order is an offer to conclude a Trade with the terms and validity conditions of which are set forth herein.
2. An Order is firm with a specified quantity and price in certain Contract. It can be either a buy Order with a maximum price or a sell order with a minimum price. Each Order must be made in a multiple of the minimum trading amount and at a limit price that is a multiple of the minimum tick size as these are set out in the Products List and Specifications.
3. All valid Orders are displayed anonymously in the Trading System. A HUDEX Member may submit multiple Orders regarding the same Contract.
4. For Contracts, Orders sent to HUDEX shall include at least:
 - a) the Member's identification;
 - b) Contract;
 - c) the Trading Account in which the Order is recorded;
 - d) validity;
 - e) the volume;
 - f) the maximum or minimum price against which the Order may be executed;
 - g) Order Type;
 - h) direction of the order – i.e. buy or sell Order.

HUDEX shall set out further conditions regarding the content of an Order (such as client identification, person responsible for execution, Trades based on market making agreement) in the Technical Requirements with regards to the obligation of HUDEX to maintain records as set forth in the Council and the Commission Delegated Regulation (EU) 2017/580.

The HUDEX Member shall be responsible for the correctness of the information, keeping the information up to date and for the correspondence of the information with its own internal records. If the HUDEX Member does not comply with its obligations prescribed hereinabove, HUDEX may apply sanctions set out in the Market Rules.

III.6.3. Order Types

1. The following Order Types are supported by the trading system of HUDEX. At the HUDEX Members' discretion, the following conditions may be attached to an order.
2. Orders are visible for the market, hence will be considered in the order matching process. Orders specify a quantity and a limit price.
3. The limit price is:
 - a) the maximum price above which a buy Order cannot be executed, or

- b) the minimum price below which a sell Order cannot be executed.
4. The limit price must be:
- a) lower than the price of the best opposite Order in the Order Book in case of a buy Order, in case it is not the first Order in the Order Book,
 - b) higher than the price of the best opposite Order in the Order Book in case of a sell Order in case it is not the first Order in the Order Book.
5. These Orders can only be executed at their specified limit price or at a best price, i.e.: less than, if it is a bid, or greater than if it is an offer.
- a) Firm (until filled / removed / expired)
 - b) "Fill-and-Kill": the order will be matched in its entirety up to the cumulative volume against opposite orders already entered into the Trading System. The remainder will be deleted.
 - c) "Iceberg": orders may be submitted with partially hidden quantities. The specified part of the hidden quantity will be disclosed to other Members, and receive the time stamp of the time of disclosure, as soon as the part that had already been disclosed has been executed. The HUDEX Member specifies the total quantity and the initial quantity:
 - i. the first Order relates to the initial quantity;
 - ii. the hidden quantity is then executed through a series of Orders. Each Order relates to the same quantity as the initial quantity. Each successive order is treated as a new Order in terms of priority in the Order Book.

III.6.4. Withheld orders

1. A withheld order is an inactive stance of an Order entered into the Trading System, which is either due to the act of its owner, or due to any unforeseen malfunction that caused the halting of the trading according III.3. and III.4.
2. Withheld orders are not visible for the market, hence will not be considered in the order matching process.
3. Withheld orders can be activated by the Trader, unless the Order has reached its maturity or has been cancelled or deleted.

III.6.5. Validity of Orders

1. The following validity periods may be defined during which the Orders remain active unless cancelled by the HUDEX Member:
 - a) Good until cancelled: the Order stays valid until the last Trading Day;
 - b) Good until date: the Order stays valid until the specified date-time indicated or until the last Trading Day if it is earlier;

- c) Good for day: the order stays valid until the end of the Trading Day when it has been submitted;
 - d) Good for session: the Order stays valid until the end of the Trading Session it was submitted.
2. Orders can be modified, withheld or deleted as long as no matching has taken place. If an order has been matched partially, then only the unmatched part can be modified, withheld or deleted.
 3. For each Contract, Orders will be ranked by the Trading System according to their Best Price and, further according to the time of entry as a firm order in the Trading System. Any modification in an Order will result in a new time of entry, with the exception of the case set out in Section b) III.6.8.2. An Order remains in the Trading System of HUDEX up to the time:
 - a) it is matched;
 - b) it is withheld, deleted or modified by the HUDEX Member;
 - c) it is withheld, because the HUDEX Member is disconnected;
 - d) it is withheld or deleted by HUDEX Ltd. because of the expiration or suspension of the Product, or because of termination of the Membership Agreement with the HUDEX Member or suspension of the HUDEX Member; or any other reason pursuant to the provisions of the Market Rules of HUDEX.

III.6.6. Simultaneous trading of Contracts

1. The Trading System allows trading Contracts on the Power Segment in pairs in the following manner. The input, creation and exposition of Spread Implicit Orders are automatic and differentiated based on the best bids and offers existing on the Order Book, using for that purpose existing Orders on those Contracts in question.
2. In any circumstance mentioned above, the Trades executed based on Spread Implicit Orders will always result in Trades carried out on the traded Contracts underlying these Orders.

III.6.7. Submission of Orders

1. HUDEX Members may submit Orders described by the Market Rules into the Order Book.

III.6.8. Modification of Orders

1. HUDEX Members may modify Orders while they remain in the Order Book.
2. Orders may be modified in respect of the price and the quantity, subject to the following criteria:
 - a) A modification in price or an increase in quantity imply a new time of introduction, losing the time priority of the original Order;

- b) A modification implying only in a reduction of the quantity has no effect on the time of introduction of the Order, keeping its time priority.

III.6.9. Withholding of Orders

1. A HUDEX Member may change the status of the Order from active to withheld status and vice versa, when applicable according to Section III.6.4.

III.6.10. Cancellation of Orders

1. HUDEX Members may cancel their Orders that have not been executed as well as the remaining balance of those that have been partially executed.

III.6.11. Order management in case of technical problems

1. In case there is a temporary difficulty for accessing the Trading System of HUDEX due to technical problems at the HUDEX Member, the HUDEX Member may request HUDEX Ltd. the submission, modification or cancellation of Orders entered by the given HUDEX Member exclusively from its Registered Email Address. Any request submitted by any other means are rejected.
2. After receipt of that request, HUDEX shall provide its best efforts in order to implement, as soon as possible, the request submitted by the HUDEX Member, however HUDEX shall not be liable for the timely implementation of the request.
3. After the request has been executed or in case that execution is not possible, HUDEX Ltd. notifies the HUDEX Member thereof. The HUDEX Member is obliged to accept the outcome of the activities undertaken on its behalf by HUDEX.
4. HUDEX will use this power in a non-discriminatory way and only as long as the HUDEX Member is unable to place the orders in the Trading System itself. The HUDEX Member, who has requested HUDEX Ltd. to place orders in the Trading System on its behalf, will inform HUDEX forthwith as soon as the reason for its inability to place orders in the Trading System has been remedied.

III.7. Rules on matching

1. Trades on HUDEX are affected by matching Orders entered in the Order Book by HUDEX Members. Combination of two compatible opposite Orders leads to a Trade. Matching is based on prices specified in the Orders.
2. The principles applicable to the execution of Orders on HUDEX are:
 - a) Execution happens according to a method that is transparent, non-discriminatory and described in the Market Rules and must enforce principles which are public;
 - b) Execution is compliant with the Orders submitted by the HUDEX Members;
 - c) Prices of matched trades will be visible in the Trading System, but the daily Settlement Prices for the Contracts will be published once a Trading Day within the post trade process.

3. To execute a Trade, a HUDEX Member may either elect to match a single Order or elect to deal a specified volume in a specific Order or to match two Orders by trading their price difference, i.e. spread. Trades are executed at the time the matching is recorded by the Trading System.
4. If an Order has been matched, then the remainder, if any, of that Order will retain the time priority originally assigned to it.
5. The matching of a newly submitted Order against Orders already entered into the Trading System of HUDEX occurs until the desired volume has been reached or no further matching is possible given the limit price of the newly submitted Order and order conditions attached to the Orders. The matching process is as follows:
 - a) In case of selecting a single Order already being Firm in the system, the best is applied. Should there be more Orders at the Best Price, then matching occurs according to the time these Orders were entered into the Trading System, starting from the least recent to the most recent (first in first out principle).
 - b) In case of dealing volume, the Best Price of the Orders already entered into the Trading System is applied. Should there be more Orders at the Best Price, then matching occurs according to the time these Orders were entered into the Trading System, starting from the least recent to the most recent (first in first out principle). If, after applying the abovementioned criteria, the volume is not yet entirely matched, then the second Best Price will be applied, and so on.
 - c) If matching of an Order, already entered into the Trading System, is not possible because of a condition attached to the Order, then such an Order will be ignored in the matching process.
 - d) Hidden quantities are ignored in the matching process.
6. If a newly submitted Order is not matched, the Order will remain in the Trading System, until withdrawn by the HUDEX Member or matched by other Orders, subject to any conditions attached to the order.
7. If a newly submitted order is not matched entirely, then (the non-matched part of) the Order remains in the Trading System, until withdrawn by the HUDEX Member or matched by other Orders, subject to any conditions attached to the order.
8. After execution of a Trade, HUDEX will submit the Trade to the Clearing House for Clearing.
9. Precondition of the validity of the Trade is the confirmation and registration by the Clearing House. In case the confirmation and registration is rejected by the Clearing House the Trade shall be deemed as not concluded and Trade shall be cancelled.

