**FRAMEWORK AGREEMENT FOR THE DELIVERY AND ACCEPTANCE OF NATURAL GAS**

**BETWEEN**

**EMEX MEMBER X**

**and**

**EMEX MEMBER Y**

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**AGREEMENT**

This agreement for the sale, purchase and delivery of natural gas (the “**Agreement**”) is a framework agreement governing Transactions to be conducted by members of EMEX for the sale and purchase of Natural Gas during the term hereof through the Exchange in which one member (the “**Buyer”**) purchases natural gas from another member (the “**Seller**”), of the other part.

**WHEREAS** the Parties have entered into contracts with Israel Natural Gas Lines Company Ltd. (“**INGL**”) for the transmission of Natural Gas, as defined below and both of them have transmission capacity from INGL sufficient to fulfill their undertakings hereunder; and

**WHEREAS** the Parties are members of an energy exchange operated by EMEX East Med. Energy Exchange Ltd. (“**EMEX**”) and have both acceded to the Market Rules for the EMEX Exchange, as defined below; and

**WHEREAS** the Parties wish to sell and buy Natural Gas to or from each other, from time to time, on the terms and conditions specified herein, in accordance with the Market Rules.

**NOW THEREFORE**, the parties hereto agree as follows:

1. **DEFINITIONS**
	1. “**Delivery Point**” shall be as defined in the Parties’ respective natural gas transmission agreements with INGL.
	2. **“EMEX Exchange”** or "**Exchange"** shall mean the electronic exchange for buying and selling Natural Gas, operated by EMEX.
	3. “**INGL Transmission System**” shall mean the high pressure (over 16 bar) Natural Gas pipeline system (together with the associated Natural Gas facilities) operated by INGL under a license granted by the Minister of Energy, as expanded and/or replaced from time to time.
	4. “**Market Rules**” shall mean the market rules for the EMEX Exchange, which obligate all members of the EMEX Exchange, as published on \_\_\_\_\_, and any subsequent amendments thereto.
	5. “**Natural Gas**” shall be as defined in Section 2 of the Natural Gas Market Law, including liquefied natural gas (“**LNG**”).
	6. “**Natural Gas Market Law**” shall mean the Natural Gas Market Law, 2002, as amended from time to time.
	7. “**Offer**” shall mean an offer for the purchase or sale of Natural Gas in a proposed Transaction, as posted on the EMEX Exchange.
	8. “**Offeree**” shall mean any member of the EMEX Exchange which elects to respond to an Offer.
	9. “**Offeror**” shall mean the party offering to sell or buy Natural Gas in a Transaction.
	10. **“Original Supplier”** shall mean a holder of a lease for the production of Natural Gas under the Petroleum Law-1952, including Tamar, Leviathan and Karish/Tanin or any supplier of Natural Gas, including LNG, at an Israeli entry point tothe INGL Transmission System.
	11. **“Products”** shall mean the Natural Gas products traded on the EMEX Exchange, as specified in the Market Rules.
	12. “**Redelivery Point**” shall be as defined in the Parties’ respective natural gas transmission agreements with INGL.
	13. “**Transaction**” shall mean any individual purchase sale and delivery of Natural Gas as shall be agreed by the parties from time to time during the term of this Agreement.
	14. “**Transaction Quantity**” shall mean the quantity of Natural Gas (in MMBTU) to be purchased from the Buyer by the Seller through the EMEX Exchange in any Transaction.

1. **SUBJECT MATTER OF THE AGREEMENT**
	1. This Agreement shall serve as a framework agreement governing Transactions to be conducted by the parties for the sale and purchase of Natural Gas during the term hereof through the Exchange. Any Transaction entered into between the Parties through the medium of the EMEX Exchange will be deemed to be a separate sale and purchase agreement to which the terms of this Agreement shall apply.
	2. The Market Rules and the provisions of the EMEX Exchange membership agreements executed by each of the parties shall apply to this Agreement and to any Transaction conducted pursuant here.
2. **REPRESENTATIONS AND WARRANTIES OF THE PARTIES**

