

**APPROVED**

By resolution of the Exchange Board  
of the Limited Liability Company  
“UKRAINIAN RESOURCE  
EXCHANGE”

Minutes No.3 dated February 26, 2024

**REGULATIONS**  
**for organizing and conducting exchange trading**  
**in “Untreated Timber and Timber Products” at the commodity exchange,**  
**Limited Liability Company “Ukrainian Resource Exchange”**  
**(new edition)**

Kyiv – 2024

## **1. General**

1.1. The Regulations for Organizing and Conducting Exchange Trading in “Untreated Timber and Timber Products” at the commodity exchange, Limited Liability Company “Ukrainian Resource Exchange” (hereinafter referred to as the Regulations) have been developed in accordance with the internal documents of Limited Liability Company “Ukrainian Resource Exchange” (hereinafter referred to as the Exchange), the applicable laws of Ukraine and govern the legal relations arising between exchange trading participants, and between exchange trading participants, their clients, agents and the Exchange, and establishes the procedure for organizing and conducting exchange trading in “Untreated Timber and Timber Products”, conducting exchange transactions, concluding/executing exchange transactions (exchange agreements) and liability for violation of these Regulations.

1.2. These Regulations define the procedure for organizing and conducting exchange trading for the purchase and sale of untreated timber/firewood for non-industrial use/firewood for industrial use/timber products/wood fuel using the technology of a one-sided auction in “Untreated Timber and Timber Products” (hereinafter referred to as electronic auctions, auctions).

1.3. The Exchange shall organize and conduct forward / reverse auctions of untreated timber/firewood for non-industrial use/firewood for industrial use/timber products/wood fuel in accordance with the trading schedule, which shall be posted on the Exchange’s website in the form of a trading calendar.

1.4. Persons gaining access to electronic auctions in accordance with these Regulations shall confirm that they have read these Regulations, recognize and undertake to comply with them.

1.5. These Regulations and amendments thereto shall be approved by resolution of the Exchange Board of Limited Liability Company “Ukrainian Resource Exchange” (hereinafter referred to as the Exchange Board) and shall be binding upon all auction participants (their clients), Exchange participants, Exchange employees and persons admitted to auctions on the Exchange in accordance with these Regulations. These Regulations and amendments thereto shall become effective since their approval by the Exchange Board, unless otherwise determined by resolution of the Exchange Board.

1.6. All annexes to the Regulations expressly referred to herein shall be an integral part of these Regulations.

1.7. The Exchange shall communicate these Regulations, amendments thereto, and other information on its activities to the stakeholders by posting such information on the official website of the Exchange on the Internet at <https://urb.ua>. The Exchange may also use the other methods of informing the auction participants and other stakeholders in accordance with these Regulations.

1.8. From the moment this Regulation comes into force, the Regulations for Organizing and Conducting Exchange Trading in “Untreated Timber and Timber Products” at the commodity exchange, Limited Liability Company “Ukrainian Resource Exchange”, approved by the decision of the Exchange Board dated November 20, 2023 (minutes of the Exchange Board meeting No. 10 dated November 20, 2023), shall cease to be effective.

## **2. Terms and definitions**

2.1. For the purposes hereof, the terms listed below shall be used in the following meanings:

**agent** means a legal entity or sole proprietor, which, on the basis of an agency agreement concluded with the Exchange, imply providing the services of information support and consulting to trading participants (potential trading participants), to which it is engaged by the Exchange, for, on behalf, and under the control of the Exchange, and performing the other actions provided for by these Regulations, the agency agreement and the public Agreement;

**agency agreement** means a bilateral agreement concluded between the Exchange and an agent for the performance of agency functions;

**accreditation in "Untreated Timber and Timber Products"** means a set of procedures set forth in these Regulations aimed at obtaining the status of a trading participant and admission to participation in exchange trading in the Exchange's sections by product categories "untreated timber", "firewood for non-industrial use", "firewood for industrial use", "timber products", and "wood fuel";

**ETS administrator** means a representative of the Exchange authorized to monitor compliance with the Regulations by auction participants during the organization and conduct of an electronic auction and perform the other actions in accordance with these Regulations;

**exchange certificate** means a document generated in the electronic trading system and certifying the fact of entering into (an) exchange transaction(s) for the purchase and sale of a certain volume of traded commodity at a certain price and forms the basis for entering into an agreement for the sale and purchase of traded commodities between the buyer and the seller;

**exchange agreement** means an agreement of sale and purchase of traded commodities concluded by the buyer and the seller on the basis of an exchange certificate signed/certified in accordance with these Regulations in the electronic trading system;

**traded commodity** - a commodity eligible to be traded on the Exchange as per its internal regulations, falling into one of the following categories: "untreated timber", "firewood for non-industrial use", "firewood for industrial use", "timber products", and "wood fuel", which are the subject of exchange trading (auctions) in accordance with these Regulations;

**website** means the official website of the Exchange on the Internet at: <https://urb.ua>;

**data processing fee** means a fee for the Exchange's services or agent's services related to the processing of order(s) of the forward auction participant and the reverse auction initiator, paid by such trading participants to the account of the Exchange or the agent on the terms and conditions specified herein;

**Exchange's internal documents** mean the documents developed and implemented by the Exchange in the course of its professional activities on organized commodity and capital markets (rules, regulations, procedures, provisions, etc.);

**admission to services in "Untreated Timber and Timber Products"** means a set of procedures determined by these Regulations aimed at obtaining the status of a trading participant's client and obtaining of technical access to the personal account of a trading participant's client in the Exchange's sections for the product categories "untreated timber", "firewood for non-industrial use", "firewood for industrial use", "timber products", and "wood fuel";

**admission to participation in exchange trading** means the provision by the Exchange of the technical possibility of access to exchange trading in the electronic trading system to a trading participant and execution of exchange transactions on the Exchange in accordance with these Regulations;

**electronic trading system (ETS)** means a multilateral system, the requirements for which are established by law, through which the Exchange organizes and conducts exchange trading (auctions);

**electronic auction (auction)** means a form of organizing the exchange trading, whereby a trading participant initiating the auction (auction initiator) sells (forward auction) or purchases (reverse auction) a traded commodity on the basis of competitive counter-offers from the other trading participants;

**EI (electronic identifier)** means identification data of a person in electronic form that uniquely identifies a trading participant/trading participant's brokers/ trading participant's client and is used by such trading participant/trading participant's broker/ trading participant's client to enter the electronic trading system and allows to identify such trading participant/trading participant's broker/ trading participant's client, as well as to establish the absence of distortion of information in the documents of the said persons filed with the electronic trading system;

**application for auction holding** means an unconditional commercial offer (bid) submitted to the ETS by the auction initiator's broker in accordance with these Regulations for the sale or purchase of the traded commodity and conclusion of the transaction in accordance with the terms specified in such an offer;

**application for participation in the auction** means an unconditional commercial offer (bid) submitted to the ETS by the auction participant's broker in accordance with these Regulations for the purchase or sale of the traded commodity and conclusion of the transaction in accordance with the terms specified in such an offer;

**obligations under the exchange transaction** means obligations of the trading participant to timely sign/certify the exchange certificate and obligations of the trading participant (trading participant's client when the exchange transaction is concluded on behalf of such a client) to conclude (register) the exchange agreement on the Exchange in the manner established by these Regulations;

**suspension of access to services in the "Untreated Timber and Timber Products"** means temporary suspension of the trading participant's ability to submit an auction application/application for participation in the auction on behalf of the trading participant's client, temporary deprivation of the trading participant's client from the technical ability to access the personal account in the electronic trading system;

**suspension of admission to participation in exchange trading** means temporary suspension of a participant's admission to participation in exchange trading (temporary deprivation from technical access to exchange trading in the electronic trading system) and execution of exchange transactions in the Exchange;

**auction initiator** means a trading participant entitled to initiate an electronic auction on its own behalf and at its own expense or on behalf and at the expense of its client in accordance with these Regulations, whose application for auction holding is entered into the registry of trading participants' applications;

**commodity category** means a set of traded commodities that are combined by the Exchange into a group based on a homogeneous set of commodity characteristics or for the purpose of creating uniform approaches to the terms of participation in trading;

**clearing participant's client** means the trading participant's client. The transactions carried out in their benefit shall be accounted on the clearing account of the clearing participant's client opened in the Exchange's clearing accounting system in accordance with the Exchange's internal documents with due regard to the requirements of these Regulations;

**trading participant's client (client)** means a legal entity (resident or non-resident of Ukraine), sole proprietor (resident of Ukraine) or individual engaged in entrepreneurial activity (non-resident of Ukraine), which may sell/purchase traded commodities in accordance with the requirements stipulated by these Regulations through the mediation (representation) of the trading participant who is the Exchange participant;

**clearing account of the clearing participant** means an account opened by the Exchange for the clearing participant in the clearing accounting system of the Exchange in accordance with the Exchange's internal documents to account for margin transactions, rights and obligations of the clearing participant under the exchange transactions;

**clearing account of the clearing participant's client (client)** means an account with individual accounting pattern opened by the Exchange for the clearing participant (separately from the clearing account of the clearing participant) in the clearing accounting system of the Exchange in accordance with the Exchange's internal documents intended to account for margin transactions, rights and obligations under exchange transactions concluded for the benefit of the clearing participant's client;

**code of the agreement performance security terms** means a code that is a mandatory requisite of the application for auction holding and identifies the existence of the auction initiator's requirement to deposit a margin by the buyer on the Exchange's account in the amount determined by the auction initiator to ensure fulfillment of obligations under the exchange agreement;

**Exchange's commission fee** means a fee for the Exchange's services in organizing and conducting an auction paid by the successful bidder (buyer) in forward auctions or by the auction initiator (buyer) of a reverse auctions;

**bidding step** means the amount by which the value of the lot changes (increases/decreases) during the auction; the value of the lot shall be determined in the national currency, i.e. UAH;

**lot** means a batch of the traded commodity offered for sale or declared for purchase at an exchange trading session, taking into account the characteristics of the traded commodity according to the registry of traded commodities;

**margin deposit (collateral)** means funds deposited to the current account of the Exchange by participants of the forward auction or the auction initiator (buyer) in the reverse auctions (if payment of the margin for a relevant category of commodity is provided for by the decision of the Exchange Board) in order to ensure fulfillment of obligations under exchange transactions/exchange agreements; the amount of margin to secure fulfillment of obligations under exchange agreements shall be set by the Exchange Board for each category of commodity separately and published on the Exchange's website; the amount of margin to secure the fulfillment of obligations under the exchange agreement shall be set by the auction initiator (exclusively for the commodity categories for which the payment of margin to secure the fulfillment of obligations under exchange transactions shall be set by the Exchange Board) and shall be specified in the application for auction holding as a percentage of the lot's starting (opening) price;