III.8. Prevention and Control of Disorderly Trading Conditions

III.8.1. Pre-Trade Controls

1. HUDEX operates automatic pre-trading controls procedures and systems that ensure to reject orders which exceed the pre-determined price or volume limits, or which are clearly erroneous.
2. Subject to Paragraph 5 of Section 316/A of the Capital Market Act and Paragraphs (1) and (2) of Article 20 of Regulation 2017/584/EU, HUDEX carries out three types of pre-trade controls before the conclusions of transactions in all sessions of the trading:
 - a) price collars, which automatically block orders that do not meet pre-set price spreads on an order-by-order basis;
 - b) for every item size maximum order value, which automatically prevents orders with uncommonly large order values from entering the order book per Product based on the maximum limit price;
 - c) maximum order volume, which automatically prevents orders with an uncommonly large order size from entering the order book.
3. Orders will be automatically rejected, if they conflict with the controls set forth in Subsection 2, with the exception of that the CEO is entitled to modify the limitation values by CEO Resolution taking into account the procedure set forth in point II.3.1.1.20. Furthermore, the CEO is entitled to temporarily modify the limits in his/her sole discretion by CEO Resolution in the case of exceptional circumstances, as long as these circumstances exist.
4. The detailed rules of the pre-trade controls are set out in the Technical Specifications.

III.8.2. Post-trade controls

1. Subject to Paragraph (3) of Article 20 of Regulation 2017/584/EU, HUDEX applies post-trade controls regarding every transaction resulting from Orders entered into the Trading Systems.

The post-trade controls are regulated in the bylaws of HUDEX and include the following controls:

- a) Examination of uncommon trading activities and market abuse suspicions and reporting them to the Supervisory Authority;
- b) Monitoring the concentration of trading activities;
- c) Post-trade control regarding the compliance of the trades with the Exchange Regulations.

III.8.3. Mechanisms to manage volatility

1. Subject to Paragraph 6 of Section 316/A of the Capital Market Act and Article 19 of Regulation 2017/584/EU, HUDEX ensures to operate appropriate mechanisms to

automatically halt or constrain trading during trading hours regarding transactions resulting from Orders entered into the public Order Book.

2. The CEO shall specify the operation and detailed rules of the trading halt and constraining controls – including circumstances and procedures permitting the manual override of the specified parameters in order to ensure the orderly trading – set forth in Section 6/C.1 according to the regulations of Capital Market Act and MiFIR. These regulations shall be regularly reviewed, at least annually. The CEO is entitled to amend these regulations promptly at any time in order to ensure orderly trading with the obligation to notify the market participants at the same time.
3. In order to manage volatility, HUDEX applies daily order-entry limitations.

III.8.4. Ratio of unexecuted Orders to Trades (OTR)

1. For the purpose of preventing disorderly trading, HUDEX calculates the ratio of unexecuted orders to those trades which were entered into or executed in the Trading Systems by the HUDEX Members (OTR) – as set forth in Regulation 2017/566/EU and in the annually reviewed detailed rules accepted by the CEO – for each Contract at least at the end of every Trading Day regarding the given Trading Day, and the calculations shall be made available posteriorly to the HUDEX Members in every month.
2. In accordance with Section 316/A of the Capital Market Act, the CEO shall determine the maximum values of the OTR indicators for each Product and Market Segment on a non-discriminatory basis, which decision shall be published at least annually.
3. HUDEX retains the right to deviate in a CEO resolution from the maximum values of the OTR indicators and raise them in case of HUDEX Members who are Market Makers or undertook additional commitments in order to ensure market liquidity that may result in the rise of these indicators, which are defined on a non-discriminatory basis to all HUDEX Members having such obligations.
4. The HUDEX Member shall be deemed to have exceeded the HUDEX calculated maximum ratio of unexecuted orders to Trades, if the trading activities conducted by the given HUDEX Member exceeds the maximum value in a specific instrument, taking into consideration all Trading Sessions of the Trading Day.
5. In case a HUDEX Member exceeds the maximum values of the limitations applicable for it then HUDEX shall warn the HUDEX Member in 3 (three) Trading Days, and sanctions may be imposed on the HUDEX Member according to the Market Rules.

III.8.4. Other measures applied by HUDEX in order to prevent disorderly trading

1. HUDEX applies the following measures in order to prevent disorderly trading:
 - a) definition of a threshold for the number of Orders sent by a HUDEX Member per second and the measurement of it, furthermore the application of a throttling limit for Orders in case the Trading System is overloaded;

- b) ensuring the possibility for immediate cancellation of Active Orders for HUDEX Members (kill function);
- c) suspension or limitation of trading license of a HDUEX Member.

III.9. Regulations on cancellation of Trades

III.9.1. Cancellation of erroneous Trades

1. In the event of a Manifest Error (wrong entry), HUDEX Members may request HUDEX Ltd. to cancel a Trade.
2. After the request of the cancellation, HUDEX will cancel the Trade automatically if the price of the Trade is more than 30 % lower/higher than the Settlement Price on the previous Trading Day related to the actually traded Contract.
3. In case the cancellation request is received during the first Trading Day of a new Contract, HUDEX will cancel the Trade automatically if the price of the Trade is more than 50 % lower/higher than the Settlement Price on the previous Trading Day related to the Contract belonging to the same Product expiring immediately before the actually traded Contract.
4. In all other cases, Trades might only be cancelled due to erroneous Trade, if the counterparty also accepts the cancellation.
5. With respect to Trades executed on the Trading System, the cancellation request towards HUDEX Ltd. must be made not later than 20 minutes after the conclusion of the contract via notification in writing to HUDEX operation from the Registered Email Address. HUDEX shall not be obliged to proceed with the request if it is received in writing from the Registered Email Address beyond these deadlines. However, for equitable reasons the CEO of HUDEX may decide to proceed if the request is received beyond these deadlines.
6. In case the Trade is not cancelled by HUDEX according to Section III.9.1.2. or III.9.1.3., HUDEX contacts the counterparty and asks for its approval to cancel the corresponding Trade.
7. HUDEX Ltd. will apply the following approach regarding the necessary notification processes:
 - a) If the counterparty cannot be contacted within 30 minutes from the arrival of the request or if it refuses to cancel the Trade, HUDEX contacts (via email) the requesting counterparty in order to inform it that its cancellation request has been refused.
 - b) If the counterparty accepts the cancellation of the Trade, HUDEX contacts (via email) the requesting counterparty in order to inform it that its cancellation request has been accepted.
8. In case the cancellation request has been approved by both counterparties, HUDEX proceeds with the cancellation of the Trade automatically.

- a) The deal will be deleted from the Trading System.
 - b) A request will be sent to Clearing House regarding the mistrade to reverse the previously accepted deal.
9. In case of mistrade reporting, HUDEX will charge an administrative fee against the party that made the mistrade, however, transaction fees for the mistrade will not be charged from any of the counterparties, in case cancellation was approved. The payment of clearing fees is subject to the rules and business policies of the Clearing House and the Clearing Members.

III.9.2. Cancellation of Trades in other exceptional circumstances

1. In cases other than set out hereinabove, cancellation of a transaction may be initiated – even before meeting the validity requirements – in the case of major malfunction or breakdown of the Trading System resulting in erroneous order matching and trading.
2. The CEO shall determine the existence of the probable technical malfunctions and its starting and ending time by CEO Resolution.
3. Subject to the CEO Resolution set forth in Subsection 2, HUDEX shall identify all the Trades potentially affected by the malfunction and also the HUDEX Members who were parties to these Trades.
4. HUDEX will notify the potentially affected HUDEX Members of the possible malfunctions and their affected Trades via their Registered Email Address. HUDEX shall also publish a Market Notice of the technical malfunction and its starting and ending time on the HUDEX Website. This Market Notice may not be published prior to the notification sent to the Registered Email Address.
5. If the affected HUDEX Member requests the cancellation of its Trade, then HUDEX will cancel the Trade without permission of or feedback from the other party of the Trade based on the presumption that the malfunction existed. The cancellation of the Trade may be initiated within 30 minutes from the publication of the Market Notice stipulated in Subsection 4.
6. If neither affected HUDEX Member initiates the cancellation of the affected Trade, then the Trade will not be cancelled.
7. In the case of exceptional circumstances set forth in Section III.9.2, HUDEX shall not charge any administrative fee regarding the request of the cancellation of a Trade.
8. HUDEX Member can appeal against the CEO resolution in point 2 and against the decision in point 3. according to the rules in point I.1.4.13.