Each of the Parties represents, warrants and covenants to the other Party as follows:

* 1. That it is an entity duly organized and existing under the laws of its incorporation and that there is no legal or contractual impediment to entering into this Agreement, or to concluding any Transaction with the other Party contemplated under this Agreement.
	2. That, when acting as Seller, it has, or will have at the time of any Transaction during the term of this Agreement, title to the Natural Gas to be sold to the other Party under such Transaction and is entitled to sell the Natural Gas and deliver it through the INGL Transmission System.
	3. That, when acting as Seller, it will deliver the Natural Gas sold in any Transaction in accordance with the terms of this Agreement, free of any encumbrance, lien or other third-party rights.
	4. That it is a member in good standing of the EMEX Exchange, is in compliance with the Market Rules, and the membership requirements of the Exchange and will remain so for the duration of any Transaction.
	5. That, when acting as Buyer, it has acquired, or will acquire, pipeline capacity from INGL that is sufficient to accept delivery of the quantity of Natural Gas to be purchased by it from the other Party under any Transaction contemplated under this Agreement;
	6. That, when acting as Buyer, it will pay the other Party for the Natural Gas to have been purchased under any Transaction, even if it fails to accept such Natural Gas; and
	7. That it will pay to INGL any and all amounts owing to INGL in respect of the Natural Gas purchased under any Transaction, whether for transmission of Natural Gas or otherwise.
1. **CREDIT TRADING LIMIT**
	1. The Parties acknowledge that all trading activity between them will take place within the credit trading limits to be established by each of them for the other as specified herein (“**Credit Limit**”).
	2. The Credit Limit will be set in good faith, taking into account each Party’s status and risk tolerance. Each Party may establish a Credit Limit for the other in its sole discretion and the two Credit Limits established do not need to be identical. The Credit Limit shall be set in U.S. Dollars and may be specified to be unlimited.
	3. Each Party will inform the other of the Credit Limit it has set for that Party prior to their first Transaction, and a Party may, at its sole discretion, amend the Credit Limit from time to time by written notice to the other Party.
	4. Each Party shall inform the EMEX Exchange of the Credit Limit it has set for the other Party in accordance with the Market Rules and shall be responsible for updating such Credit Limit from time to time.
	5. In setting a Credit Limit, a Party may require security for payment on such terms as the Parties may agree from time to time. The Parties shall be responsible for determining whether any security requested has been provided and acknowledge that the Exchange will not monitor whether security has been provided but will only enforce Credit limits.
2. **CONCLUSION AND CONFIRMATION OF TRANSACTIONS**
	1. The Parties will follow the procedure specified in the Market Rules for submission of an Offer by the Offeror, who shall remain anonymous initially, and anonymous response by Offerees.
	2. The Transaction will be deemed to have been entered into once both parties received an electronic Trade confirmation on their trading accounts.
	3. The Transaction will be deemed to have been entered into upon the EMEX Exchange sending to each of the Parties the notice of acceptance of the Offer and the identity of the other Party, provided that Transactions may be cancelled in accordance with the Market Rules, with all of the attendant consequences.
3. **DELIVERY**
	1. Seller shall procure that the Transaction Quantity shall enter INGL’s Natural Gas transmission system at its Delivery Point. The title to the Transaction Quantity will be transferred upon delivery of the Transaction Quantity to Seller’s Delivery Point.
	2. Buyer shall be responsible for accepting the Transaction Quantity at its Redelivery Point. Buyer shall be responsible for all payments to INGL in respect of transmission of the Transaction Quantity to the Buyer’s Redelivery Point from the Delivery Point.
	3. Each of the Parties will send to INGL via its usual channel of communication with INGL a notice regarding the delivery of the Transaction Quantity from the Seller to the Buyer on account of Seller’s quantities of Natural Gas in the INGL Transmission System, noting the delivery time of the Transaction Quantity in accordance with the type of Product which has been sold.
	4. The delivery period for the Transaction Quantity shall be as specified for the relevant Product.
4. **FAILURE TO DELIVER OR ACCEPT NATURAL GAS**
	1. In the event that Seller fails to deliver any part of the Transaction Quantity to the Buyer as specified in Section 6, due to any act or omission of the Seller, Seller shall pay to Buyer liquidated damages in an amount equal to the aggregate of 7.5% of the total consideration agreed between the Buyer and Seller for the non-delivered portion of the Transaction Quantity.