**"Untreated Timber and Timber Products" direction** means a set of Exchange sections within which exchange trading is conducted in the categories of "untreated timber", "firewood for non-industrial use", "firewood for industrial use", "timber products", and "wood fuel";

**auction announcement** means the publication of information on the auction on the Exchange's website, indicating its terms and conditions, by the Exchange;

**successful bidder** means the auction participant who offered the highest price in the forward auction/lowest price in the reverse auction based on the trading results; if the auction initiator specifies the other (additional) criteria in the application for auction holding, the auction participant (buyer/seller) shall be recognized as the successful bidder taking into account such criteria;

**personal account** means an ETS component that allows a trading participant, broker and trading participant's client to perform actions in the ETS in accordance with these Regulations;

**Buyer** means a trading participant or a trading participant's client on whose behalf, subject to the requirements of these Regulations, the traded commodity is purchased at an auction;

**Regulations on Imposition of Sanctions** means The regulations on imposition of sanctions by the Limited Liability Company “Ukrainian Resource Exchange” for violation of the Rules of the Limited Liability Company “Ukrainian Resource Exchange” and other internal documents establishing the procedure for organizing and conducting exchange trading, approved by the Exchange Board and published on the Exchange’s website, which define the procedure for imposing and types of sanctions that the Exchange may impose upon detection of violations by trading participants/clients;

**seller** means a trading participant or a trading participant's client on whose behalf, subject to the requirements of these Regulations, the traded commodity is sold at an auction;

**public agreement** means an agreement that is public and concluded between the trading participants, clients of the trading participants, the Exchange and the agent in the form of Annex 1-B hereto with relevant annexes to such an agreement;

**Regulations on Acquiring the Status of an Exchange Member** means The Regulations to acquire the status of a Member of the Commodity Exchange, Limited Liability Company “Ukrainian Resource Exchange”, approved by the Exchange Board and published on the Exchange’s website, which defines the conditions for acquiring the status of an Exchange Member, requirements for documents to be submitted for obtaining the Exchange Member’s status, the procedure for adopting a resolution on granting the status of an Exchange Member, as well as the procedure for registering clients of Exchange Members at the Exchange;

**weighted average price** means the price calculated by dividing the total value of exchange transactions with traded commodities concluded on the Exchange in accordance with their characteristics subject to their delivery in the current quarter, including VAT, by the volume of purchase and sale of such traded commodities with the relevant characteristics based on the results of concluded transactions subject to their delivery in the current quarter;

**bid** means an offer to purchase/sell the respective lot indicated in the application for participation in the auction admitted to trading, containing price terms and conditions taking into account the bid increment set by the Exchange, submitted to the ETS by the auction participant’s broker during the trading session in accordance with these Regulations; information on the auction participant’s bids shall be entered into the order registry as information on purchase/sell orders, respectively;

**lot’s starting (opening) price** means the value of a lot at the moment of commencement of exchange trading, which shall be set by the initiator of the auction, specified in the auction application and published by the Exchange in the announcement of a relevant auction;

**trading session** means a period during which the Exchange conducts trading in a particular auction for the sale/purchase of the traded commodity on a current trading day. The first trading session starts no earlier than 9:15 a.m., the last trading session starts no later than 17:15 p.m. of the trading day;

**trading day** means a day on which trading sessions are held on the Exchange in accordance with the trading schedule, namely it starts (Kyiv time) at 9.00 a.m. of the current trading day and ends at 6.00 p.m. of the current trading day. If required, in case of extension of the trading session by the ETS administrator, the trading day may be closed after the specified time;

**authorized person** means a person acting on behalf of the Exchange, a trading participant/ trading participant’s client and endowed with all required rights to perform legally significant actions on its behalf;

**auction participant** means a trading participant, whose application for participation in the auction with respect to relevant lots has been admitted by the Exchange to participation in the auction in accordance with these Regulations;

**clearing participant** means a trading participant with whom the Exchange has concluded a clearing service agreement;

**trading participant** means an Exchange Member that has been accredited in the “Untreated Timber and Timber Products” direction and has obtained the status of a trading participant based on the decision of the Exchange Board taken upon consideration of a set of documents submitted to the Exchange in accordance with these Regulations;

**Exchange Member** means a legal entity (resident or non-resident of Ukraine), sole proprietor (resident of Ukraine) or individual engaged in entrepreneurial activity (non-resident of Ukraine) that has obtained the Exchange participant’s status in accordance with the Regulations on Acquiring the Status of an Exchange Member.

2.2. The other terms and concepts used herein shall have the meanings as defined by the Exchange’s internal documents.

### **3. Requirements for accreditation of trading participants and their clients**

3.1. The Exchange Members that have been accredited in the “Untreated Timber and Timber Products” direction in accordance with these Regulations shall be granted the status of a trading participant based on the resolution of the Exchange Board adopted in accordance with these Regulations.

3.2. A trading participant (auction initiator/auction participant) may submit an auction application/bid for participation in the auction on its own behalf and at its own expense or for, on behalf and at the expense of its client, who:

- was entered into the registry of trading participants’ clients in accordance with the Regulations on Acquiring the Status of an Exchange Member;
- may act as a seller/buyer of the traded commodity in accordance with these Regulations;
- is authorized to provide services in the “Untreated Timber and Timber Products” direction in accordance with these Regulations.

3.3. For the purpose of accreditation in the “Untreated Timber and Timber Products” direction, the **Exchange Members who are legal entities and sole proprietors (residents of Ukraine)** shall upload color scanned copies of the following documents in the ETS participant’s personal account:

- application for accession to the Regulations (Annex 1-A to the Regulations);
- application for accession to the public agreement (Annex 1-B to the Regulations);
- clearing agreement (Annex 2 to the Regulations);
- application form for opening of the clearing account of the clearing participant (Annex 3 to the Regulations);
- application form for opening of a clearing account for a clearing participant’s client with individual accounting regime (Annex 4 to the Regulations); the application form shall be submitted if the Exchange participant intends to carry out exchange trading for the benefit of the client in the “Untreated Timber and Timber Products” direction and exclusively in respect of the trading participant’s clients who are residents of Ukraine;
- a power of attorney for the clearing account manager, which may only be a broker included in the registry of brokers of trading participants in accordance with the Regulations for Acquiring the Exchange Participant’s Status (Annex 5 to the Regulations); if several brokers are registered as Exchange participants, the power of attorney of the account manager shall be

submitted for each broker;

- written confirmation of receipt of sufficient information to assess the risks, fees and costs associated with the acquisition of a status of the clearing participant and using the clearing services of the Exchange (Annex 6 to the Regulations).

3.4. Should the Exchange Member who is a legal entity (resident of Ukraine) decides to participate as a seller in exchange trading on behalf of the legal entity of the branch(es)/representative office(s), such branch(es)/representative office(s) shall also submit to the Exchange an electronic application form (Annex 7 to the Regulations) with attached public key certificates of the head of the branch/representative office and/or the person(s) who shall act as the broker(s) with the .cer or .crt extensions, and scanned copies of the following documents, which must be valid at the time of their submission:

- a document issued by an authorized state registrar confirming the registration of a branch/representative office in the Unified State Registry of Legal Entities, sole proprietors and Public Organizations;

- regulations on branch/representative office or another document approved by the authorized body of the legal entity that defines the legal status, functions and powers of the representative office/branch;

- a certificate from the bank where the current account of a branch/representative office is opened;

- an employment agreement (agreement, order, protocol or another document) of the head of the branch/representative office containing information on the term and scope of their powers;

- a power of attorney issued by a legal entity to the head of a branch/representative office of that legal entity, on the basis of which the head of the branch/representative office acts (if any);

- passport and certificate of identification number of the head of the branch/representative office;

- a notification of the personal data subject's consent to the processing of their personal data, signed by the head of the branch/representative office (Annex 8 to the Regulations);

- an order on hiring the person(s) who shall act as (a) broker(s), if the powers of a broker shall be exercised by a person other than the head of the branch/representative office (or not only the head), or another document confirming their powers;

- passport and certificate of identification number of (a) person(s) who shall act as (a) broker(s) (if the powers of the broker shall be exercised by a person other than the head (or not only the head) of the branch/representative office);

- a notification of the personal data subject's consent to the processing of their personal data, signed by the person(s) who shall act as (a) broker(s) (unless the broker's powers shall be exercised by the head of the branch/representative office) (Annex 8 to the Regulations);

- (a) power(s) of attorney for the person(s) who shall act as (a) broker(s) of the branch/representative office (Annex 9 to the Regulations).

- a questionnaire form of the Exchange's client which is a business unit (branch/representative office) of a legal entity pursuant to the Law of Ukraine on Prevention and Counteraction to Legalization (Laundering) of Proceeds from Crime, Terrorist Financing and Financing of Proliferation of the Mass Destruction Weapons (Annex 10 to the Regulations);

- application for accession to the Regulations (Annex 1-A to the Regulations);

- application for accession to the public agreement (Annex 1-B to the Regulations);

- application form for the clearing account opening (Annex 11 to the Regulations);

- a power of attorney for the clearing account manager, which may only be a broker (Annex 12 to the Regulations); if a branch/representative office registers several brokers, the power of attorney for the account manager shall be submitted in respect of each broker.



3.5. For the purpose of accreditation in the “Untreated Timber and Timber Products” direction, the **Exchange Members who are legal entities and individuals engaged in entrepreneurial activity (non-residents of Ukraine)** shall upload color scanned copies of the following documents to the ETS participant’s personal account:

- application for accession to the Regulations (Annex 13 to the Regulations);
- application for accession to a public agreement (Annex 19 to the Regulations).

3.6. To be admitted to the services in the “Untreated Timber and Timber Products” direction, **the trading participant’s client who is a resident of Ukraine**, who is included in the registry of trading participants’ clients in accordance with the Regulations on Acquiring the Status of an Exchange Member, shall upload color scanned copies of the following documents to the ETS client’s personal account:

- a certificate of the banking institution on opening of the current account to the trading participant’s client specified in the application form for opening of a clearing account for the clearing participant’s client submitted by the Exchange participant in accordance with clause 3.3 hereof;

- application for accession to the Regulations (Annex 14 to the Regulations);
- application for accession to a public agreement (Annex 1-B to the Regulations).

3.7. To be admitted to the services in the “Untreated Timber and Timber Products” direction, the **trading participant’s client who is a non-resident of Ukraine** entered into the registry of clients of trading participants in accordance with the Regulations on Acquiring the Status of an Exchange Member shall upload color scanned copies of the following documents to the ETS client’s personal account:

- application for accession to the Regulations (Annex 15 to the Regulations);
- application for accession to a public agreement (Annex 19 to the Regulations).