III.10. Provision of Information to HUDEX Members

1. For each Contract, the following information will be made available to the HUDEX Members on a real time basis through the Trading System of HUDEX:
 - a) the price and the quantity of all buy and sell Orders;

- b) the price, quantity and time of recently executed Trades;
 - c) for each HUDEX Member, the status of all its own Orders and;
 - d) for each HUDEX Member, an itemized list of its own recently executed Trades and clearing status.
2. Copyrights on published market databases belong to HUDEX Ltd. Members are authorized to use such databases on an internal basis. Any commercial usage of such market database (including offering derivative contracts derived from underlying traded on HUDEX Market) must be carried out pursuant to a specific contract with HUDEX Ltd.

III.11. Publication of Market Data

1. HUDEX shall facilitate sufficient publicity of Market Data in order to keep HUDEX Members and investors properly informed. Publicity may be accomplished by HUDEX itself or by other organizations under a specific contract with the condition of giving access to the Market Data on a reasonable commercial basis.
2. HUDEX shall publish the Market Data on its Website following the fifteenth (15th) minute after such Market Data is generated. Past this timeframe the Market Data is available to the public (including the usage of the Market Data) free of charge.
3. HUDEX may charge a fee for any supply of Market Data if disclosed within the time specified in its internal regulations, or within maximum fifteen (15) minutes, however, the fee requested shall not prevent access to such information (requirement of giving access on a reasonable commercial basis).
4. For each Contract, HUDEX Ltd. shall make the following information available to the Public after the closure of the Market as soon as possible on every Trading Day:
 - a) the best bid and best ask price on the given Trading Day;
 - b) Settlement Price
 - c) traded volume
 - d) volume of open interests.
5. Copyrights on published market databases belong to HUDEX Ltd. Any commercial usage of such market database be carried out pursuant to a specific contract with HUDEX Ltd.

III.12. Ownership of Data

1. HUDEX Ltd. is the sole owner of the Market Data resulting from Trades on HUDEX including indexes. HUDEX Ltd. is entitled to use the Market Data and the trading volumes generated by the HUDEX Member for any legal purpose. Statistics derived from trading activities on HUDEX may be made public. In this case, HUDEX Ltd. agrees to ensure that members remain anonymous.

2. If the HUDEX Member uses an external service provider in connection with its activities on HUDEX, it undertakes to introduce the above provision into its contractual relations with the said service provider.
3. The HUDEX Member shall use Market Data solely for the purpose of trading on HUDEX and for its own requirements within the aforementioned 15 minutes timeframe. If the HUDEX Member wishes to disseminate Market Data to third parties or use it for any other purpose, it cannot do so without having signed a special contract with HUDEX Ltd and shall pay the applicable charges.
4. If a non HUDEX Member third party intends to incorporate HUDEX's Market Data in any manner into its products or services traded on its energy exchange or equivalent facility, it shall conclude a special contract with HUDEX Ltd. on the use of the Market Data and shall pay the applicable charges.

III.13. Rules on Data Provision

1. HUDEX will not provide transaction reports set out in Article 26 of MiFIR for the HUDEX Members with license set forth in Subsections a) i) of Section II.1.1.4, and the reporting obligations shall be fulfilled by these HUDEX Members.

III.14. Trading Days and Opening Hours

1. HUDEX will operate on all Trading Days and during the hours as specified in the Trading Calendar adopted by a CEO resolution, published by HUDEX Ltd. on its official website.

III.15. Clearing

1. On HUDEX Ltd all Trades are subject to clearing. The Clearing Houses act as the central counterparty for clearing of the Trades at HUDEX. The rules and proceedings of Clearing Houses are defined by them.
2. The Clearing House performs clearing and financial settlement on a daily basis according to the Clearing House's calendar Daily financial settlement amount is the net amount derived from the market activity and the effective Margin Call.

III.15.1. Limits in Trading Positions

1. For limits in trading position and for the limit calculation methods the general rules and conditions of the Clearing House shall apply.

III.15.2. Transmission of Trade Information to the Clearing House

1. Once Orders have been matched HUDEX Ltd. sends at least the following information on each Trade to the Clearing House for registration:
 - a) Price
 - b) Quantity

- c) Side
 - d) HUDEX Member counterparties to the Contract
 - e) Trade ID
 - f) Contract Indicator.
2. HUDEX Ltd. shall provide the Clearing House with any information necessary to perform daily clearing and financial settlement according to the Clearing House's calendar.
 3. Following registration by the Clearing House, the payment and delivery obligations arising from Trades are governed by the terms and conditions of the Clearing House.

III.16. Rules applicable to pricing on HUDEX

III.16.1. Settlement Prices on Power Segment

1. Settlement Price will be calculated for all Contracts traded on HUDEX on each Trading Day until the end of the respective Delivery period. During the Delivery period in deviation to the methodology of Price Determination as described in Section III.16.3.2. the HUPX DAM index prices will be the basis of the settlement.
2. The Settlement Price serves as input for the daily margining process by the Clearing House according to the Clearing House's calendar.

III.16.2. Settlement Prices on Natural Gas Segment

1. *The Settlement Price of a Contract before Delivery serves as the final Settlement Price at which the commodity relating to an open position will be delivered.*

III.16.3. Methodology of Price Determination

1. Procedure for Settlement Price determination shall involve two steps by first calculating a Reference Price, and then determining a Settlement Price after adjustments made, if necessary. In case no adjustments are necessary during the price establishing procedure, the Settlement Price will be equal to the Reference Price.

III.16.3.1. Reference Price calculation

1. After the market has been closed the Order Book will be checked for compliance with the Market Rules. The Reference Price will be established according to the followings:
 - a) Reference Price will be set as the weighted average trade price and average of the best bid and the best ask Orders.
 - b) If there was no trade on the trading day, the Reference Price will be set as the average of the best bid and the best ask Orders.
 - c) In case there was insufficient market activity, i.e. no offers and no prices were available during a Trading Day, a Pricing Panel will be convened in order to

establish a Reference Price. The Pricing Panel will be comprised of at least two (2) HUDEX Ltd. Members randomly selected by HUDEX Ltd., and of all Market Makers further of OTC brokers based on the invitation and decision of HUDEX Ltd..

2. Should the Pricing Panel be convened, its members will receive a predetermined form in e-mail to fill in, which they may send back to HUDEX Ltd. in the shortest time possible, but not later than 15 minutes after the market is closed.

III.16.3.2. Settlement Price determination

1. After the Reference Price has been calculated, HUDEX Ltd. examines the Reference Price, whether:
 - a) the Reference Price is free from arbitrage. Non-arbitrage is ensured in case a difference of EUR 0.00 is found between the contracts with an overlapping due date after standard rounding
 - b) the Reference Price is plausible considering the Settlement Price of the previous Trading Day
 - c) the Reference Price is sufficiently representative considering the market circumstances.
2. In case any of the above criteria is not fulfilled by the calculated Reference Price, HUDEX Ltd. reserves the right to make adjustments to the Reference Price to determine a modified price (to be considered as the Settlement Price) in order to prevent price deviations on the market.
3. For this purpose, HUDEX will execute one or more of the following measures:
 - a) to consider solely a best bid or solely a best ask from the Open Session,
 - b) not to consider highest and lowest bid and ask offers or trades in calculating the Settlement Price,
 - c) to align the price of the least liquid product with the price of the more liquid product in case of overlapping contract series.
4. In case neither of the above results in an appropriate Settlement Price, HUDEX Ltd. will use objective and verifiable sources to determine an adjustment that results in an acceptable and appropriate Settlement Price. For this purpose, HUDEX Ltd. will consider sources such as the submitted quotes from the Pricing Panel, proposals and executed trades on the market, order and trade prices and price of price indexes from OTC broker platforms trading similar Products as HUDEX Products and Settlement Prices of the previous fixings.
5. As a result of the above price establishing procedure, a Settlement Price will be set for all tradable Contracts, which will be published in the Trading System as well as on the HUDEX website.

6. Any further specification to the settlement price determination procedure will be published in separate Market Notices with validity date at least 5 Trading Days later than the date of issue.

III.16.4. Application of pricing rules

1. HUDEX Ltd. cannot be held liable for any loss resulting from applying the pricing rules, any inaccuracy in the published Settlement Prices, the information used for making adjustments to the Reference Prices, or the actual adjustments or changes or any other act or omission to act.
2. HUDEX Ltd. will be the sole proprietor of all rights relating to the composition and method of computation of the Settlement Prices. HUDEX Members are not allowed to communicate these Settlement Prices to third parties without the prior written approval of HUDEX Ltd.

