



INSTRUCTION 01/2014

Bilateral Transactions

30.Dec.2019

Versions Index

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Initial Version

30.Dec.2019

Adjustments required by pre-trade transparency requirements according to Articles 8 and 9 of Regulation (EU) No 600/2014, New subparagraphs c) and d) are added to paragraph 4 to include volume auctions.

This document is available in www.omip.pt

Pursuant to article 11(4) and article 48(3) of the Trading Rulebook, OMIP approves this Instruction, which sets the terms and procedures for registering Bilateral Transactions.

General Conditions

1. The registration of a Bilateral Transaction with OMIP represents the completion of the Transaction, by mutual consent of the persons who initiated it, which can stem from two distinct processes:
 - a. The scope of the Transaction includes the registration with OMIP and OMIClear clearance in its original conditions. In this case, the Transaction is unique, i.e., there is only one Transaction in the entire process, which is completed with the registration with OMIP.
 - b. The Transaction started without the initial restriction of registration with OMIP and clearance by OMIClear, a characteristic achieved in a subsequent agreement between the parties. In this case:
 - i. The Bilateral Transaction registered takes the characteristics of a Regulated Market Transaction;
 - ii. This Transaction registered on a regulated Market replaces the original Bilateral Transaction.
2. In any of the cases described in the preceding paragraph:
 - a. The Transactions are completed once they are registered with OMIP;
 - b. The OMIP and OMIClear rules apply to the Transactions;
 - c. The Transactions take the characteristics of transactions of a Regulated Market.
3. The registration of Bilateral Transactions with OMIP will be accepted if it meets all the conditions set in this Instruction, particularly if it relates to a Contract listed on OMIP, subject to the acceptance of OMIClear where the Transaction is to be registered for clearing.
4. In accordance with the preceding paragraph:
 - a) Notwithstanding the rules set out in this Instruction, Bilateral Transactions are treated as Transactions made on the OMIP Trading System for the purpose of applying the Trading Rules and the OMIClear Rules;
 - b) Once OMIP accepts the registration of a Bilateral Transaction, the provisions in the General Contractual Rules of the Contract relating thereto will apply, in particular the ones regarding clearing, settlement and the intervention of OMIClear as Central Counterparty;
 - c) If the pre-trade transparency obligations of Articles 8 and 9 of Regulation (EU) No 600/2014 apply to the Bilateral Transaction registration, considering applicable waivers, a volume auction is triggered in accordance with OMIP Instruction 04/2006 Auction Trading Mode. The registration will be in pending state until the volume auction is concluded.
 - d) If according to the previous subparagraph the volume auction result does not match the initial price and volume values for both counterparts the registration will be rejected. Otherwise the Bilateral Transaction will be registered.
5. The registration of a Bilateral Transaction with OMIP is subject to the acceptance of OMIClear according to its rules. Cumulatively, the registration of a Bilateral Transaction is subject to the acceptance of OMIP, the acceptance of OMIClear and a set of validations by the stakeholders in the process, depending on the registration mechanisms used.
6. The validations referred to in the preceding paragraph are specified in this Instruction.

Scope and Terms of Registration

7. Bilateral Operations on Contracts listed on OMIP, identified in a Notice, to which the General Contractual Clauses relate.

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Bilateral Transactions

8. Bilateral Transactions can be registered with OMIP by the following entities:

- a) Trading Members or Registration Agents, collectively referred to herein as Participants Responsible for the Registration (PRR), for their own account or for the account of their Clients;

- b) OTC Brokers (OTC) registered in OMIP, regarding transactions performed by the PRR.
- 9. Bilateral Transactions can be registered with OMIP through the following Registration Platforms or alternative means:
 - a) The OMIP Trading Platform – Trayport Exchange Trading System (ETS);
 - b) The Bilateral Transactions Registration Platform Trayport Clearing Link (TCL);
 - c) The Bilateral Transactions Registration Platform EFETNet Electronic eXchange Related Processes (eXRP);
 - d) In exceptional cases, directly with OMIP, through a recourse procedure (REC), by fax or e-mail.
- 10. The registration of Bilateral Transactions can be initiated:
 - a) Directly by any of the PRR – modality A;
 - b) By the OTC who brokered the Transaction – modality B, with the same alternatives concerning acceptance or rejection of Transaction by each PRR involved:
 - iii. Manual (modality B1);
 - iv. Automatic (modality B2).
- 11. The following table summarizes the alternatives available for each Registration Platform.