3.8. Persons who do not have the status of the Exchange Member/ trading participant’s client and intend to be accredited/admitted to the services in the “Untreated Timber and Timber Products” direction in accordance with these Regulations may submit the documents specified herein simultaneously with the documents required to obtain the status of the Exchange Member/ trading participant’s client in the manner specified in the Regulations on Acquiring the Status of an Exchange Member.

3.9. The resolution on granting the status of a trading participant/client’s admission to the services in the “Untreated Timber and Timber Products” direction shall be made by the Exchange Board within five (5) business days from the date of receipt of the documents specified herein, whereof the Exchange shall notify the applicant within the same period by sending a corresponding message to their e-mail address specified in the application form for obtaining the status of the Exchange Member/ Exchange participant’s client .

If (a) branch(es)/representative office(s) submits a set of documents for participation in exchange trading on behalf of a legal entity, the applicant shall be notified of the decision to grant them access to the ETS by sending a notice to the e-mail address specified in the application form.

The Exchange shall send the certificate(s) on the clearing account (Annexes 16-A, 16-B to the Regulations) to the trading participants who, in accordance with these Regulations, acquire the status of the clearing participant on the basis of the concluded clearing service agreement, to the e-mail address specified in the application form for acquiring the status of the Exchange Member. The certificate of the clearing account shall be provided by the Exchange in electronic form by applying an electronic signature of the Exchange’s authorized representative to the certificate.

3.10. The Exchange Board shall be entitled to request additional documents from the applicant to disclose the content of the information specified in the documents submitted by the applicant in order to make a relevant decision.

In this case, the consideration of the issue of granting the status of a trading participant/client's admission to services in the "Untreated Timber and Timber Products" direction may be extended for another five business days from the date of receipt of additional documents by the Exchange.

3.11. In case the Exchange Board decides to grant the status of a trading participant/admit the client to the services in the "Untreated Timber and Timber Products" direction to the applicant who is a resident of Ukraine, the latter shall send (provide) a notice of granting such a status/admission to the registered office of the Exchange within three (3) business days from the date of the notice receipt by e-mail:

3.11.1. Original documents, which according to these Regulations were created by the applicant in accordance with the standard forms specified in annexes hereto, and scanned copies of which were uploaded by the applicant to obtain the relevant status/admission. The clearing agreement shall be submitted to the Exchange in two counterparts signed by the applicant.

3.11.2. Duly certified copies of the documents, the scanned copies of which were submitted by the applicant for obtaining the appropriate status/admission in accordance with these Regulations, respectively, except for the documents specified in clause 3.11.1 hereof.

3.12. Should the Exchange Board decide to grant the status of a trading participant/admit the client to the services in the "Untreated Timber and Timber Products" direction to the applicant who is a non-resident of Ukraine, the latter shall, within five (5) business days from the date of receipt of a notice on granting such a status/admission by e-mail, send (provide) the original documents that, in accordance with this section of the Regulations, were created by the applicant in accordance with the standard forms specified in the annexes hereto, to the registered office of the Exchange.

3.13. In case of violation of the requirements stipulated by clauses 3.11 and 3.12 hereof by the trading participant/ trading participant's client, the Exchange shall be entitled to suspend admission of the trading participant/ trading participant's client to exchange trading in the "Untreated Timber and Timber Products" direction.

3.14. The trading participants/ trading participants' clients shall provide the Exchange with information on all changes in the data and documents provided by them in accordance with these Regulations within two (2) business days from the occurrence/onset of such changes.

The persons who submitted such documents and information in accordance with these Regulations shall be responsible for the accuracy of the information contained in the documents and information provided by the applicants, for actions taken on the basis of such documents and information, for late notification of the Exchange about changes to such documents and information, as well as for replacement or termination of the said documents, and for the risk of adverse consequences, including the property consequences.

3.15. In case the Exchange Board decides to refuse to grant the status of a trading participant/admit the client to services in the "Untreated Timber and Timber Products" direction, the applicant shall be notified thereof by a relevant message to be sent to their e-mail address specified in the application form for obtaining the status of the Exchange participant/ Exchange participant's client. Such a decision shall specify the grounds and date of such a decision.

3.16. The Exchange shall ensure non-disclosure and preservation of information contained in the documents submitted to the Exchange in accordance with these Regulations, except when the disclosure/provision of such information is made by the Exchange in compliance with the laws, the Exchange Rules and these Regulations.

#### **4. Terms and procedure of using the clearing accounts to organize, conducting and make settlements with respect to the forward / reverse auctions**

4.1. The Exchange shall provide clearing services on the basis of a license for professional activities in the capital markets, namely clearing activities related to determining the obligations issued by the National Securities and Stock Market Commission.

4.2. The trading participant shall acquire the status of a clearing participant on the basis of the clearing agreement concluded with the Exchange and documents submitted to the Exchange in the course of accreditation in the “Untreated Timber and Timber Products” direction in accordance with Section 3 hereof.

4.3. The Exchange shall open clearing accounts for trading participants and their clients to ensure accounting for margin transactions in cases where payment of a margin is a mandatory condition for registration of a trading participant’s order or registration of exchange agreements in accordance with these Regulations.

4.4. The Exchange shall inform the clearing participant on the date of opening and details of the clearing accounts by providing the clearing participant with the clearing account certificate in the manner specified in clause 3.9 hereof.

4.5. The brokers of the trading participant registered on the Exchange in accordance with the established procedure may be the clearing account managers. The broker shall acquire the status of the clearing account manager on the basis of the documents submitted by the trading participant in the course of accreditation in the “Untreated Timber and Timber Products” direction in accordance with Section 3 hereof.

4.6. The information on margin accounting transactions carried out on the relevant clearing account shall be displayed in the personal account of the trading participant, broker and trading participant’s client.

4.7. The transactions associated with crediting/blocking/unblocking/transferring/writing off the margin on the clearing account shall be performed in the manner established by the Exchange’s internal documents and these Regulations.

4.8. The margin shall be credited to the relevant clearing account on the basis of information from the Exchange’s settlement bank on receipt of a relevant amount of funds to the current account of the Exchange. The margin shall be transferred by the trading participant in compliance with the requirements, including those for wording of the purpose of payment, established hereby.

4.9. The transaction of blocking the margin on the clearing account shall be performed automatically when the Exchange registers the application for participation in the forward auction /application for holding of the reverse auction (if payment of the margin for a relevant commodity category is provided for by the Exchange Board’s resolution) or registration of the exchange agreement (if payment of the margin for a relevant commodity category is provided for by the Exchange Board’s resolution) provided that the margin balance available on the clearing account is sufficient. The available margin balance shall be calculated in the ETS automatically as the difference between the amount of funds credited to the clearing account as margin and the amount of funds blocked in cases stipulated by this clause of the Regulations.

4.10. The transaction of unblocking the margin on the clearing account shall lead to an increase in the available margin balance and shall be performed automatically:

- upon completion of trading at the relevant auction – for those lots in respect of which the trading participant was not determined a successful bidder;
- upon withdrawal/cancellation of registration of the order submitted by the trading

participant, during registration of which the margin was blocked, in accordance with these Regulations.

4.11. The transaction of margin transfer from a relevant clearing account shall initiate the transaction of transfer of a corresponding amount of the blocked margin to the clearing account of the counterparty acting as a seller under the exchange transaction (agreement) as a partial payment for the traded commodity purchased at the auction (less the Exchange's commission fee). The transaction of margin transfer, which was blocked to ensure the execution of the exchange transaction, shall be performed automatically at the moment of registration of the exchange agreement on the Exchange in accordance with these Regulations.

In case of violation of the procedure for signing the exchange certificate or exchange agreement in the ETS by the trading participant, the Exchange shall transfer the margin/a part thereof (in accordance with resolution of the Exchange Board to impose sanctions) from the clearing account of such a trading participant to the clearing account of the counterparty acting as a seller under the exchange transaction (agreement) as a penalty.

4.12. The transaction of margin debiting from the clearing account shall be performed on the basis of a relevant order submitted to the ETS by the clearing account manager (broker), which results in the Exchange transferring the amount of funds specified in the order from its current account with the clearing to the bank account whose information is entered in the ETS.

## **5. Requirements for sellers and buyers at an auction**

5.1. Sellers at forward auctions held for the sale of the traded commodities may be trading participants (including the trading participants' clients) who are permanent forest users, forest owners who harvest timber in Ukraine in the manner established by applicable laws of Ukraine, and other business entities that have expressed their intention to sell traded commodities at auctions.

5.2. Buyers at forward auctions held for the sale of the untreated timber may be trading participants (including the trading participants' clients) who are sole proprietors or legal entities who are residents of Ukraine and who have expressed their intention to participate in forward auctions as buyers and have fulfilled the requirements for admission to forward auctions as provided for hereby.

5.3. Buyers at forward auctions held for the sale of the traded commodities, except for untreated timber, may be trading participants (including the trading participants' clients) who are residents of Ukraine (sole proprietors or legal entities) and non-residents (individuals engaged in entrepreneurial activity and legal entities) who have met the requirements for admission to forward auctions as provided for hereby.

5.4. Buyers at reverse auctions held for the purchase of the untreated timber may be trading participants (including the trading participants' clients) who are sole proprietors or legal entities who are residents of Ukraine and who have expressed their intention to purchase untreated timber at these auctions.

5.5. Buyers at reverse auctions held for the purchase of the traded commodities, except for untreated timber, may be trading participants (including the trading participants' clients) who are residents of Ukraine (sole proprietors or legal entities) and non-residents (individuals engaged in entrepreneurial activity and legal entities) who have expressed their intention to purchase traded commodities at auctions.

5.6. Sellers at reverse auctions held for the purchase of the traded commodity may be permanent forest users, forest owners who harvest timber in Ukraine in the manner established by applicable laws of Ukraine, and other business entities that have expressed their intention to sell traded commodities at auctions.

5.7. Trading participants (including the trading participants' clients) who do not meet the requirements of this section of the Regulations shall not be allowed to participate in the relevant forward / reverse auctions as sellers/buyers.

## **6. Organization of forward auctions held for the sale of the traded commodity and the procedure for participants' access to the auction**

6.1. To initiate a forward auction held for the sale of the traded commodity, the auction initiator shall submit an application for holding the auction to the Exchange's ETS at least five (5) calendar days before the date of the auction, and the auction shall start within the trading day.

In case of holding an additional auction during the last five (5) calendar days of the current quarter, with the traded commodity delivery date within the current calendar quarter in which the exchange trading will take place, the auction initiator shall submit an application for holding an additional auction to the Exchange, given that the volume of each lot shall not exceed 30 cubic meters.