III.17. Exemptions from the Pre-Trade Transparency Requirements

1. HUDEX – based on the waivers of obligations for HUDEX given by the Supervisory Authority under Article 9 of MiFIR – applies the exemptions permitted under MiFIR in cases determined by CEO Resolution.
2. HUDEX submits the request for waivers to the Supervisory Authority and the Supervisory Authority approves it according to the respective procedures. HUDEX will inform HUDEX Members about the granting of a waiver on HUDEX website.

III.18. Applying Position Controls

1. In order to comply with the rules set out in Sections 317/A and 317/B of the Capital Market Act and Commission Delegated Regulation (EU) 2017/591, HUDEX applies position controls. For this purpose, HUDEX:
 - a) continuously monitors the open interests of the HUDEX Members and their clients in the affected Products based on the regular provision of information according to Section II.3.1.1.7, furthermore according to Section II.3.1.1.6. HUDEX will continuously monitor all information deriving from HUDEX Members and their clients, which refer to size and purpose of open position of HUDEX Members and their clients, to ultimate beneficiary owners, to concerted practices and to related instruments and obligations on the market of the underlying instruments;
 - b) may order the HUDEX Member to close or decrease – temporarily or permanently, dependant on the given circumstances – its own or its client's open interests, if the open interests calculated according to Paragraph a) exceed the positional limit determined by the Supervisory Authority in the given Product at the given client level (including the HUDEX Member's own accounts); or

- c) if the conclusion of the closing transaction is not possible, HUDEX orders the HUDEX Member or its client indirectly by HUDEX to maintain binding offer for the Product concerned in the opposite direction with the agreed price and volume – at least for the volume exceeding the positional limit – as long as the violation of the positional limits exists, in order to provide liquidity back into the market with the express intent of mitigating the effects of large or dominant position.
2. In the event the HUDEX Member fails to meet its obligations under Subsections b) or c) above, HUDEX may apply sanctions according to the Market Rules as a unilateral measure under Paragraph c) (2) of Section 317/A of the Capital Market Act.
3. The HUDEX Member shall provide information according to Section II.3.1.1.7 and the respective CEO resolutions.

IV. Specific rules for trading and market operation of the Power Segment

IV.1. Rules for physical Delivery

1. Physical Delivery can be requested up to the HUDEX members' open positions. The Physical Delivery is executed through HUPX DAM. Therefore, optional Physical Delivery is available only for HUPX DAM Members.
2. Note that positions opened after the deadline indicated in the Products List and Specifications will be cash settled.
3. Note that if the open position is lower than the requested physical volume the physical fulfilment will be executed up to the open positions.
4. The process of request for Physical Delivery:
 - a) HUDEX forwards the request to HUPX DAM
 - b) HUPX DAM market operations integrates the physical fulfilment orders into HUPX DAM trading system;
 - c) the HUDEX Member shall confirm the requested Physical Delivery in the HUPX DAM trading System.
5. In case of no auction situation occurs in HUPX DAM, the given position shall only be settled financially.

IV.2. Cascading and Expiry

1. Each open position of a financial power base/peak load year derivative Contract is cascaded into equal positions of the three financial power base/peak load month derivative Contract for the Delivery months from January through to March and three financial power base/peak load quarter derivative Contracts for the second through to the fourth Delivery quarter whose Delivery periods taken together correspond to the Delivery year on the Last Trading Day.
2. Each open position of a financial power base/peak load quarter derivative Contract is cascaded into equal positions of the three financial power base/peak load month derivative Contract whose Delivery periods taken together correspond to the Delivery quarter on the Last Trading Day.
3. Optionally selected open position(s) of a financial power base/peak load month derivative Contract does not cascade further, and it will be settled daily and moves into Physical Delivery performed according to rules of the market rules of HUPX.
4. Optionally selected open position of a financial power base load week derivative Contract does not cascade further, it shall be settled daily and the Physical Delivery shall be conducted according to the HUPX Market Rules..

5. Last Trading Day of a Contract series takes place with 2 Clearing House's business days (according to the Clearing House's calendar) before start of the Delivery period for weekly and monthly contracts, and 3 Clearing House's business days (according to the Clearing House's calendar) for quarterly and yearly contracts. Last Trading Day of the contract series is set out and published in the applicable Trading Calendar of HUDEX.

V. Specific rules for trading and market operation of the Natural Gas Segment

V.1. Rules for physical Delivery

1. FGSZ Ltd., the Transmission System Operator for the Hungarian market area provides the actual transmission of gas molecules in order to perform the physical Delivery obligations specified in the Contracts traded on HUDEX Ltd. The trade notification of HUDEX Members in the nomination system of FGSZ Ltd. is done by the Clearing House or CEEGEX Ltd on behalf of and with the permission of the Clearing House. The Clearing House or CEEGEX Ltd. has the right to send the net position of a HUDEX Member as trade notification from physical futures Trades on HUDEX Ltd and from CEEGEX Spot trades on CEEGEX Ltd that has been traded for the same Delivery period.

V.1.1. Nomination

1. The rules of nomination for trades dealt on HUDEX Ltd. are set out in the effective business and commercial code of FGSZ Ltd and in the business and commercial code of the Hungarian natural gas system. The trade notifications entered on behalf of HUDEX Members on the informatics platform of FGSZ Ltd. shall be considered in a single sided nomination manner. The other side of the nominated trades have to be entered for nomination by the HUDEX Member. Trade notifications of HUDEX trades which have been sent to the informatics platform cannot be changed or withdrawn.

V.2. Cascading and Expiry

1. Each open position of a calendar year Contract is replaced with equal positions of the three month Contracts for the Delivery months from January through to March and three quarter physical future Contracts for the second through to the fourth Delivery quarter whose Delivery periods taken together correspond to the Delivery year on the Last Trading Day.
2. Each open position of a gas year physical future Contract is replaced with equal positions of the three month physical future Contracts for the Delivery months from October through to December and three Quarter Physical Future Contracts for the first through to the third Delivery quarter whose Delivery periods taken together correspond to the Delivery year on the Last Trading Day.
3. Each open position of a season physical future Contract is replaced with equal positions of the three month physical future Contracts for the Delivery months from either October through to December and a quarter physical future Contract for the first Delivery quarter or April through to June and a quarter physical future Contract for the third Delivery quarter. All of the above-mentioned Delivery periods taken together correspond to the Delivery season on the Last Trading Day.

4. Each open position of a quarter physical future Contract is replaced with equal positions of the three month physical future Contract whose Delivery periods taken together correspond to the Delivery quarter on the Last Trading Day.
5. Each open position of a month physical future Contract cascades into daily settlement instructions and moves into physical Delivery performed according these Market Rules.
6. Last Trading Day of a Contract series takes place 2 Clearing House business days before the start of the Delivery period for monthly contracts, with 3 Clearing House business days (according to the Clearing House calendar) before the start of the Delivery period for quarterly, seasonal and yearly contracts. Last Trading Day of the contract series is set out and published in the applicable Trading Calendar.

VI. Rules on conflicts of interests

VI.1. Purpose, Scope and Subject Matter of the Rules on Conflicts of Interests

1. The purpose of these rules on conflicts of interests are to manage, prevent and exclude the potentially arising conflicts of interests of the HUDEX Executive Officers/Employees, members of the Management Bodies, HUDEX Employees and the close relatives of the aforementioned persons living in a common household and among the sound operation of HUDEX and the interests of the shareholders or the market operator of HUDEX and to regulate the investment activities of the HUDEX Executive Officers/Employees, members of the Management Bodies and HUDEX Employees according to the applicable laws.
2. For the aforementioned purpose, these rules on conflicts of interests regulate the rights and obligations of the persons covered by these rules and the procedures and liabilities related to the conflicts of interests.
3. The personal scope of these rules on conflicts of interests applies to HUDEX, HUDEX Executive Officers/Employees, members of the Management Bodies and HUDEX Employees. The personal scope of these rules shall apply to the service providers of HUDEX, if the service provider undertakes to comply with these rules of conflicts of interests in the service contract.

VI.2. Interpretative Provisions

1. The terms marked by capital letters in these rules on conflicts of interests shall have the meaning as defined in other parts of the Market Rules or hereinunder:

MTF	Multilateral Trading Facility
Executive Officers/Employees	The term defined in the Capital Market Act.
Management Bodies	The Board of Directors, Supervisory Board of HUDEX and the members and senior officers of these bodies.

VI.3. Conflicts of interests of Executive Employees and members of the Management Bodies

1. Only persons complying with the requirements provided by the applicable laws are eligible for being elected or appointed as Executive Officers/Employees or members of the Management Bodies at HUDEX.
2. The members of the Management Bodies shall act with honesty, integrity and independence of mind during the existence of the legal relationship between them and HUDEX, and therefore, they shall use their best efforts to avoid possible conflicts of interests or the circumstances resulting in the appearance of conflicts of interests.