Table 1 – Modalities of Registration of Bilateral Transactions for each Registration Platform

Registration Platform	Modality
ETS	A; B1
TCL	B1
eXRP	B1; B2
REC	A; B1; B2

- 12. In a single transaction submitted to registration on the eXRP platform (modality B), confirmation (acceptance/rejection) can be performed using modality B1 by one of the PRR and modality B2 by the other PRR.
- 13. For the purpose of registering Bilateral Transactions, the following information must be provided in the chosen platform:
 - a) Identification of the PRR involved in the Bilateral Transaction, and of the OTC Broker, if applicable;
 - b) Identification of Contract to the registered, available for that purpose;
 - c) Position, buyer or seller, assumed by all parties involved in the Bilateral Transaction;
 - d) Price, subject to the conditions expressed in Table 2 of paragraph 31;
 - e) Quantity, expressed in full number of Contracts;
 - f) For each counterparty, identification of the Registration Account for registering the Transaction (optional). If this account is not specified, a pre-defined Trading Account or Registration Account will be used to this end.
- 14. The price of Bilateral Transactions shall be within the limits of price fluctuation defined by OMIP for the corresponding contract.

15. In exceptional cases, OMIP, in conjunction with OMIClear, may decide to accept the registration of Bilateral Transactions outside the limits referred to in the preceding paragraph.

Registration of Bilateral Transactions on the ETS Platform

16. Registration can be done by the PRR, in modality A, or by OTC brokers in modality B1, according to the following steps:
- a) Submission of Bilateral Transaction to the ETS platform
 - i. By one of the parties, in modality A;
 - ii. By an OTC Broker in modality B1, submitting two symmetric Transactions, each for each of the original parties, in which the OTC Broker assumes, instrumentally, the counterparty role solely for the purpose of processing the registration;
 - b) Confirmation or rejection on the ETS platform:
 - i. By the counterparty, in modality A;
 - ii. By the parties, in modality B1;
 - c) Validations, as shown in Table 2 in paragraph 31;
 - d) Acceptance or refusal of the registration of the Transaction.
17. If the registration implies OTC Broker intervention, the acceptance by OMIP is granted only if the two symmetrical Transactions which summarize the original Transaction have been confirmed by the relevant counterparties.
18. The information on the status of the process prior to the registration is provided on the ETS Platform, where every step can be monitored:
- a) Transaction submitted to registration;
 - b) Confirmation / rejection by the parties;
 - c) Acceptance or refusal of the registration of the Transaction;
19. The parties to the Transaction are notified by e-mail on the progress of the registration process as shown in Table 3 in paragraph 32.

Registration on the TCL Platform

20. The registration of Bilateral Transactions on the TCL Platform can be done in modality B, and can only be initiated by an OTC broker. In this case, confirmation takes place prior to the submission of the Transaction on the TCL platform.
21. In the case of TCL Platform, the registration process consists of the following steps:
- a) Submission of Bilateral Transaction to the TCL platform by the OTC Broker;
 - b) Validations, as shown in Table 2 in paragraph 31;
 - c) Acceptance or refusal of the registration of the Transaction;
22. The parties to the Transaction are notified by e-mail on the progress of the registration process as shown in Table 3 in paragraph 32.

Registration on the eXRP Platform

23. The registration of Bilateral Transactions on the eXRP Platform is similar to the process for the TCL platform, and is available in modalities B1 and B2, and can only be initiated by an OTC Broker.
24. Parties involved in a Transaction using the confirmation modality B1 must follow these steps:
 - a) Submission of Bilateral Transaction to the eXRP Platform by the OTC Broker;
 - b) Explicit confirmation or rejection by the parties;
 - c) Validations, as shown in Table 2 in paragraph 31;
 - d) Acceptance or refusal of the registration of the Transaction;
25. Parties involved in a Transaction using the confirmation modality B2 must follow the same steps as those of modality B1, except for the explicit confirmation or rejection, which are replaced by an automatic application that can include the imposition of limits for each PRR regarding the validations referred to in paragraph 24(c). If these limits are exceeded for a given Transaction, the PRR will have to explicitly confirm or reject the Transaction on the Clearing Platform of OMIClear.
26. The parties to the Transaction are notified by e-mail on the progress of the registration process as shown in Table 3 in paragraph 32.