* 1. In the event that Buyer fails to accept any part of the Transaction Quantity from Seller as specified in Section 6, due to any act or omission of Buyer, Buyer shall pay the Seller liquidated damages in an amount equal to the aggregate of of 7.5% of the total consideration agreed between the Buyer and Seller for the portion of the Transaction Quantity which was not accepted.
	2. The Parties hereby acknowledge and agree that the liquidated damages constitute an adequate compensation and shall be the exclusive remedy in such circumstances of each Party to the other Party in respect of failure to deliver or accept any portion of the Transaction Quantity in any Transaction.
1. **INVOICING AND PAYMENT**
	1. Seller shall invoice the Buyer by the 10th of each calendar month, in respect of any quantities of Gas delivered to the Buyer at the Delivery Point in accordance with the Transactions completed in the previous month. The invoice will include deduction or addition for damages payable in connection with the previous month’s Transactions in accordance with Section 7, if any. Invoices shall include, in addition to the aggregate price for the Transaction Quantities for such previous month, value added tax (VAT) and excise duty applicable to the Transaction Quantity as required by law.
	2. Payment in respect of the Transaction Quantity shall be made in US Dollars. VAT shall be payable in New Israeli Shekels (NIS) at the Bank of Israel representative rate for US Dollars published on the date of the invoice.

Excise duty בלו)) shall be payable in NIS, and shall be invoiced by Seller at the applicable excise rate for Natural Gas during such month.

* 1. The amounts listed in Sections 8.1 and ‎8.2 constitute the sole consideration payable by Buyer to Seller in connection with the relevant Transactions.
	2. Buyer shall pay any invoiced amounts within 20 days of receipt of the invoice, or such other date as agreed between the Parties. In the event that the payment date falls on a day that is not a business day, payment shall be made on the first possible business day thereafter.
	3. Late payments shall bear interest at a rate of the three-month LIBOR plus 2% from the time payment is due until the actual time of payment.
1. **TERM OF AGREEMENT**

This Agreement shall enter into force on the date of commercial operation of the EMEX Exchange and shall remain in force for so long as both parties are members of the EMEX Exchange. If a Party is no longer a member of the EMEX Exchange it will not have the right to make any Offer or enter into a Transaction governed by this Agreement.