VI.4. Conflicts of Interests of HUDEX Employees and Their Close Relatives Living in a Common Household

1. For the conflicts of interests of HUDEX Employees and their close relatives living in a common household, the regulations in this Article and the relevant rules in the Capital Market Act are applicable.
2. HUDEX Employees and their close relatives living in a common household may not acquire either direct or indirect interests in HUDEX Members.
3. HUDEX Employees and their close relatives living in a common household may not acquire either direct or indirect interests more than 5 % in a non HUDEX Member company engaged in contractual relationship with HUDEX.

VI.5. Rules Governing the Investment Activities of Executive Officer/Employees, Members of the Management Bodies, HUDEX Employees and Their Close Relatives Living in a Common Household

1. Executive Officers/Employees, members of the Management Bodies, HUDEX Employees and their close relatives living in a common household may not engage in investment activities on HUDEX and may not acquire financial instruments traded on HUDEX with the exception of inheritance and may not conclude Trades on financial instruments traded on HUDEX.
2. In the case of inheritance by Executive Officers/Employees, members of the Management Bodies, HUDEX Employees and their close relatives living in a common household, the Executive Officer/Employee, member of the Management Bodies or HUDEX Employee shall promptly notify HUDEX of that and shall alienate (close any open interests) the acquired financial instrument within 15 (fifteen) calendar days of the acquiring of which HUDEX shall also be notified.

VI.6. Rules of Procedures of Conflicts of Interests and Sanctions

1. The HUDEX Employee, (including Executive Employees with employment contract) at the start of the employment, or the member of the Management Body, at the start of their legal relationship, shall make a declaration of that he/she is not the subject of any reason for conflicts of interests set forth in this Chapter and in the applicable laws.
2. If any reason for conflicts of interests arises during the legal relationships stipulated above in Section VI.6.1, the HUDEX Employee or the member of the Management Bodies shall report the conflicts of interests to HUDEX promptly but not later than within 3 (three) working days. The CEO and the members of the Management Bodies shall file these reports to the Board of Directors, while any other person shall submit the reports to the CEO.

3. HUDEX is entitled to check whether any reason for conflicts of interests exists regarding HUDEX employees or the members of the Management Bodies and may request the affected persons to make a statement or provide information which shall be fulfilled within 15 (fifteen) calendar days.
4. The HUDEX employee and the member of the Management Bodies shall immediately terminate any reason for conflicts of interests, but not later than within 15 (fifteen) calendar days from the arising of the conflict. The Board may deviate from this deadline and set a longer term which may be at most 45 (forty-five) days in case the affected person gives justification in writing which are objective conditions preventing him to fulfil the 15 (fifteen) calendar days deadline.
5. If a HUDEX employee fails to perform his/her obligations stipulated in Sections VI.6.1. VI.6.2. VI.6.3., and VI.6.4. or performs these obligations with significant delay, in significantly imperfect manner or makes false disclosure, HUDEX will terminate the employment contract.

VI.7. Specific Rules of Procedure Regarding the Members of the Management Bodies

1. If there are any circumstance set forth in Section VI.3., the member of the Management Bodies shall report that to HUDEX. The determination of existence of conflicts of interests regarding the member of the Management Bodies is the sole discretion of the Board of Directors. The member of the Management Bodies or either Executive Officer/Employee may initiate the determination of existence of conflicts of interest in writing which shall be filed to the Board of Directors. The Chairman of the Board of Directors shall put the item on the agenda of the next meeting of the Board of Directors after the receipt of the initiative, on which meeting the Board shall make a resolution with regards to the determination of the existence or absence of conflicts of interests. HUDEX will promptly notify the Supervisory Authority of the initiation of determination of the existence of conflicts of interests. The Board of Directors shall invite the representative of the Supervisory Authority to the meeting of the Board of Directors discussing the conflicts of interests and shall provide opportunity for the representative of the Supervisory Authority to elaborate its position on the subject matter either at the meeting of the Board of Directors or previously in writing. The position of the Supervisory Authority is not binding on the Board of Directors, however, the reasoning of the resolution of the Board of Directors shall contain the reasons for deviations from and identities with the position of the Supervisory Authority.
2. The member of the Management Bodies whose conflicts of interests was or is being determined according to Section VI.7.1 shall not participate in the decision-making for determination of conflicts of interests.
3. If the member of the Management Bodies fails to perform his/her obligations stipulated in Sections VI.6.1. VI.6.2. VI.6.3., VI.6.4. and VI.7.1. or performs these obligations with significant delay, in significantly imperfect manner or makes false disclosure, the Board

of Directors will initiate the decision-making of the founder/general meeting of HUDEX regarding the withdrawal of the affected person from the Management Bodies.

VI.8. Rules of Conflicts of Interests among the Shareholders or the Operators of HUDEX

1. Throughout its operation, HUDEX facilitates the efficient flow of capital, the maintenance of the investors' trust, the development and the keeping of public and controlled market mechanisms by the regulated form and publicity of the trading and by applying adequate commercial conventions. HUDEX concentrates the supply and demand of the traded financial products and ensures the transparent valuation of such products by public exchange rates.
2. Throughout its operation, HUDEX shall comply with the applicable laws, the general principles set forth in Section VI.8.1. and the corporate resolutions of HUDEX.
3. HUDEX has solely one shareholder and solely one person holds indirect control over HUDEX, therefore, the founder is entitled to instruct the management under Section 3:112 of the Hungarian Civil Code and in accordance with the statute of HUDEX and the applicable laws, however, this right shall not interfere with the applicable provisions of the law and shall not include to give instructions to the Board regarding the approval of exchange regulations as it is the sole discretion of the Board under Subsection (2) of Section 317 of the Capital Market Act. In accordance with the above, there cannot be any possible conflicts of interests among the founder and the sound operation of HUDEX.
4. The determination of the existence of a potential conflict of interest among the interests of the sound operation of HUDEX and the interests of operators of HUDEX is the sole discretion of the Board of Directors. Any shareholder or any Executive Officer/Employee is entitled to initiate in writing the determination of the existence of the abovementioned conflicts of interests from the Board of Directors. The Chairman of the Board of Directors shall promptly notify the founder/general meeting and shall put this issue on its agenda. HUDEX will promptly notify the Supervisory Authority of the initiation of determination of the existence of conflicts of interests, and HUDEX will present the position of the Supervisory Authority to the founder/general meeting prior to its decision. The founder/general meeting will determine the existence or absence of the circumstances of conflicts of interests by its resolution.
5. If the existence of any conflicts of interests is determined, then the founder/general meeting shall immediately take the necessary measures to terminate the reasons for conflicts of interests, and/or instructs the CEO or the Board of Directors appropriately in order to terminate the reasons for conflicts of interests.

6. Appeals against the resolutions of the Board regarding conflicts of interests are possible under the same rules as appealing against corporate resolutions at court in accordance with applicable laws.

VI.9. Persons with a Service Contract with HUDEX

1. With regards to its outsourced activities, HUDEX shall ensure that any person engaged in outsourcing - according to the definition of the applicable law - with HUDEX has contractual obligation to comply with these rules of conflicts of interests.
2. Sections VI.4, VI.6.1., VI.6.2., VI.6.3. and VI.6.4. of these rules of conflicts of interests shall be applied to the persons engaged in outsourcing activities with the deviations set forth in this Section VI.9.
3. If the outsourcing is provided by a legal entity, its complete work organization shall comply with these rules of conflicts of interests unless otherwise provided in the contract for outsourcing, and the legal entity shall be responsible for this compliance. In the case the outsourcing is performed by a legal entity, the parties of the contract for outsourcing may agree that these rules of conflicts of interests shall be applied solely for the natural persons actually providing the outsourced services in which case these persons shall separately undertake the obligation to comply with these rules of conflicts of interests.
4. If the person providing the outsourced activity or the persons of its work organization fail to perform their obligations stipulated in Section VI.9.3. or they perform these obligations with significant delay, in significantly imperfect manner or make false disclosure, HUDEX is entitled to terminate the assignment contract without notice.
5. In case of long-term assignments not considered as outsourcing, it is not mandatory for the assignee to undertake to comply with these rules of conflicts of interests in the contract as a general principle, however, the CEO may deviate from this principle in justified cases and may require the assignee to undertake the obligation to comply with these rules of conflicts of interests under the terms of the contract.

VI.10. Register keeping on conflict of interest

1. The CEO of HUDEX shall keep a register on the persons and their duties, who are bound by these rules on conflict of interest.
2. The register shall keep separately the data, beginning date of the duties and main content of it regarding the Executive Employees and members of the Management Bodies; HUDEX Employees and Their Close Relatives Living in a Common Household; the persons performing out-sourced activities and the persons with a long-term or temporary Service Contract with HUDEX.
3. The CEO of HUDEX shall keep the register on a continuous basis but shall supervise it comprehensively at least once a year.