Registration by fax or e-mail

27. These media can be used only in exceptional cases, including recourse, previously validated and accepted by OMIP.
28. Such exceptional cases include, in particular, the difficulty in accessing the ETS, TCL, eXRP platforms or the Clearing Platform (MiClear).
29. The registration of Bilateral Transactions by fax or e-mail is available for all modalities A and B, including the following steps:
 - a) Communication of the Bilateral Transaction by the PRR or OTC Broker;
 - b) Explicit confirmation or rejection, if in the Transaction one or both parties have chosen modality A or B1. For that purpose, OMIP contacts the parties concerned to obtain the required confirmation;
 - c) If all the parties involved accept the Transaction, the Bilateral Transaction is submitted to the Trading Platform by OMIP;
 - d) Validations, as shown in Table 2 in paragraph 31;
 - e) Registration on the Clearing Platform, by OMIClear, if the validation conforms to the applicable criteria.
30. For the purpose of submitting Transactions for registration by e-mail or fax, the information specified in paragraph 13 must be sent.

Validations and alerts

31. In the process of registering Bilateral Transactions, the following validations are performed according to the platform used, if applicable:

Table 2 – Validations in the Registration Process of Bilateral Transactions

Validation	Registration Platform
Limits underlying the mandate signed between the PRR and the OTC Broker	eXRP, REC
Transaction limit prices	TCL, eXRP, ETS, REC
Risk limit established by the Clearing Member for the PRR	TCL, eXRP, ETS, REC
Risk limit established by OMIClear for the Clearing Member	TCL, eXRP, ETS, REC

32. The parties to the Transaction are notified by e-mail, depending on their involvement, according to the following circumstances in the Table below:

Table 3 – Type of Notifications sent by E-mail for each Registration Platform

Alert	Registration Platform
Request confirmation of Transaction	eXRP
Limits underlying the mandate signed between the PRR and the OTC Broker are exceeded	eXRP, TCL
Rejection of Transaction by the PRR	eXRP, TCL
Transaction price exceeds the limits allowed	eXRP, TCL, ETS
Risk limit established by the Clearing Member for the PRR is exceeded	eXRP, TCL, ETS
Risk limit established by OMIClear for the Clearing Member is exceeded	eXRP, TCL, ETS
Refusal to register the Transaction	eXRP, TCL, ETS
Transaction registration successful	eXRP

33. Under the same criteria as in the preceding paragraph, the first four types of alerts are carried out on the OMIP environment, and the last four on the OMIClear environment.

Completion of the registration process

34. Once the Transaction is accepted, from that moment the registration of the Transaction is assumed and it becomes subject to the clearing and settlement procedures of OMIClear.
35. With the registration of Bilateral Transactions:
- The provisions set by the General Contractual Clauses of the corresponding Contract shall apply, namely the ones regarding clearing, settlement and the intervention of OMIClear as Central Counterparty;
 - The Transactions in question generate fully fungible Positions, in particular for the purposes of the application of OMIClear Rules, if relating to the same Contract, with those originating in a regulated Market or on different Registration Platforms;

- c) The corresponding fees are due.

36. Use of mandates by OTC Brokers

- 37. A The use of modality B2 assumes that the PRR s previously mandated the OTC Broker, which is covered by a statement delivered to OMIP in accordance with the draft Attachment, in which the authorizes the OTC Broker to register the Bilateral Transactions in its Trading Account or Registration Account.
- 38. After approval by OMIP, the statement mentioned in the preceding paragraph shall remain in effect until revoked by the PRR, by replacing it with a new statement in which the entity specifies the new list of authorized OTC brokers to act on its behalf in the registration of Bilateral Transactions with OMIP.
- 39. OMIP can provide PRR with a set of validations, translated into operational limits, to control, at any time, the intervention of OTC Brokers pursuant to the mandates referred to in the preceding paragraph, as noted in 2 in paragraph 31.