In case of repeated offering of unsold lots based on the results of the forward auction held for the sale of the traded commodity within five (5) calendar days after such an auction at a different starting price (other than the starting price of the auction at which these lots were not sold), the auction initiator shall submit an application for an additional auction to the Exchange at least three (3) calendar days before the date of the additional auction. The additional auction shall start within the trading day.

6.2. The application for conducting the forward auction held for the sale of the traded commodity shall include, but not limited to:

- type of auction (general/additional);
- a list of lots, taking into account the characteristics of the traded commodity according to the registry of traded commodities, as well as for each lot:
  - the quantity of goods in lots;
  - warehouse for placing a batch of traded commodities;
  - starting (opening) price per unit of measurement of the traded commodity (the price shall be determined in the national currency of Ukraine). The starting price per unit of measurement of traded commodity may be indicated both inclusive of VAT and exclusive of VAT, which must be recorded accordingly;
- date and time of the auction (the start time of the auction shall comply with the requirements established by these Regulations);
- information about the agent involved in organizing this auction (if any);
- form of the agreement for the sale and purchase of timber/wood fuel, which is proposed to be concluded based on the results of exchange trading, taking into account the peculiarities set out herein;
- the period during which the traded commodity will be delivered;
- identifier (name) of the trading participant's client if the application for holding an auction is submitted by the auction initiator on behalf of such trading participant's client;
- code of the terms and conditions of the agreement performance security, which takes the following value:

- "0" for exchange agreements concluded without the buyer's depositing of a margin on the Exchange's account to ensure the fulfillment of obligations under the exchange agreement;
- "2" for exchange agreements concluded with the buyer's mandatory depositing of a margin on the Exchange's account to ensure the fulfillment of obligations under the exchange agreement with due regard to the requirements established hereby;
  - other information required to conduct the exchange trading as defined by the Exchange's internal documents.

The period during which the traded commodity may be delivered must be specified:

- 1) within the current calendar quarter in which the exchange trading will take place;
- 2) within the calendar quarter following the quarter in which the exchange trading will take place.

6.3. The Exchange shall be entitled to refuse to register the application for holding the auction filed by the initiator of the forward auction in the following cases:

- the auction application was submitted in violation of the time limits in accordance with clause 6.1 hereof;
- the verification of the information specified in such application failed;
- the person on whose behalf the application is submitted does not have sufficient authority to conduct the auction/conclude the exchange transaction/conclude the exchange agreement;
- the Exchange detected the other violations of these Regulations and Exchange's internal documents.

6.4. The initiator of the forward auction, who has submitted an application for holding the auction for sale of firewood for non-industrial use/firewood for industrial use/timber products/wood fuel, shall be deemed to have agreed that the auction participants may be both residents of Ukraine and non-residents of Ukraine, and that in case the successful bidder is a non-resident of Ukraine, the exchange certificate shall be issued and the agreement of sale of the traded commodity shall be concluded, taking into account the peculiarities specified in Section 11 hereof.

6.5. An application for holding the forward auction may be withdrawn (cancelled) by the initiator of the auction not later than at 5.00 p.m. of the business day preceding the day of the forward auction (the deadline for acceptance of applications for participation in the exchange trading).

6.6. The auction initiator, when forming the lot(s) in the auction for the sale of timber products/firewood for non-industrial use/firewood for industrial use/wood fuel, shall be prohibited from specifying the requirement for mandatory preliminary inspection of the goods being sold directly at the seller's warehouse in the application for auction holding.

6.7. If not all lots were sold at the forward auction, the Exchange may hold additional auctions, and the deadline for submission of an application for such auctions shall meet the requirements specified in clause 6.1 hereof.

6.8. Applications for holding the forward auction shall be submitted to the Exchange by the auction initiator in terms of lots. The lot volume shall be determined by the seller at its sole discretion. Lots shall be formed separately taking into account the peculiarities of the traded commodity according to the registry of traded commodities.

6.9. The announcement of the forward auction held for the sale of the traded commodity posted on the Exchange's website shall include, but not limited to:

- information about the type of auction;
- information about the agent involved in organizing this auction (if any);

- composition of lots taking into account the peculiarities of the traded commodity according to the registry of traded commodities;
- number of lots;
- lot's starting (opening) price (the starting value may be indicated inclusive of VAT or exclusive of VAT, which must be recorded accordingly);
- warehouse for placing a batch of traded commodities;
- date and time of the exchange trading;
- the deadline for accepting applications for participation in exchange trading;
- bidding step;
- the amount of margin to secure obligations to fulfill the exchange transaction (not specified if the Exchange Committee decides to cancel the payment);
- the amount of margin to secure obligations to fulfill the exchange agreement (to be specified if such a requirement is set in the application for the auction holding filed by the auction initiator);
- the form of the timber products/wood fuel sale and purchase agreement proposed to be concluded based on the results of the exchange trading, taking into account the peculiarities set forth herein.

6.10. The volume of the traded commodity declared in the auction for sale shall be determined by the number of lots and shall not be less than 1 lot.

6.11. To participate in the forward auction held for the sale of the traded commodity as a buyer, the auction participant's broker shall submit an application for participation in the auction in the Exchange's ETS personal account by accepting an offer to sell specific lots on the terms specified in the application for auction holding filed by the auction initiator.

6.12. The application for participation in the auction filed by an auction participant on behalf of such trading participant's client shall contain the identifier (name) of the trading participant's client.

6.13. An application for participation in the forward auction shall be admitted by the Exchange to participation in the trading provided that:

- the application is submitted by/on behalf of a person who may act as a buyer of the relevant category of traded commodity in accordance with these Regulations;
- the application is submitted no later than at 5.00 p.m. on the business day preceding the day of the forward auction (the deadline for accepting bids);
- availability of a margin on the clearing account of the clearing participant (clearing account of the clearing participant's client when the auction participant's order is filed for the client's benefit) in the amount not less than the one established for a relevant commodity category (not applicable in case of the Exchange Board's decision to cancel the margin payment);
- the auction participant has paid to the account of the agent (if the Exchange engages the latter to organize the auction) the fee for data processing in accordance with these Regulations;
- the person on whose behalf the application is submitted has sufficient authority to enter into the exchange transaction/exchange agreement;
- the auction participant (the auction participant's client when the auction participant submits an application for the client's benefit) has not been sanctioned by the Exchange to suspend/terminate admission to trading (if the auction participant indicated the lot(s) in the application for participation in the auction, the seller(s) of which is (are) (a) trading participant(s), where the trading participants are not allowed to participate in auctions due to sanctions imposed on them, the Exchange may reject such an application in its entirety).

6.14. The auction participant's broker may withdraw the submitted application for

participation in the forward auction in the ETS personal account by 5.00 p.m. of the business day preceding the day of the forward auction (the deadline for acceptance of applications for participation in the auction).

6.15. The application for auction holding/application for participation in the auction shall be submitted in the ETS by the broker of a resident trading participant via QES, and by the broker of a non-resident trading participant using an EI or QES (if any) assigned to such trading participant's broker in the ETS.

6.16. Trading participants who have filed applications shall agree to the terms and conditions of participation in the auction, certify unconditional consent to the processing of their personal data, the implementation of these Regulations, confirm the legal significance of their actions during participation in the auction, in particular actions performed in the ETS and using the ETS, as well as their consequences.

## **7. Organization of reverse auctions held for the purchase of the traded commodity and the procedure for participants' access to the auction**

7.1 To initiate a reverse auction held for the purchase of the traded commodity, the auction initiator shall submit an application for holding an auction in the Exchange's ETS at least two (2) business days (excluding the application filing date) before the auction date.

An application for holding the reverse auction held for the purchase of the untreated timber can be initiated only for the current quarter in which the application is filed.

7.2. The application for auction holding shall include, but not limited to:

- a list of lots, taking into account the peculiarities of the traded commodity according to the registry of traded commodities, and, for each lot:

- quantity of goods in lots;

- the composition of the traded commodity lot;

- the starting price per unit of measurement of the traded commodity, taking into account the composition of the offering (the price shall be determined in the national currency of Ukraine) and may be indicated inclusive of VAT or exclusive of VAT, which must be recorded accordingly;

- date and time of the exchange trading;

- form of the agreement for the sale and purchase of timber products/wood fuel, which is proposed to be concluded based on the results of exchange trading, taking into account the peculiarities set forth herein;

- the period during which the traded commodity will be delivered;

- identifier (name) of the trading participant's client if the application for the auction holding is filed by the auction initiator on behalf of such trading participant's client;

- code of the terms and conditions of the agreement performance security that takes the value of:

- "0" for exchange agreements concluded without the buyer's depositing of a margin on the Exchange's account to ensure the fulfillment of obligations under the exchange agreement;

- "2" for exchange agreements concluded with the buyer's mandatory depositing of a margin on the Exchange's account to ensure the fulfillment of obligations under the exchange agreement with due regard to the requirements established hereby;

- other information required to conduct the exchange trading as defined by the Exchange's internal documents.

7.3. When filing an application for the auction holding, the auction initiator (buyer) shall ensure that the starting price per unit of the traded commodity offered at an auction is not lower



than the weighted average price per unit of the traded commodity with the relevant peculiarities subject to delivery in the current quarter.

In the absence of auction results as of the date of filing of the application for auction holding, the weighted average price of the previous quarter shall be applied. The Exchange shall publish information on the weighted average prices on its website.

7.4. The application for auction holding shall be submitted by the auction initiator (buyer) to the Exchange in terms of lots. The lot volume shall be determined by the auction initiator (buyer) at its sole discretion. Lots shall be formed separately taking into account the peculiarities of the traded commodity according to the registry of traded commodities.

7.5. The announcement of the reverse auction, which shall be posted on the Exchange's website and may be sent to the trading participants by e-mail, shall include, but not limited to, the information specified in clause 6.9 hereof.

7.6. The prices at the auction shall be set freely on the basis of supply and demand.

7.7. The volume of the traded commodity declared for purchase shall be determined by the number of lots and shall not be less than 1 lot.

7.8. The application for holding a reverse auction shall be registered by the Exchange provided that:

- the application is filed by/on behalf of a person who may act as a buyer of a relevant category of traded commodity in accordance with these Regulations;

- the application for the auction holding is filed in compliance with the deadlines in accordance with clause 7.1 hereof;

- the information specified in such an application has been verified successfully;

- the margin is available on the clearing account of the clearing participant initiating the reverse auction (clearing account of the clearing participant's client where the auction participant's order is filed for the client's benefit) in the amount not less than the one set by the Exchange Board (not applicable in case of the Exchange Board's decision to cancel the margin payment);

- the initiator of the auction has paid to the account of the agent (if the latter is engaged by the Exchange to organize the auction) the fee for data processing in accordance with these Regulations;

- the person on whose behalf the application is submitted has sufficient authority to enter into the exchange transaction/exchange agreement;

- the auction initiator (the auction initiator's client if the auction participant files an application for the client's benefit) is not subject to the Exchange's sanctions intended to suspend/terminate the admission to trading.