VII. Rules on risk management

VII.1. The purpose of the rules on risk management

1. The main purpose of the rules on risk management is to set out the principles, concept and management mechanism of the risk management, to define the procedure of the risk management process determining the risk management system applied by HUDEX Ltd. Further purpose is to create a risk management environment at corporate level and to increase risk awareness within the organization.
2. The purposes of the rules on risk management are in particular the followings:
 - a) to regulate the activity of HUDEX Ltd. relating to the identification, measurement and evaluation of the purposes defined in the strategy of HUDEX Ltd for professional fields and of the risks regarding the performance of the main tasks and to regulate the activity relating to the analysis and planning of the risks and the regular reviewing, monitoring, reduction, and reporting of the Risk Factors with using the risk management method;
 - b) besides the management of risks at corporate level, the rules on risk management covers the tasks relating to the identification, evaluation, testing, reviewing and reporting of operative Risk Elements contained in the processes.
3. The Board of Directors of HUDEX Ltd. shall determine the main parts of the risk management in accordance with the risk management principles defined in Section VII. 3. and in compliance with the actual corporate strategy and shall ensure the evaluation, monitoring and management continually.
4. For the management of risks the system of the risk management shall ensure completeness, independence, result orientation, unity and strategy-focusing.

VII.2. Subject matter

1. The scope of the rules on risk management covers risk events regarding the activity of HUDEX Ltd. and all Risk Factors regarding the assets owned and managed by HUDEX Ltd., also the operative Risk Elements contained in the processes of HUDEX Ltd. and the related tasks.

VII.3. Principles

1. Completeness

As regards to Risk Factors, besides the strategic risks it is necessary to manage risks which are connected to tasks of HUDEX defined by law or which are connected to legal or professional field activity and to manage market and operational risks. Also, it is necessary to identify and manage the operative Risk Elements existing in the processes of HUDEX Ltd. in order to achieve completeness.

2. Independence

The lack of overlapping risks is important regarding Risk Factors and Risk Elements as well. Each risk definition shall be interpreted in itself.

3. Result orientation

The identification and management of Risk Factors and Risk Elements improve the fulfilment of strategic purposes.

4. Unity

The management and the registration regarding the Risk Factors of HUDEX Ltd. is performed in the simulation model system defined in Section VII.7.3, and regarding the Risk Elements with the use of a data collecting excel file in the document management system of HUDEX Ltd. The unity shall be achieved by both of these resulting in the risk management report. The Risk Management Working Group operates in order to maintain unity.

5. Strategy-focusing

The risk management system takes into consideration the strategic aspects in connection with the management of strategic Risk Factors, and thereby it provides useful information to participants of the strategic management process. This increases the strategy-focusing approach of HUDEX Ltd.

VII.4. Scope of the rules on Risk Management

1. This rules on Risk Management enters into effect following the approval of the Board of Directors and covers the reviews, risk analyses performed following the effective date and the arrangements regarding the management and reduction of risks.
2. This rules on Risk Management is applicable to all employees of HUDEX Ltd. and the personal scope may be extended to other natural and legal persons who are in other legal relationship with HUDEX Ltd.

VII.5. Definitions

1. Expressions starting with capital letters in addition to definitions of the Market Rules shall mean the followings in the application of Chapter VII (rules on Risk Management):

Risk	A possible, not planned event or the effects of all these events. The risk may be measured by its effect and the probability of its occurrence.
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Risk Factor	Risk Factors shall mean those strategic, legal, market and operational risks which are not directly arising from the work processes and which affect the implementation of purposes of HUDEX Ltd. and the operation of the organization.
Strategic Risk Factor	The risk which affects, endangers the realization of strategic purposes and - because of this - which is directly connected to the strategic purposes. Also, the strategic risk factors are in connection with the performance of the main tasks of HUDEX Ltd. specified by law.
Legal Risk Factor	Legal Risk Factors may lead to legal sanctions and financial loss in case HUDEX Ltd. is not in compliance with law and regulations, modifications of law, operational rules and codes of conduct.
Market Risk Factor	Market Risk Factors are events which reduce profitability, in particular disadvantageous rates or interest rates, irrecoverable claims, etc.
Operational Risk Factor	Operational Risk Factor is the risk of non-appropriate operation or malfunction of human resources or systems, and the risk of losses resulted by external factors.
Effect and Probability Matrix	Effect and Probability coordinate system which is used for ranking risks and in which the effect and probability rates are placed in a scale with 5 stages (the connection is not functional)
Low Risk Factor	The effect and probability rates relating to this Risk Factor are placed in the low stage according to Section VII.11. on risk classification. The review is annually.
Increased Risk Factor	The effect and probability rates relating to this Risk Factor are placed in the increased stage according to Section VII.11. on risk classification. The review is half-yearly.

Critical Risk Factor	The effect and probability rates relating to this Risk Factor are placed in the critical stage according to Section VII.11. on risk classification and then the Risk Management Work Group unanimously accepts the risk factor as Critical Risk Factor. The review is quarterly.
Action Plan	The Action Plan is made for Critical Risk Factors. It is the set of procedures and actions which aim to manage the Risk Factor, i.e. reduce the effect and probability of occurrence of the given Risk Factor.
Expected Value of the Risk Factor	The multiplication of the effect and the probability of the occurrence of the Risk Factor, i.e. the effect calculated in an amount (HUF) which may occur in case of the occurrence of the risk.
Risk Management Strategy	The operation of the Risk Management System through the realization of the principles.
Risk Element	Risk Elements are risks defined in the process description regulating the internal operation and which determine significantly the result of the process and for which the control point and target value shall be specified in each case.
Effect	The Effect of the Risk Factor and the Risk Element is the rate of the effect (cost or loss of profit, revenue) occurred regarding the realization of the risk event. The amount of the Effect concerning the Risk Effect may be the one-year effect regarding results specified in the business plan.
Probability	The probability of the occurrence of the Risk Factor and the Risk Element.
RMWG	Risk Management Work Group
Operative Members of RMWG	The members of the Risk Management Work Group, colleagues who are liable for the coordination of risk management tasks occurred regarding their professional fields.

Risk Manager	The person who is liable for the risks (Risk Factors and Risk Elements) regarding its professional field, and for the complete identification of those (especially for making the action plans and reports, and following the decision of the Board of Directors for the execution), and for the management and the review of those and for further arrangements.
Risk Management	The process regarding the identification, measurement, management, and the continual monitoring of the risks in order to implement the organizational purposes.
Head of the Risk Management Work Group	The person who is responsible for the work of the work group and for the representation of the work and interests of the work group, and who coordinates the activities of risk managers and operational members.
Risk Coordinator	Possesses full knowledge of the risk management process. Collects the data needed for the corporate level risk management report and prepares the report and sends it to the Head of the Risk Management Work Group. Further tasks: writing memos about meetings of RMWG, sending them to RMWG members, maintaining a risk management database.

VII.6. METHODOLOGICAL BASIS OF THE RISK MANAGEMENT

1. HUDEX Ltd. endeavours to ensure the complete identification, evaluation, analysis and management of the Risks within the corporate level Risk Management. In order to do this, it is necessary to combine the top-down (management of Risk -factors) and bottom-up (management of Risk Elements) approaches.

VII.6.1. Identification of Risk Factors

1. The top-down approach is the part of the corporate level control, and is connected to the corporate strategic purposes and purposes of the professional divisions derived from the corporate purposes and focuses on the identification, evaluation and management of strategic, legal, market and operational risks. In connection with Risk Factors the followings shall be specified:
 - a) Identification of the Risk Factor. Those who participate in the identification of the risk, determine the Risk Factor, its definition and its indicators (measured values).

- b) Specifying the process. The professional division shall be identified where the purposes regarding the Risk Factors shall be realized. Several processes may be specified per purposes.
 - c) Operational conditions shall be specified which significantly affects the change and developmental expectations defined in Risk Factors with respect to historical experience. Typically, these are quality or availability conditions.
2. The management of the Risk Factors shall be performed in one system (Monte Carlo simulation model) in order to ensure unity. The analysis of risks shall be performed with a 12-months rolling methodology for which the basis is provided by the business plan (for a two-year period and in monthly parts).

VII.6.2. Identification of Risk Elements

1. Besides the management of corporate level Risk Factors, the identification, measurement, management and supervision of Risk Elements contained in the processes shall also be performed as the part of the risk management.
2. The bottom-up approach is the part of the process-level control, and focuses on the identification of risks connected to the activities of the professional divisions.
3. According to the process-based operation, the identified risks shall be assigned to the processes where those occur and where those shall be managed.