40. Cancellation of Registered Bilateral Transactions

- 41. The cancellation of Bilateral Transactions is accepted by the end of the Continuous Trading Phase for Bilateral Transactions registered in that Phase or in the Pre-Closing Phase of the previous Trading Day.
- 42. Who can request a cancellation:
 - a) Any of the PRR involved, in the case of modality A;
 - b) The OTC Brokers or any PRR involved, in modalities B1 and B2.
- 43. Cancellation requests can be sent to OMIP by telephone, e-mail or fax as follows:
 - a) In the case of modality A, OMIP contacts the party who did not request the cancellation in order to obtain its view on the cancellation request:
 - i. If an agreement is reached on the request, the Transaction is cancelled;
 - ii. Otherwise, the cancellation is not processed and the Transaction shall remain registered with OMIP and OMIClear.
 - b) In the case of modalities B1 and B2:
 - i. If the cancellation request has been sent by the OTC Broker within the deadlines established for this purpose, the request is accepted and the relevant Transaction is cancelled;
 - ii. If the cancellation request has been sent by one of the PRR involved, OMIP shall act in a similar manner as in the previous paragraph, informing the OTC Broker on the cancellation of the Transaction if this is the case.
- 44. The full cancellation of a Bilateral Transaction already registered with OMIClear requires the acceptance of OMIClear, in which case OMIP will obtain this confirmation.

45. Other Provisions Applicable to the Registration

- 46. OMIP may subject the acceptance of a Bilateral Transaction to a reinforcement of Guarantees made by any of the Clearing Members involved in the Transaction.
- 47. OMIP reserves the right to refuse the registration of Bilateral Transactions if it considers that such a Transaction may affect the proper operation of the Market, or in situations of excessive risk exposure of the parties involved in the trade or of their Clearing Members.

48. The timetable for Bilateral Transactions registration is set by Notice.
49. Bilateral Transactions submitted for registration in the Auction or Continuous Trading phases are processed by OMIP (which accepts or rejects the registration) on the same Trading Day.
50. Bilateral Transactions submitted for registration through the ETS in the Pre-closing phase are processed by OMIP (which accepts or rejects the registration) on the following Trading Day.
51. For the purpose of registering Bilateral Transactions, the dates and hours relevant for OMIP are those relating to their processing on the Registration Platforms.
52. Although OMIP discloses the aggregate values of the Bilateral Transaction registered with it, its prices may not be considered for the fixing of the Settlement Price of the related Contract.
53. Where applicable, the Trading Accounts used to register the Transactions executed on the Market can be used to register Bilateral Transactions.
54. To submit Bilateral Transactions to registration the OTC Brokers use the accounts assigned by OMIP and OMIClear for that purpose are used.
55. The registration of a Bilateral Transaction entails the payment of fees set for that purpose by OMIP and OMIClear.
56. Notices are used by OMIP to establish other conditions and procedures for the registration of Bilateral Transactions, and to set the limits on quantity and price.

Entry into Effect

57. This Instruction has been registered with CMVM on 30 December 2019 and enters into effect on 2 January 2020.

The Board of Directors

Attachment

Statement Authorizing the OTC Broker to Register Bilateral Transactions

< > (*name*), na qualidade as OMIP < Trading Member or Registration Agent >, hereinafter Entity, hereby:

- Declares that it authorizes the OTC Brokers listed below, registered with OMIP, to submit Bilateral Transactions for registration in its name or on its behalf, pursuant to and for the purposes set out in the OMIP Rules.
- Recognizes that this authorization allows OMIP to consider the registration of Bilateral transactions performed by the mentioned OTC Brokers valid and irrevocable, which do not require the direct participation of the Entity at any stage of the registration process, including the entry and acceptance of Transactions, and such provisions apply to any requests for the cancellation of transactions previously registered, which can be submitted by the OTC brokers, in which case the confirmation by the Entity may be omitted.
- Declares that it takes full responsibility with OMIClear for all consequences arising from the registration of Transactions done by OTC Brokers which it appointed.

This statement supersedes all previous statements with a similar purpose, which are therefore void.

The OTC brokers authorized to register Bilateral Transactions under this statement are listed below:

1

2

3

4

5

Date: ____ / ____ / ____

Signature: _____

[Entity in charge]