7.9. To participate in the reverse auction held for the purchase of the traded commodity as a seller, the auction participant's broker shall upload an application for participation in the auction to the Exchange's ETS personal account by accepting the offer to sell specific lots on the terms and conditions specified in the auction application filed by the auction initiator.

7.10. The application for participation in the auction filed by an auction participant on behalf of such a trading participant's client shall contain the identifier (name) of the trading participant's client.

7.11. An application for participation in an auction for purchase of an exchange-traded commodity shall be admitted by the Exchange to trading if the person on whose behalf the application is submitted has sufficient authority to enter into an exchange-traded transaction/exchange contract, taking into account the peculiarities specified in clause 10.3 hereof.

7.12. Submission of the application for auction holding/application for participation in the auction to the ETS shall be made by the broker of the resident trading participant using a QES, and by the broker of the non-resident trading participant using an EI or QES (if any) assigned to

such trading participant's broker in the ETS.

7.13. Trading participants who have filed applications shall agree to the terms and conditions of participation in the auction, certify unconditional consent to the processing of their personal data, compliance with these Regulations, confirm the legal significance of their actions during participation in the auction, in particular actions performed in the ETS and using the ETS, as well as their consequences.

7.14. The participant of the reverse auction acting as a seller who has submitted an application for participation in the auction for purchase of firewood for non-industrial use/firewood for industrial use/timber products/wood fuel initiated by a non-resident of Ukraine shall be deemed to have agreed to the peculiarities of issuing the exchange certificate and concluding the agreement for purchase and sale of an exchange-trading commodity specified in Section 11 hereof.

## **8. Interaction with the agent**

8.1. The Exchange shall be entitled to engage (an) agent(s) for information support and consulting services to trading participants, as well as for monitoring over the trading participants' compliance with the laws and/or obligations established by these Regulations and/or the Exchange Rules and/or other Exchange's internal documents and/or decisions of the Exchange Board and obligations of such trading participants under agreements of sale and purchase of the traded commodity concluded as a result of exchange trading, in accordance with the Regulations on Imposition of Sanctions.

The procedure of interaction between the Exchange and an agent shall be regulated by a bilateral agency agreement, a public agreement and the Regulations on Imposition of Sanctions.

8.2. The list of the Exchange's agents shall be approved by the director or another authorized person in accordance with the established procedure and published on the Exchange's website <https://urb.ua>.

8.3. The decision to engage (authorize) an agent to provide information support and consulting services to trading participants shall be made by the Exchange and published in the announcement of the relevant auction.

The procedure of interaction between the Exchange and the agent, trading participants and clients of trading participants in the "Untreated Timber and Timber Products" direction shall be regulated by a public agreement (Annex 1-B to the Regulations).

Trading participants and trading participants' clients shall join the public agreement by submitting to the Exchange an Application for Accession to the Public Agreement, which shall form an annex hereto.

8.4. The application for accession signed by the trading participant/ trading participant's client shall constitute acceptance of the public agreement and provide for full and unconditional acceptance of all terms and conditions of the public agreement with the relevant annexes thereto, and neither the agent, nor the trading participant, nor the trading participant's client may propose their own terms and conditions of the public agreement.

8.5. The public agreement shall be deemed concluded by the trading participant/ trading participant's client provided that the Exchange Board makes a decision to grant the status of the trading participant/client's admission to services in the "Untreated Timber and Timber Products" direction in accordance with these Regulations.

8.6. The signing of a bilateral agency agreement by the agent shall constitute the agent's acceptance of a public agreement (Annex 1-B to the Regulations) with relevant annexes thereto.

8.7. At auctions where the Exchange engages an agent, such an agent shall assist with the proper organization and holding of such auctions, as well as with implementation of measures by the Exchange to control the compliance of trading participants/clients of trading participants with the laws and/or obligations established by these Regulations and/or the Exchange Rules

and/or other Exchange's internal documents and/or decisions of the Exchange Committee in accordance with the Regulations on Imposition of Sanctions, in particular:

8.7.1. to negotiate on the sale/purchase of traded commodities at auctions with trading participants (potential trading participants) and to involve them in auctions;

8.7.2. to monitor the correct formation of lots and other application details and, in case of any comments from the Exchange, facilitate the prompt introduction of changes recommended by the Exchange by the selling trading participant;

8.7.3. to post information on auctions held by the Exchange in which it acts as an agent on its website, which shall necessarily include information provided for in clause 6.9 hereof;

8.7.4. to provide additional information to the trading participants by e-mail and using the other resources;

8.7.5. to advise trading participants/ trading participants' clients on their registration in the ETS and the terms of auctions, as well as provide support during auctions on the use of the ETS functionality and correct actions;

8.7.6. to submit to the Exchange the list of trading participants acting as buyers who have submitted applications for participation in the auction and have not paid the data processing fee to the agent's account (if the latter is engaged by the Exchange to organize the auction) by 5.30 p.m. of the business day preceding the auction date;

8.7.7. where the Exchange engages an agent to carry out control of compliance by trading participants/clients of trading participants with the laws and/or obligations established by these Regulations and/or the Exchange Rules and/or other Exchange's internal documents and/or decisions of the Exchange Board and obligations of such trading participants/ trading participants' clients under agreements for purchase and sale of the traded commodity concluded as a result of exchange trading, such an agent shall perform actions and exercise the rights specified in the Regulations on Imposition of Sanctions;

8.7.8. to fulfill the other obligations stipulated by these Regulations, agency agreement, public agreement, Regulations on Imposition of Sanctions and other Exchange's internal documents.

## **9. Data processing fee and margin**

9.1. The data processing fee is fixed and shall be paid to the account of the Exchange or an agent (if the latter is engaged by the Exchange to organize auctions) for participation in trading in respect of sellers of a particular region (area) on a particular trading day, regardless of the number of auctions of the same type for which the trading participant has submitted applications.

The obligation to pay the data processing fee shall be borne by the participants of forward auctions and initiators of reverse auctions for the traded commodity in the amount specified in the Exchange's Fees.

The withdrawal (revocation) of a previously submitted application by a forward auction trading participant/initiator of a reverse auction shall not release such a trading participant from paying the data processing fee.

9.2. Should the Exchange engage an agent to organize auctions (the information on which shall be specified in the auction announcement), the data processing fee shall be paid by the trading participants to the agent's account specified on the Exchange's website by 3.00 p.m. of the business day preceding the auction date.

If a trading participant withdraws (revokes) a previously submitted application, the data processing fee paid to the agent shall not be refunded, but shall be retained by the agent to cover its expenses for organizing the auction.

9.3. Payment of the data processing fee in favor of the Exchange (for auctions organized by the Exchange without engaging an agent) by the trading participants shall be made on the basis of the invoice issued by the Exchange not later than on the 5<sup>th</sup> of the month following the month in which the Exchange registered the applications of such trading participant for auctions

organized by the Exchange without engaging an agent. The amount of the data processing fee for the month shall be calculated taking into account clause 9.1 hereof.

9.4. The invoice specified in clause 9.3 hereof shall be paid by the 10<sup>th</sup> of the month in which the invoice was issued. Failure to pay, or payment of the incomplete amount of the invoice within the prescribed period shall constitute the ground for suspension of such participant's access to the bidding until the debt is repaid in full.

9.5. When paying the data processing fee to the Exchange or to the agent (in case the latter is engaged by the Exchange to organize auctions) by the forward auction participant/initiator of the reverse auction, who is a non-resident of Ukraine, such a fee may be paid in foreign currency. In this case, the amount of the data processing fee in foreign currency shall be equivalent to the amount of the fee set by the Exchange Board in UAH converted at the official exchange rate of the National Bank of Ukraine as of the invoice date.

9.6. Participants of the forward auction and initiators of the reverse auction that have acquired the status of the clearing participant shall pay the margin to ensure the fulfillment of obligations under the exchange trade in the amount not less than the one established by the decision of the Exchange Board (if payment of the margin for the respective product category is provided for by the decision of the Exchange Board).

9.7. The "purpose of payment" requisite of the payment instruction shall clearly identify the number of the clearing account opened in the Exchange's clearing accounting system and specified in the clearing account certificate to which the margin is to be credited and shall be indicated as follows:

"#URB-XXXXXX-C-URB-YYYYYY-SZZZ# Margin transfer under the clearing agreement No. \_\_\_ dated \_\_.\_\_.20\_\_, excluding VAT."

9.8. Payment of the margin shall be made from the bank account to be used for transfer/refund of the margin on the clearing account, information on which is provided by the clearing member to the Exchange and entered into the ETS.

9.9. Where the funds are credited to the current account of the Exchange and the "purpose of payment" requisite specifies the number of the clearing account not opened in the clearing accounting system of the Exchange, or the funds are transferred from the bank account not meeting the requirements of clause 9.8 hereof, such funds shall be credited to the current account of the Exchange, but the rights to cash as margin shall not be reflected on the clearing account specified in the purpose of payment.

In this case, if the situation with the payer regarding the erroneous payment is not resolved within the trading day, the Exchange shall initiate the return of erroneously transferred funds from the Exchange's current account to the sender by the end of the next trading day.

9.10. In case the trading participants referred to in clause 9.6 hereof file applications for participation in the auction for the benefit of the client, the margin shall be paid to the current account of the Exchange by such trading participants (clearing participants) indicating the number of the clearing account of the clearing participant's client in the purpose of payment.

9.11. If the initiator of the forward auction held for the sale of the untreated timber establishes the requirement for the successful bidder to pay the margin to secure the fulfillment of obligations under the exchange agreement, the successful bidder shall pay the margin in the amount established by the auction initiator in the manner specified in clauses 9.7-9.10 hereof. The amount of the margin to ensure the fulfillment of obligations under the exchange agreement shall be credited to the relevant clearing account of the clearing participant (clearing participant's client) before the deadline for registration of the exchange agreement for the purchase and sale of untreated timber on the Exchange established hereby.

9.12. Based on the results of processing the information received from the clearing bank as of 12.00 p.m. of each business day, the Exchange shall ensure crediting of the margin to the relevant clearing account in the ETS by the end of the current trading day.

## 10. Auction procedure

10.1. The monitoring of proper organization and holding of the auction shall be exercised by the ETS administrator, who shall communicate with the auction participants in a comprehensive manner.