VII.6.3. Risk Management Report

1. The Risk Coordinator shall prepare the quarterly report on the effectiveness of the implementation of the Risk Management Strategy based on the data and analyses received from the professional divisions. The Risk Manager shall send it to the Head of the Risk Management Work Group who is liable for the review and the forwarding of it to the Board of Directors.
2. Section VII.12. specifies the requirements of the corporate level risk management.
3. Following the acceptance of the risk management report by the Board of Directors the risk management action plans shall be performed. In case the Board of Directors does not require the performance of the respective action plans, it indicates this in written form for the RMWG.

VII.7. Identification, evaluation and management of the risk Factors

1. RMWG shall coordinate the tasks regarding identification, evaluation and management of the Risk Factors. Within the professional divisions the Risk Managers and the Risk Coordinators shall perform the tasks occurred during the risk management in compliance with the rules on risk management.

VII.7.1. Identification of Risk Factors

1. In order to identify the Risk Factors, the RMWG, the Risk Managers and the Risk Coordinator shall consult if it is necessary. All corporate level Risk Factor (strategic, legal, market and operational risks) shall be considered during the identification in order to ensure completeness.
2. Risk Managers shall be appointed in connection with each Risk Factors. One Risk Factor shall have only one Risk Manager.
3. In case the Risk Factor affects more than one professional division, the Risk Managers and the Members of RMWG shall decide on the professional division which is responsible for the management of the Risk Factor and in case of Critical Risk Factor, to prepare, upgrade, monitor and evaluate the risk management action plan.
4. The Risk Factors shall be assigned to one Risk Manager if those are connected to one professional division regarding their professional and technical content or regarding their economic effect or their management requires the same tasks and responsibilities, or their related authorization system is the same, or those are connected by business or financial aspects, or their data confidentiality classification is the same or similar, or the importance of their availability, confidentiality and integrity is similar.

VII.7.2. Determination of the Effect and Probability of Risk Factors

1. Following the identification of Risk Factors, the probability of the occurrence of the events (%) and the related damages and the effects of damages shall be determined. The probability of the occurrence of the risk shall be determined in % format for one year.
2. The effect of the risk regarding the earnings before taxes and financial income shall be calculated cumulatively. The multiplication of the rate of the Effect and the Probability is the expected amount of the Risk Factor.
3. According to the method of the calculation the rate regarding Effect and Probability may be determined through estimation by expert, with the usage of simulation model or other method used by the professional division.
4. In case of expert estimation, it is based on:
 - a) Estimation based on qualitative analysis;
 - b) Similar practice, area analysis, case study;
 - c) Previous frequency of occurrence.
5. In case of the usage of simulation model, estimation is made based on historical data.

VII.7.3. Operation of simulation model system

1. The Excel based Monte Carlo simulation system is the unified system for the estimation, calculation and summarization of the Risk Factors in case of the lack of expert estimation.

2. The Risk Factors determined by estimation shall be integrated to the simulation model.
3. The simulation regarding the next 12 months covers the followings:
 - a) for the differences of the Risk Factors from the financial income defined in the accepted business plan (unique simulation);
 - b) for the cumulated effect of all Risk Factors for the differences from the financial income of the accepted business plan (summarizing simulation).
4. The simulation model system contains three parts:
 - a) Base model
In the base model, the Risk Coordinator uploads the input data received from the professional divisions regarding Risk Factors.
 - b) Output file
The usage of the base model results the output file which contains simulated data for one year in monthly based parts (and annual for the next three-year period). The simulated data is used by the summarizing model.
 - c) Summarizing model
In the summarizing model, the result of the simulation indicates the difference from the business plan. The results of the simulation (also in diagram format) will be part of the Risk Management Report.
5. The following model parts may be operated in the model system:
 - a) Historical sub-model:
The simulation is based on historical data for the next 12 months with trend estimation and the expansion thereof.
 - b) Expert sub-model:
The model system provides the opportunity to integrate and consider the already known information during the simulation which is different from the historical data.
 - c) Combined model:
The proportion of the weight of the usage of the historical and expert sub-model may be set in every simulated factors.
6. The model is run quarterly. The simulated results of the previously accepted Risk Factors shall be integrated into the quarterly Risk Management Report.

VII.7.4. Classification of Risk Factors (effect and probability matrix)

1. The Risk Factors shall be classified according to the scale set forth in Article VII.11 (classification of Risks). If an unquantifiable Risk Factor is classified with the scale 1-5, it can be attributed to the appropriate risk level.

2. After determining the effect and probability values, the classification of the Risk Factors may be determined according to the scale in Article VII.11. (Classification of Risks) as:
 - a) Critical Risks: red zone
 - b) Increased Risks: yellow zone
 - c) Low-level Risks: green zone.
3. The RMWG monitors and supervises whether the Risks arisen from the strategies and responsibilities of HUDEX are appropriately classified as critical, increased and low-level Risks.

VII.7.5. Revision and Register of Risk Factors

1. Risk Factors are recorded in the base model of the simulation model system.
2. The risk coordinator shall collect the data related to the Risk Factors from the appointed risk managers of the professional divisions with the assistance of RMWG members. RMWG is responsible for the revision of the risk management action plans and for submitting the lists containing the new Risk Factors to the Board of Directors.
3. The Risk Factors shall be revised at least annually and in case of significant strategic changes.

VII.7.6. Drafting of Action Plans, Action Evaluations Regarding the Management of Critical Risk Factors

1. HUDEX applies individual methods for every professional divisions considering the special circumstances in order to manage the different dangers of the Risk Factors. The risk management action plan describes the measures of risk management in a detailed manner. The risk management action plans shall be drafted according to the following requirements.
2. Risk management action plan and action evaluation shall be made solely for critical Risk Factors.
3. The risk management action plan contains the action to be taken in order to decrease the probability and/or the effect of the Risk Factor, and this action is the combination of the followings:
 - a) Prevention: in this case, an action plan shall be drafted including the appointment of a risk manager and providing a deadline and the action plan shall determine how to avoid the risk or moderate its effect;
 - b) Decrease of the probability of occurrence
 - c) Decrease of negative effects of the risk
 - d) Devolving Risk: in case of Risk Factors, which may be devolved (e.g. external parties, insurance company, suppliers or customers). The risk manager is responsible for devolving. In this case, an action plan shall be prepared in which it

shall be documented how the risk may be devolved to external parties, the responsible person for taking these measures, its priority and deadline.

- e) Acceptance of risks: acceptance of risks is a method in risk management practice, i.e. the RMWG may decide to bear the risks and their consequences.
 - f) Other methods decreasing risks.
4. Action plan shall be drafted regarding critical Risk Factors. The contents and principles of the action plan are set forth in Article VII.12. (Requirements of risk management report).
 5. The measures taken and the results related to the execution of the action plans regarding the critical Risk Factors drafted by the professional divisions shall be evaluated and revised quarterly.
 6. The risk managers are responsible for preparing the risk management action plans and action evaluations, with the assistance of the risk coordinator and the professional divisions regarding collecting information. The risk managers shall draft the action plans in such way, that they contain specific, measurable, reasonably executable actions with a time schedule.
 7. Further conditions of the risk management report are set forth in Article VII.12.

VII.8. Identifying, Evaluating and Managing Risk Elements

1. HUDEX shall identify the risks endangering its operation and goals by the measurement of the performance of its processes, furthermore, the Board of Directors shall receive material information on the quality of the undertaken activities. Control is based on supervision, the operation of the organisation is understandable, controllable and improvable by supervision. The performance measurement provides feedback of the efficiency of the organisation and shows whether achieving of the objectives was successful and where intervention or improvement of the operation is necessary.
2. The risks latent in the processes of HUDEX (Risk Elements) shall be identified in the documents regulating to these processes. During the identification, the parameters of the Risk Elements (checkpoints, frequency, risk element, KPI indicator) shall be determined.

VII.8.1. Identification and revision of Risk Elements

1. In case of occurrence of new Risk Elements, they shall be implemented to the risk management procedure which means that the responsible risk manager or the risk coordinator shall add them to the data collector excel file containing and handling the information of Risk Elements which shall be saved in the records management system.
2. The Risk Elements in the processes shall be revised during the quarterly evaluation (identification of new Risk Elements due to a new regulation came into effect or modifying/removing a Risk Element due to the repealing of a regulation). The risk coordinator is responsible for recording these modifications.

VII.8.2. Evaluation of Risk Elements

1. The Risk Coordinator is responsible for collecting all the data measured by the indicators which is necessary for the evaluation. The evaluation may be done by quantitative and qualitative measures.
2. After evaluating the data, the intended and achieved objectives shall be compared. The results of the measuring may be presented in various ways, the main purpose is that the management of HUDEX shall be informed of the status of HUDEX processes and of where congestions may be in these processes.
3. The professional divisions shall draft narrative evaluations of the Risk Elements with the coordination of the risk coordinator which shall be included in the Risk Management Report.

VII.8.3. Execution and Supervision of the Risk Management Action Plan

1. If the aforementioned evaluation shows difference between the facts and objectives, its reasons shall be investigated. In the case of substantial difference, the person responsible for the given process shall be promptly notified.
2. In case of differences, improving measures shall be taken. The development and determination shall be made during the improvement step of the process based management system.
3. The Risk manager is responsible for the execution of the action plan after the decision of the Board. The RMWG shall monitor continuously the status and implementation of the Risk management action plan on its ordinary meetings.
4. The Risk manager shall verify in the quarterly report that the measure has been taken or the reasonable steps so far has been taken and the Board of Directors shall be informed on the results by the current Risk management report.
5. If the measure taken has not resulted in the decrease of risks as expected, the risk manager shall prepare a new action plan.

VII.9. Responsibilities and Revision

VII.9.1. Responsibilities

1. The Head of the Risk Management Working Group shall be responsible for the drafting and maintenance of the regulation and coordination of tasks regarding risk management, preparing risk management reports and for the supervision of the implementation of the measures set forth in the risk management report.
2. The operative members of RMWG are the managers representing the professional divisions. The risk managers are the representatives of the professional divisions and they are responsible for the operative tasks. The details of the responsibilities of the operative members of RMWG, the risk managers and risk coordinator are set forth in Article VII.10.

VII.9.2. Revision and Amendment of the Regulations of Risk Management

These rules of risk management and the approach therein shall be revised annually or in case of significant changes in cooperation with the Risks managing professional fields. The rules of the risk management shall be revised in order to determine whether these rules effectively and appropriately ensure the achievement of their purpose regarding the identification of Risk Factors and Risks, evaluating risk-levels and managing risks. Furthermore, it shall be examined whether the risk classifications, the scale of probabilities and effects provide an appropriate view of the risks and the existing and acceptable risk-levels, considering the organisation, technology, the goals of the organisation, operational and management processes, dangers, threats and other changes in external circumstances (e.g. social, legal, economical). The members of the RMWG shall be responsible for the organization and execution of the revision and for approving its results. The risk management methods shall be improved by the proposals based on the results of the monitoring and revision. The Board of Directors approves these improvements after their joint elaboration by the colleagues of the professional divisions and the RMWG.

VII.10. Rules of Procedures of the Risk Management Working Group

VII.10.1. General Rules

1. Pursuant to the regulations of the rules of risk management as framework rules, with regards to definitions of the risk coordinator and risk managers, the responsibilities of the members of the Working Group are set forth hereinunder as well as the responsibilities of the risk managers and risk coordinators.
2. The RMWG coordinates the risk management tasks of the professional fields.
3. Responsibilities of the Working Group are to:
 - a) collect the risks and assets that may affect the professional fields;
 - b) draft and revise the list of HUDEX Risk Factors;
 - c) develop the risk evaluation methodology capable of identifying critical risks;
 - d) revise the rules of risk management, instructions and procedural instructions which affect more than one professional fields.
 - e) The members of the Working Group shall be responsible primarily for supervising the operation and the processes of risk management, requesting risk management data, documents, analyses from the professional fields, preparing action plans and action evaluations for the Board of Directors of HUDEX.
 - f) The members of the Working Group shall be in contact with the risk managers and they shall provide information for them if necessary.
4. Responsibilities of Risk Managers are to:
 - a) continuously identify the possible risks regarding the professional field and classify these according to rules of risk management;

- b) prepare and draft action plans and action evaluations regarding the professional fields and control the implementation of those according to the decision of the Board of Directors (and providing information for the managers concerned).
 - c) identify and collect the critical risks regarding the professional fields and approve the related effect and probability values.
5. The Working Group is entitled to comment on the issues discussed by it and it may submit its proposals to the Board of Directors for decision.

VII.10.2. Organisation of the Risk Management Working Group

1. The Head of the Working Group shall have a Deputy Head in case of his/her incapacitation. The Deputy Head shall be appointed on the first meeting of RMWG which shall be recorded in a memo. The risk coordinator is [employee]. The appointments shall last for indefinite period of time until withdrawal.
2. Members of the Working Group:
 - a) Chairman of the Working Group: [employee]
 - b) Risk Coordinator: [employee]
 - c) The heads of the professional divisions as permanent members.

VII.10.3. Rules of Procedures

1. The Working Group has a quorum, if more than half of its members attend the meeting.
2. If a member is not able to attend the meeting, a representative may substitute this member appointed by the manager who delegated the member.
3. The Working Group holds its ordinary meetings quarterly. An extraordinary meeting of the Working Group shall be convened as necessary. The extraordinary meeting shall be ordered by the Head of the Working Group, in case the Head is incapacitated, by the Deputy Head according to Section VII.10.2.1.
4. The Workgroup discusses the issues submitted by the risk managers and any issue that arose on the previous meetings.
5. The risk coordinator shall prepare a memo of the meetings of the Working Group in which the attendance list and the events of the meeting shall be recorded. The memo shall be finalised by the risk coordinator after the receipt of the comments of the members of the Working Group.

VII.11. Classifying Risks

Classification of Risk Factors (effect and probability matrix)

Effect		Probability				
		1	2	3	4	5
above 10 MFt	5	Red	Red	Red	Red	Red
5-10 MFt	4	Yellow	Yellow	Red	Red	Red
3-5 MFt	3	Green	Yellow	Yellow	Red	Red
1-3 MFt	2	Green	Green	Yellow	Yellow	Red
0-1 MFt	1	Green	Green	Green	Yellow	Red

Critical
Increased (the review is half-yearly)
Low (the review is annually)

1	2	3	4	5	
1-10%	11-30%	31-50%	51-80%	81-99%	

VII.12. Requirements of the Risk Management Reports

- a) The Risk Coordinator shall prepare the Risk Management Report on the grounds of the results of the examinations of Risk Factors and the evaluation of Risk Elements. The report and its annexes shall include the operative and professional summaries agreed by the professional divisions, the Risk Factor lists, the action plans and action evaluations. The Head of the Risk Management Working Group shall propose the quarterly Risk Management Report to the Board of Directors for approval.
- b) The Risk Management Report shall be well-structured, illustrative, straightforward and clear including the followings:
 - a) Management summary: includes the main risk management results, warnings and critical risk points regarding the given period. The most significant company Risk Factors shall be presented in categorized manner regarding the given quarter.
 - b) Measures, professional division summaries: presents the measures taken by the professional divisions in order to decrease the risks. It may contain risk management measures regarding the identified or arising risks at the professional division.
 - c) List of critical Risk Factors: the critical Risk Factors shall be represented in a summary table along with the effect-probability classification.

- d) Evaluation of Risk Elements, preparing operative summary: the report shall include the quarterly result of the evaluating operative Risk Elements latent in the processes on company level.
- c) Annexes to the Risk Management Report:
- a) Risk Factor list: the full list of risks identified by the workgroup shall be included in an annex with the following contents: Risk Factor name, responsible professional field, effect (1-5), probability (1-5), consequences (HUF), effect probability (%). The critical risks shall be emphasized and an action plan shall be prepared thereof.
- b) Action plans: the purpose of action plans is to decrease risks. Action plans shall be prepared regarding the risks with critical effects according to the following general principles and contents:
- i. name of the Risk Factor and short description;
 - ii. classification (critical, quarterly revision, annual revision) and consequences of the Risk Factor at the time of drafting the report;
 - iii. description of action plan: presentation of the proposals and possibilities to decrease risks;
 - iv. purpose of the action plan: presents the problems solved by the action and gives details on the requirements HUDEX shall comply with in order to decrease the given risk;
 - v. description of the particular actions: presentation of the details regarding the measures presented in the part „description of action plan” and the detailed description of the measures to be taken in order to decrease the risks including deadlines. Each step of the tasks shall be represented in a detailed manner in logical order of the execution based on all of information available. The description shall include the necessary resources regarding the particular tasks (tools, human resources, expenses);
 - vi. name of the risk manager: the name of the person responsible for executing the action plan;
 - vii. affected divisions: determines the divisions affected by the execution of the action plan, these are those divisions that may participate in the execution of the action plan or the action plan may affect them directly;
 - viii. determining the processes related to the actions and risks;
 - ix. presenting the expected effects of the action plan and following up the previous action plans. The workgroup will propose to execute the action plan if the balance of the equation of the calculated value minus the calculated investment is positive. The effects of the previous action plans shall be presented because the following up and the regular revisions.

- c) Action evaluations: in the process of action evaluation, the professional divisions review and evaluate the provided action plans of the critical Risk Factors regarding its execution steps and results.

VII.13. The Process of Risk Management Strategy