10.2. The forward / reverse auction shall be divided into three periods:

10.2.1. Pre-trading period.

The pre-trading period shall begin since the auction initiator files the auction application and shall end at 5.00 p.m. of the business day preceding the auction day (the deadline for accepting applications for participation in the auction). The peculiarities of the pre-trading period of the reverse auction shall be determined by clause 10.3 hereof.

10.2.2 Trading session.

The trading session shall begin on the date specified in the auction announcement and shall end with the determination of the successful bidder.

The auction initiator has the right to set the start time of the trading session - no earlier than 9:15 a.m. and no later than 5:15 p.m. of the trading day.

Only the auction trading participants whose applications are admitted to participate in the auction in accordance with these Regulations may participate in the trading session. In this case, the auction participant shall be entitled to participate in the auction only in respect of the lots specified in their application for participation in the auction.

Since the trading session starts, the auction participants may file bids for the purchase/sale of a respective lot, taking into account the bidding step specified in the auction announcement. The number of bids placed by an auction participant is not limited.

During the trading session, for the forward auction, the auction participant acting as a buyer shall be entitled to place bids on the respective lot by increasing the price offer, and for the reverse auction, the auction participant acting as a seller shall be entitled to place bids on the respective lot by decreasing the price offer.

If during the last minute of the main time (interval) of the trading session, which lasts for fifteen (15) minutes from the moment of the trading session start, the auction participants do not place any bids on a particular lot, the trading session with respect to this lot shall be terminated by determining the successful bidder with respect to this lot by the auction participant who has placed the last bid up to that moment.

If during the last minute of the main time (interval) of the trading session a bid for a particular lot was registered in the ETS, the ETS shall launch an additional trading time (interval) for such a lot lasting for three (3) minutes, with a countdown timer displayed for each lot. Each next bid of the auction participant registered by the ETS during the additional bidding interval shall launch the next additional bidding interval for the lot lasting for three (3) minutes. The number of additional bidding intervals shall be unlimited.

In the absence of bids for a particular lot during an additional bidding interval, at the end of such additional bidding interval the ETS shall record the successful bidder for a particular lot who offered the highest price (forward auction) or the lowest price (reverse auction) for it and whose bid was registered by the ETS the last.

If the successful bidder for the respective lot is not determined before the end of the trading day, the trading day shall be automatically extended and shall end after thirty (30) minutes from the moment of determining the successful bidder of the last lot in respect of which bidding took place in a particular auction (the moment of the trading session end).

Since the ETS determines the successful bidder for the respective lot, it shall be considered that the seller and the buyer have reached an agreement on all material terms and conditions of the transaction, and the parties shall be responsible for the further execution of the exchange transaction.

10.2.3. Post-trading period.

The post-trading period shall begin since the trading session ends and shall be finalized

with signing/certification of the exchange certificate in the ETS by the auction participant recognized as a successful bidder of the forward auction/initiator of the reverse auction, taking into account the peculiarities specified in Section 11 hereof.

Where several exchange transactions are concluded by the same auction participant following a single auction, the exchange certificate may be issued for the total number of lots in respect of which the auction participant was determined to be the successful bidder.

10.3. For reverse auctions, the pre-trading period shall include the following procedure for admitting the applications of auction participants to participate in the auction.

The pre-trading period shall begin when the auction initiator submits an application for the reverse auction and ends when the Exchange notifies the auction participants of their admission to the reverse auction.

The Exchange shall, by 12.00 p.m. of the business day preceding the day of the reverse auction, provide the initiator of the reverse auction with a list of auction participants acting as sellers who have filed applications for participation in the reverse auction, which shall include the name of the legal entity/full name of the sole proprietor and the identification code of the legal entity/registration number of the taxpayer's account card or series (if any) and passport number (for individuals and sole proprietors who, due to their religious beliefs, refuse to accept the registration number of the taxpayer's account card).

The initiator of the reverse auction shall, on the basis of its internal documents, procedures, etc., draw up the List of Approved Auction Participants Acting as Sellers Admitted to the Reverse Auction (in the form given in Annex 17 hereto) from among the participants who have filed applications for participation in the auction and submit the same to the Exchange by 4.00 p.m. of the business day preceding the auction date.

The list of agreed auction trading participants admitted to the reverse auction shall constitute a document expressing the will and needs of the initiator of the reverse auction and shall be equivalent to the qualification requirements for auction trading participants declared by the initiator of the reverse auction.

The Exchange shall notify all auction participants acting as sellers specified in the List of Approved Auction Participants Acting as Sellers Admitted to the Reverse Auction about their admission to the reverse auction by 6.00 p.m. of the business day preceding the day of the reverse auction.

A reverse auction shall be deemed to have failed if:

- less than two (2) trading participants have filed applications for participation by 12.00 p.m. of the business day preceding the reverse auction date;
- The List of Approved Auction Participants Acting as Sellers Admitted to the Reverse Auction contains less than two (2) trading participants acting as sellers.

10.4. Exchange trading may be suspended, terminated, canceled or postponed in cases and in the manner provided for by the Exchange's internal documents.

## **11. Procedure for execution of documents based on the auction results**

11.1. Upon completion of the trading session, the Exchange shall, on the basis of the concluded exchange transactions, generate exchange certificates, which shall be signed by an authorized representative of the Exchange and shall be subject to signing/certification of the exchange certificate in the ETS by the auction participant recognized as a successful bidder of the forward auction/initiator of the reverse auction by 6.00 p.m. of the business day following the date of trading.

11.2. If the exchange certificate is generated on the basis of the exchange transaction(s) concluded by the buyer, a trading participant who is a resident of Ukraine, the exchange certificate shall be signed by QES of the Exchange's authorized representative and QES of the broker of the trading participant acting as a buyer in the broker's personal account in the Exchange's ETS within the time limit specified in clause 11.1 hereof.

11.3. If the exchange certificate is generated on the basis of the exchange transaction(s) concluded on the buyer's side by the trading participant who is a non-resident of Ukraine, the Exchange shall upload the exchange certificate signed by the QES of the Exchange's authorized representative in the broker's personal account in the ETS after the trading is completed.

A non-resident broker of a trading participant must confirm that they have read the electronic document and accepted the terms and conditions of the exchange certificate by accepting the same in the personal account in the ETS using the electronic information system within the time limit specified in clause 11.1 hereof.

11.4. Where the buyer under the exchange certificate is a non-resident of Ukraine (legal entity or individual engaged in entrepreneurial activity), the price specified in the exchange certificate shall be indicated in hryvnia and foreign currency(-ies) at the official exchange rate of the National Bank of Ukraine as of the day of the auction.

11.5. If the broker of the trading participant acting as a buyer does not sign/certify the exchange certificate in accordance with subclauses 11.1-11.3 hereof, such exchange transaction(s), as well as the relevant exchange certificate(s), shall be canceled in the ETS automatically on the next business day after the expiration of the above period, and the seller and the buyer specified in the exchange certificate shall lose the right to conclude the sale and purchase agreement(s) based on the results of the exchange trading.

11.6. On the basis of the exchange certificate signed/certified in accordance with clauses 11.1-11.4 hereof, the seller and the buyer shall conclude the agreement of sale and purchase of the traded commodity within five (5) business days starting from the business day following the day of the relevant auction.

11.7. The purchase and sale agreement shall be deemed concluded from the moment of its registration in the Exchange's ETS by 6.00 p.m. of the business day determined as the deadline for concluding the agreement in accordance with clause 11.6 hereof.

11.8. The agreement of sale and purchase of untreated timber, firewood for non-industrial use and firewood for industrial use, the parties to which are business entities who are residents of Ukraine, shall be concluded in accordance with the standard form approved by the Exchange Board and posted on the Exchange's website, by imposition of the QES of the authorized representatives of the seller and the buyer in the Exchange's ETS. In this case, the signing of the agreement of sale and purchase of untreated timber/firewood for non-industrial use/firewood for industrial use by the parties in paper form is not required and shall not constitute a prerequisite for its effectiveness.

The date of conclusion (registration) of the sale and purchase agreement in the ETS shall be the date of the agreement signing by QES of both parties to the agreement in the Exchange's ETS.

In certain cases, the Exchange Board may decide to approve the conclusion of an agreement of sale and purchase of untreated timber/firewood for non-industrial use/firewood for industrial use by the seller and the buyer in paper form if there are circumstances beyond the control of the party (parties) preventing the agreement conclusion in electronic form. The Exchange Board shall consider the above issues on the basis of a substantiated request of the relevant party to the exchange transaction(s) subject to a written consent of the other party to the exchange transaction(s) sent to the Exchange's e-mail address: customers@urb.ua.

11.9. For agreements of sale and purchase of timber products, as well as in case the buyer under the agreement of sale and purchase of firewood for non-industrial use/firewood for industrial use/wood fuel is a non-resident of Ukraine, the obligations to conclude (register on the Exchange) the sale and purchase agreement shall be deemed fulfilled provided that the buyer's authorized representative uploads a scanned copy of the sale and purchase agreement signed by the authorized representatives of the seller and the buyer to the buyer's personal account in the ETS and the authorized representative of such a buyer certifies the same with the EI by the deadline specified in clause 11.7 hereof.

The parties to the sale and purchase agreement shall, when forming the agreement outside

the ETS, use the number of the sale and purchase agreement generated by the ETS automatically and displayed in the "Documents Following the Bidding"/"Documents to be Signed" tab of the personal account. Failure of the parties to the sale and purchase agreement to comply with the specified procedure for numbering contracts shall constitute a violation of these Regulations.

The date of conclusion (registration) of the sale and purchase agreement in the ETS shall be the date of certification of the scanned copy of the sale and purchase agreement uploaded to the ETS by the buyer's authorized representative.

11.10. If the terms of the exchange agreement for the purchase and sale of untreated timber provide for mandatory depositing of a margin by the buyer on the Exchange's account to secure the performance of obligations to fulfill the exchange agreement, registration of such purchase and sale agreement on the Exchange shall be subject to availability of the margin on the clearing account of the buyer (clearing participant/ clearing participant's client) in the amount not less than the one provided for by the terms of the exchange agreement.

11.11. If the parties to the agreement for sale and purchase of firewood for non-industrial use/firewood for industrial use/timber products/wood fuel are the residents of Ukraine, the price of the agreement of sale and purchase (total value of the traded commodity specified in the agreement of sale and purchase) shall be determined in the national currency of Ukraine (UAH) and shall correspond to the total value of the traded commodity including VAT or excluding VAT in accordance with the terms of the exchange transaction, which shall be specified in the exchange certificate on the basis of which the agreement for sale and purchase of the traded commodity is concluded.

11.12. If one of the parties to the agreement for sale and purchase of firewood for non-industrial use/firewood for industrial use/timber products/wood fuel is a non-resident of Ukraine, the price of the agreement of sale and purchase (total value of the commodity determined in the agreement of sale and purchase) shall be equal to the total value of the traded commodity specified in the exchange certificate; if the total value of the commodity specified in the exchange certificate was indicated inclusive of VAT, such a price shall be reduced by the amount of VAT. The price of the agreement of sale and purchase may be determined by the parties in foreign currency. In this case, the price of the agreement for sale and purchase of the traded commodity shall be equivalent to the price of the agreement calculated in UAH at the official exchange rate of the National Bank of Ukraine as of the day of the auction.

11.13. All rights and obligations of the buyer and the seller, as well as the procedure for settlements and delivery under the exchange agreement concluded at the auction shall be stipulated in the agreement for sale and purchase of the traded commodity concluded by them.

All settlements shall be made directly between the seller and the buyer, taking into account the buyer's margin (if payment of the margin for a relevant product category is provided for by the Exchange Board's resolution) transferred by the buyer to the Exchange's current account as collateral to ensure the performance of the exchange transaction (if the Exchange Board decides to cancel the payment of the margin, all settlements shall be made directly between the seller and the buyer).

11.14. The seller and the buyer shall be liable for violation of the terms of the sale and purchase agreement as determined by such agreement, these Regulations, other Exchange's internal documents and the applicable laws of Ukraine.

11.15. Should the seller and the buyer fail to conclude the sale and purchase agreement within five (5) business days after the date of the auction, the exchange transaction(s), as well as the relevant exchange certificate(s) shall be canceled automatically on the next business day after the expiration of the above period in accordance with this clause of the Regulations, and the seller and the buyer specified in the exchange certificate shall lose the right to enter into the agreement(s) for sale and purchase of the traded commodity based on the results of exchange trading.

11.16. In case of cancellation of an exchange transaction(s), the parties to such transaction(s) shall not be released from liability for violation of the Exchange Rules and/or the



Regulations and/or other Exchange's internal documents and/or resolutions of the Exchange Board, as well as payment of the commission fee and other mandatory payments provided for by these Regulations and Exchange's internal documents, unless otherwise determined by resolution of the Exchange Board.

11.17. In case of cancellation of the exchange transaction through the fault of the buyer, if the conclusion of such an exchange transaction provided for depositing of a margin to secure the fulfillment of obligations under the exchange transaction, the amount of margin under the canceled exchange transaction paid by the buyer participant shall be withheld by the Exchange in accordance with these Regulations by resolution of the Exchange Board.

In case of cancellation of an exchange transaction in accordance with clause 11.15 hereof through the fault of the seller (seller's failure to sign the sale and purchase agreement), the Exchange may impose sanctions on such a seller in accordance with these Regulations. In this case, the exchange transaction shall be canceled without the Exchange withholding the margin paid by the trading participant acting as a buyer.

11.18. To exchange the documents related to the registration of trading results and services provided by the Exchange, the electronic document exchange services M.E.Doc and/or Vchasno may be used.

11.19. The Exchange shall use the means of facsimile reproduction of the signature (using the electronic copying means – facsimile) of the Exchange's authorized representative (according to the sample provided in Annex 18 hereto). The documents certified by facsimile reproduction of the signature of the Exchange's authorized representative shall be duly signed and have the legal force of documents executed with the original handwritten signature of the Exchange's authorized representative.

11.20. For the purpose of the Exchange's monitoring of proper fulfillment of obligations by the parties under the exchange agreement, the buyer under such agreement shall, at the request of the Exchange, within 10 days from the date of the Exchange's request, send to the Exchange a Mutual Settlements Reconciliation Certificate signed by both parties to the exchange agreement with seals (if any) affixed.

## **12. Payment procedure**

12.1. Settlements under sale and purchase agreements concluded on the basis of exchange certificates shall be made directly between the buyer and the seller in the manner determined by the terms and conditions of the sale and purchase agreement concluded by the parties, taking into account this section of the Regulations.

12.2. Under the exchange agreements concluded with the margin deposited by the trading participant acting as a buyer to ensure the fulfillment of obligations under the exchange transactions, the amount of the margin (less the Exchange's commission fee) shall be transferred in the Exchange's clearing accounting system to the seller's clearing account under the exchange agreements as a partial payment for the commodity purchased at the auction. The transaction of transferring the margin, which was blocked to ensure the performance of the exchange transaction, shall be performed automatically at the moment of registration of the exchange agreement on the Exchange in accordance with these Regulations.

12.3. In order to transfer the margin from the Exchange's account to the seller's current account as a partial payment for the commodity purchased at the auction, the clearing account manager (broker) of the trading participant acting as a seller shall submit a relevant order via the ETS in their personal account.

12.4. The Exchange shall transfer the margin (less the Exchange's commission fee) to the seller's current account specified in the application form for opening a clearing account within three (3) business days after the ETS's receipt of the order from the clearing account manager (broker) in accordance with clause 12.3 hereof, indicating the following purpose of payment: "Transfer of margin deposit (collateral) as a partial payment for the commodity. Exchange

Certificate No. \_\_\_ dated " \_\_" \_\_20 year. Excluding VAT."

12.5. The funds received in accordance with clause 12.4 hereof shall be credited by the seller towards settlements with the buyer when the latter makes payment for the commodity purchased under the sale and purchase agreement.

12.6. In case of cancellation of an exchange transaction in accordance with clauses 11.5 and 11.15 hereof, if the trading participant acting as a buyer has paid margin to secure the fulfillment of obligations under exchange transactions, the Exchange Board may decide to withhold the margin as a penalty in favor of the Exchange and/or for its further transfer to the bona fide party to the exchange transaction acting as a seller (less the Exchange's commission fee).

12.7. Withholding of the margin (a part thereof) as a penalty in favor of the bona fide party to the exchange trade acting as a seller shall be carried out by transferring the amount of the penalty determined in the Exchange's clearing accounting system to the clearing account of the counterparty to the exchange trade acting as a seller.

The transaction of debiting the funds as a penalty from the seller's clearing account shall be performed in accordance with clauses 12.3-12.4 hereof.

12.8. The trading participant who withdrew the submitted application for participation in the auction or was not recognized as a successful bidder under the respective lots may initiate the return of the margin (margin balance) in the amount not exceeding the margin balance available on the clearing account by submitting a relevant order by the clearing account manager (broker) in the ETS's personal account.

The margin may be refunded exclusively to the bank account from which the funds were transferred to credit the margin to the relevant clearing account.

12.9. The Exchange transfers the margin (minus the Exchange's commission fee) to the seller's bank account, information on which was provided by the clearing participant to the Exchange and entered into the ETS, within three (3) business days after the ETS's receipt of the order from the clearing account manager (broker) in accordance with clause 12.8 hereof, indicating the following purpose of payment: ""#URB-XXXXXX-C-URB-YYYYYY-SZZZ# Margin transfer under order No. \_\_\_\_\_ dated \_\_.\_\_.20\_\_ and the clearing agreement No. \_\_\_\_\_ dated \_\_.\_\_.20\_\_, excluding VAT".

12.10. The risks related to late communication of information to the Exchange on change of the bank account and new payment details to which the margin shall be returned by the Exchange shall be borne by the clearing participant. The clearing participant shall notify the Exchange in writing of the change of the bank account and payment details within 2 (two) business days from the date of such changes.

12.11. If the initiator of the auction for the sale of untreated timber establishes a requirement for the successful bidder to deposit a margin to ensure the fulfillment of obligations under the exchange agreement, the successful bidder may initiate the return of the deposited margin in the manner provided for in clauses 12.8-12.9 hereof after the Exchange receives confirmation of the buyer's proper fulfillment of obligations under such exchange agreement in accordance with clause 11.20 hereof.

If the buyer fails to fulfill the exchange agreement through the fault of the buyer, the Exchange Board may decide to withhold the margin (a part thereof) as a penalty in favor of the Exchange and/or for its further transfer to the bona fide party to the exchange transaction acting as a seller.

12.12. If, as of the date of the auction with delivery terms within the calendar quarter in which the trading took place/within the calendar quarter following the quarter in which the trading took place, the seller was subject to reorganization procedure, the Exchange shall transfer the funds to the seller or its legal successor (depending on the stage of the seller's reorganization) in the amount of the buyer's margin (a part thereof) (less the amount of the commission fee) within the period from the beginning of the quarter in which the delivery is to take place until the expiration of the sale and purchase agreement concluded on the basis of such an auction.

12.13. The funds received in accordance with clause 12.12 shall be taken into account by the seller or their successor in settlements with the buyer when they make a payment for the purchased commodity.

12.14. A separate resolution of the Exchange Board may determine a different procedure for transferring the buyer's margin in case of reorganization of the seller under the sale and purchase agreement.

### **13. Commission fee and agency fee**

13.1. To reimburse the Exchange for the expenses related to the organization and holding of the auction, the Exchange's commission fee shall be charged from the trading participant acting as a buyer (successful bidder in the forward auction/auction initiator of the reverse auction).

If an agent was involved in organizing the auction under an agency agreement, the successful bidder of the forward auction/auction initiator of the reverse auction shall pay to the agent a fee in accordance with the terms of the public agreement.

13.2. The amount of the Exchange's commission fee shall be paid including VAT in the amount set forth in the Exchange's Fees.

13.3. The Commission Fee of the Exchange from the trading participant recognized as a successful bidder of the forward auction/initiator of the reverse auction, who in accordance with these Regulations has deposited margin to secure the fulfillment of obligations under the exchange transaction, shall be collected by the Exchange by withholding the amount of the Commission Fee specified in the Exchange Certificate from the margin blocked on the relevant clearing account. The basis for withholding the commission fee by the Exchange shall be registration of the exchange transaction(s) in the ETS, which shall be certified by the issuance of the exchange certificate. Within three (3) business days after the date of the auction, the trading participant shall sign a certificate of delivery and acceptance of services provided by the Exchange. Should the trading participant fail to sign the certificate of delivery and acceptance of services rendered, the Exchange's services shall be deemed rendered in full in accordance with the terms of these Regulations.

13.4. Trading participants recognized as successful bidders of the forward auction/initiators of the reverse auction, who, according to the resolution of the Exchange Board, do not pay the margin to secure the fulfillment of obligations under the exchange transaction, shall pay the Exchange's commission fee within three (3) business days after the date of the auction on the basis of the invoice generated by the Exchange and sign the certificates of delivery and acceptance of services rendered by the Exchange. Should the trading participant fail to sign the certificate of delivery and acceptance of services rendered, the Exchange's services shall be deemed rendered in full in compliance with these Regulations.

13.5. If the successful bidder of the forward auction/initiator of the reverse auction is a trading participant who is a non-resident of Ukraine, the Exchange's commission fee/agent's remuneration may be paid in foreign currency. In this case, the amount of the commission fee/agent's remuneration in foreign currency shall be equivalent to the amount of the commission fee/agent's remuneration calculated in UAH and converted at the official exchange rate of the National Bank of Ukraine effective as of the date of the auction.

### **14. Reservations**

14.1 By submitting documents for acquiring the status of a trading participant in accordance with these Regulations, an application for participation in the auction/application for the auction holding, signing/certifying the exchange certificate/exchange agreement, the

participants guarantee that when using the ETS and performing actions using the same they operate personal computers using licensed software, if required by the laws on copyright and related rights.

14.2. For reliable communication between the participant's computer and the ETS, the latest (updated) versions of Firefox, Chrome, or Opera browsers must be used.

Access to the ETS shall be organized by the trading participant through the open access channels on the Internet without the use of anonymous means, i.e. anonymous networks, Tor, I2P, Obfsproxy or similar anonymizers, browser plug-ins with anonymous access functions, plug-ins with traffic or traffic parts blocking, blocks, cookies, applets, streams, etc., use of private browsing mode in the browser when opening the trading system website, anonymous proxy servers, VPN channels, VPN gateways and VPN tunnels, hiding of IP addresses, use of secure Internet surfing and other means of anonymous access when accessing the ETS.

14.3. The trading participant/broker of the trading participant/client of the trading participant shall be obliged to use the EI and/or QES assigned to them personally and shall not be entitled to transfer them to third parties.

The QES used in the ETS by the trading participant/broker/client of the trading participant shall be issued by a qualified providers of electronic trust services included in the list of those allowed to be used in the ETS (Appendix No. 20 hereto).

The Trading Member/Broker of the Trading Member/Client of the Trading Member shall check their validity in advance, including for expiration, before using the QES in the ETS.

The person on whose behalf such legally significant actions are performed in the ETS shall be responsible for the validity of the QES and the validity of the powers of the person using the QES when performing legally significant actions in the ETS.

14.4. The trading participant shall take actions to prevent the circumstances that may interfere with the ETS functioning, in particular to ensure reliable antivirus protection of the automated workplace of the Participant and to prevent virus attacks on the Exchange's website from its workplace, to prevent interference with the system operation by unauthorized persons from the Participant's workplace, and to immediately notify the Exchange of the circumstances that may interfere with the ETS operation.

14.5. The Exchange shall be entitled to suspend (temporarily suspend) the technical access of the Participant to the ETS or restrict (in whole or in part) the Participant's powers of access to the ETS in case of the Participant's violation of these Regulations, in case of detection of attempts of unauthorized access by the Participant to the ETS, as well as in case of the other circumstances interfering with the ETS operation. The technical access of the Participant to the ETS may be restored only after the situation is resolved.

14.6. Violation of these Regulations shall deprive the participant of the right to complain about technical failures and delays in the ETS operation detected by them during the auctions.

14.7. The Exchange shall not be liable for any delays or interruptions in the fulfillment of its obligations resulting from the force majeure known as a force majeure of the national, regional, local or facility levels, of man-made, natural, military or socio-political nature, changes in applicable laws, actions or omissions of public authorities that interfere with the fulfillment of obligations or preventing the fulfillment of its obligations.

14.8. The Exchange shall not bear any responsibility for losses incurred by a trading participant due to a break in communication between the participant's computer and the Exchange's server.

The participant shall assume all risks associated with insufficient reliability of access via Internet communication channels (disconnection), as well as failure to comply with the recommended speed of the Internet communication channel (5 Mbps or higher), which may lead to delays in data transmission.

14.9. The Exchange shall not be liable for any delays or interruptions in fulfillment of its obligations hereunder resulting from the following circumstances: technical failures caused by equipment malfunction and failure, software malfunctions and errors, failures, malfunctions and

failures of communication, power supply, air conditioning and other life support systems on the part of the trading participant.

14.10. The Exchange shall be entitled to transfer the information on the content of exchange transactions (agreements) to the third parties in cases determined by law, including, but not limited to, the National Securities and Stock Market Commission, as well as to transfer information on the content of exchange transactions (agreements), including the data of trading participants and clients of trading participants (name and identification code of a legal entity for legal entities; surname, name, patronymic and registration number of a taxpayer's account card for sole proprietors), to the persons who provide and/or facilitate the maintenance of electronic timber records in order to monitor the agreement performance progress.

14.11. All legally significant actions in the ETS, namely, submission of an auction order/application for participation in an auction, withdrawal of orders of trading participants/cancellation of registration for participation in trading, submission of an order for debiting margin from the clearing account, signing/certification of the exchange certificate/exchange agreement, may be performed by the trading participant/broker of the trading participant/client of the trading participant only within the trading day. Outside of the trading day, the trading participant/broker of the trading participant/client of the trading participant may use the ETS only in the viewing mode.

## **15. Liability for violation of the requirements of the Regulations**

15.1. For violation of these Regulations and/or failure to fulfill (improper fulfillment, i.e. fulfillment in violation of the terms stipulated by the exchange transaction/exchange agreement) of its obligations under the concluded exchange transactions/agreements of purchase and sale the Exchange Board shall be entitled to impose the following sanctions on the trading participant/trading participant's client:

### **15.1.1. Margin withholding.**

The margin shall be withheld by the Exchange in cases of non-fulfillment (improper fulfillment) of obligations by the buyer under the concluded exchange transactions/exchange agreements if the buyer has paid a margin to secure the fulfillment of obligations under the exchange transactions/exchange agreements.

### **15.1.2. Penalty.**

The sanction in the form of a penalty shall be imposed by the Exchange in case of:

- failure to fulfill (improper fulfillment) of obligations by the buyer under the concluded exchange transactions, if the Exchange does not provide for payment of the margin to secure the fulfillment of obligations under exchange transactions in the relevant category of commodities;
- failure to fulfill (improper fulfillment of) the buyer's obligations under the exchange agreement.

The amount of the penalty shall be set by a decision of the Exchange Board and may not exceed five (5) percent of the total value of the commodity specified in the exchange certificate.

15.1.3. Suspension of admission to participation in exchange trading for a certain period/suspension of admission to service in the "Untreated Timber and Timber Products" direction for a certain period.

The Exchange Board shall be entitled to impose sanctions on violating buyers in the form of suspension of admission to participation in exchange trading/suspension of admission to services in the "Untreated Timber and Timber Products" direction for the following period of:

- for one (1) month – for participation in sales auctions initiated by the trading participant the obligations towards whom were violated;
- for one (1) month – for participation in sales auctions initiated by any trading participant;
- for three (3) months – for participation in sales auctions initiated by the trading participant the obligations towards whom were violated;

- for three (3) months – for participation in any forward/ reverse auctions;
- until full debt repayment – in cases of arrears to the Exchange with respect to payment of a penalty, the Exchange’s commission fee, data processing fee, or arrears to the agent with respect to payment of remuneration to such an agent.

If the seller violates the requirements of these Regulations and/or fails to fulfill (improperly fulfills) its obligations under the concluded exchange transactions/agreements of sale and purchase, the Exchange Board shall be entitled to impose sanctions on such seller in the form of:

- a ban on initiating sales auctions for a certain period of time;
- suspension of admission to participation in exchange trading/suspension of admission to services in the “Untreated Timber and Timber Products” direction for a period of up to three (3) months.

15.1.4. Termination of the Exchange membership/termination of the client’s status of the Exchange participant.

In case of repeated violation of these Regulations (if the violation of the same provisions of the Regulations, for which the trading participant/client has already been brought to liability, is repeated for the third time within a calendar year) or long (more than thirty (30) calendar days) failure to fulfill the obligations of the trading participant/ trading participant’s client to pay the penalty, the Exchange’s commission fee or data processing fee without providing evidence of the circumstances releasing the debtor from liability, the Exchange Board shall be entitled to impose a sanction on such a trading participant/ trading participant’s client in the form of termination of their Exchange membership/termination of the status of the Exchange participant’s client.

15.2. The Exchange shall also be entitled to impose a sanction specified in clause 15.1.1 or clause 15.1.2 hereof together with a sanction specified in clause 15.1.3 or clause 15.1.4 hereof for the same violation.

15.3. The decision of the Exchange Board to impose sanctions shall take effect on the day following the date of its adoption, unless otherwise specified in the relevant decision.

15.4. In case of imposition of a penalty on the trading participant/ trading participant’s client, the penalty shall be paid within three (3) business days from the date of receipt of the request for payment of the penalty to the Exchange’s current account using the details specified in the penalty payment request. The date of the penalty payment by the trading participant shall be the date of crediting the amount of the penalty to the relevant account of the Exchange’s bank.

The Exchange shall send a request for payment of a penalty no later than on the next business day after the Exchange Board makes a decision to impose a sanction to the violator’s e-mail address specified in the application form for obtaining the status of an Exchange participant/ Exchange participant’s client.

15.5. In case of payment of a penalty by a trading participant/ trading participant’s client acting as a buyer who is a non-resident of Ukraine, such a penalty may be paid in foreign currency. In this case, the amount of the penalty in foreign currency shall be equivalent to the amount of the penalty set by the Exchange Board’s decision in UAH converted at the official exchange rate of the National Bank of Ukraine effective as of the date of the Exchange Board’s decision on imposing the penalty.

15.6. In case of late payment of a penalty, commission fee or data processing fee (with a delay not exceeding five (5) business days) by the trading participant/ trading participant’s client, the Exchange Board shall be entitled to impose a sanction on the trading participant/ trading participant’s client in the form of suspension of the participant’s admission to participation in exchange trading/suspension of admission to services in the “Untreated Timber and Timber Products” direction until the debt is repaid in full.

15.7. Should the exchange trading participant/ trading participant’s client repay the debt related to the payment of a penalty or another debt to the Exchange (including the commission fee, data processing fee), the trading participant’s/client’s admission shall be renewed within three (3) business days after the Exchange receives a letter on renewal of admission to

trading/services in the “Untreated Timber and Timber Products” direction of such a participant/trading participant’s client, to which the payment order(s) evidencing the debt repayment shall be attached, and verification of the information provided.

15.8. A penalty in the amount of double the discount rate of the National Bank of Ukraine effective during the period for which the penalty is paid may be charged to the trading participant/trading participant’s client who is a debtor defaulted under the obligation to pay the penalty. Such a penalty shall be accrued for each day of delay.

15.9. The procedure for application, suspension, cancellation, and challenging the sanctions shall be determined by the Exchange Rules and Regulations on Imposition of Sanctions.