1. **LIABILITY**
	1. Unless this Agreement states otherwise, the liability of each Party under this Agreement shall be limited to liquidated damages as per Section 7.
	2. NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT, TO THE FULLEST EXTENT PERMITTED BY LAW, NEITHER PARTY NOR ANY OF ITS AGENTS, EMPLOYEES OR REPRESENTATIVES SHALL BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, INDIRECT OR PUNITIVE DAMAGES IN CONNECTION WITH CLAIMS BY THE OTHER PARTY HEREUNDER UNLESS ANY SUCH CLAIM ARISES OUT OF THE FRAUDULENT ACTIONS OF THAT PARTY.
	3. Natural Gas is sold as-is, and the Seller shall not be liable to the Buyer for the quality of Natural Gas sold as part of a Transaction. In the event that the Transaction Quantity does not meet quality standards for Natural Gas as specified in Seller’s agreement with an Original Supplier, Seller shall pay the Buyer a payment equal to the Payment the Seller received from the Original Supplier, under Seller’s agreements with the Original Supplier, in respect of the quality of the Transaction Quantity, on a pro-rata basis in relation to the total quantity delivered to the Seller by the Original Supplier on the day of delivery..
2. **NO LIABILITY OF EMEX**
	1. The Parties shall be solely liable for the performance of this Agreement and of any Transaction consummated pursuant hereto, and EMEX shall bear no liability for any Transaction conducted through the EMEX Exchange.
	2. The Parties are aware that EMEX’s liability shall be solely as per Section 5 of the Market Rules.
3. **COMPLIANCE WITH STATUTORY REQUIREMENTS AND MARKET RULES**
	1. Each party undertakes to comply in its performance of the Agreement with all statutes applicable to the Natural Gas market, including, but not limited to the Natural Gas Market Law and the regulations enacted pursuant thereto.
	2. Each party undertakes to act at all times during the term of this Agreement in accordance with the Market Rules. The parties understand that failure to comply with the Market Rules could affect their membership status in the EMEX Exchange.
4. **FORCE MAJEURE**
	1. Each party shall, in accordance with and subject to this Section 12, be relieved from liability for failure or delay to perform, in whole or in part, any obligation under this Agreement, and an inability to deliver or to take delivery of Natural Gas pursuant to this Agreement, if and to the extent that such failure or delay is caused by Force Majeure. In this Agreement, “Force Majeure” shall mean any event or circumstance or combination of events or circumstances which is beyond the reasonable control of the party claiming Force Majeure (such party acting and having acted in a reasonable manner) and which results in or causes the failure (including by delay) or inability of such party to fulfill any of its obligations under this Agreement, including failure of INGL or an Original Supplier to supply Natural Gas which is out of the control of the parties hereto, as well as an inability to deliver or to take delivery of Natural Gas pursuant to this Agreement, which failure or inability could not have been prevented or overcome such party. Without prejudice to the generality of the foregoing "an event or circumstance" referred to above shall include, but shall not be limited to:
		1. general strikes, lockouts, or other labor related disputes;
		2. an act of the public or foreign enemy, terrorism, war (declared or undeclared), military actions, blockade, revolution, riot, insurrection, civil commotion, invasion or armed conflict;
		3. sabotage or other related events such as acts of vandalism, terrorism, criminal damage or the threat of such acts;
		4. acts of God, lightning, earthquake, hurricane, storm, typhoon, tornado, epidemic, fire, flood, drought and other extreme weather or environmental conditions, meteorites, the occurrence of pressure waves caused by aircraft or other aerial devices traveling at supersonic speeds, explosions, including well blowouts, radioactive, chemical or other hazardous contamination or ionizing radiation; or
		5. the declaration of a state of emergency in the Natural Gas Market by the Minister in accordance with Section 91 of the Natural Gas Market Law.
		6. an act of competent authorities, including government and the judiciary, preventing a Transaction from being completed.
	2. Notifications of Force Majeure shall be transmitted through the EMEX Exchange messaging system, and if such transmission is not technically possible, then as specified in Section 16, immediately upon the occurrence thereof.

* 1. Force Majeure shall not include the non-availability or lack of funds to pay for Natural Gas or failure by any party to indemnify EMEX or the other party or to pay money when due, or failure by either party to give any notice required under this Agreement.
1. **CONFIDENTIALITY**
	1. Each party shall treat confidentially any information that they receive from the other party directly or indirectly under this Agreement or during its implementation. Information received from the other party shall not be disclosed to third parties without the prior written consent of the party providing the information and the Parties undertake to use the information received exclusively for the purpose of implementing this Agreement.
	2. The parties shall be entitled to provide information pertaining to this Agreement to tax or legal consultants and transmission of necessary technical data to EMEX shall be permissible without separate written consent of the party providing the information, provided that the transmission of information is confined to the scope needed to implement this Agreement and the parties receiving the information themselves undertake to treat it confidentially or are legally obliged by their profession to maintain confidentiality. The parties undertake to ensure that their employees, representatives and agents also observe these confidentiality requirements.
	3. The parties shall be entitled to disclose information pertaining to this Agreement as required by a court order, the demand of a competent authority or in the course of legal proceedings, provided that the disclosing party shall inform the other party of the necessity of the disclosure and the information to be disclosed, in order to provide the other party with the opportunity to object to such disclosure.
2. **GOVERNING LAW AND DISPUTE RESOLUTION**
	1. This Agreement shall be governed exclusively by the laws of the State of Israel.
	2. Any claim, dispute or difference of any kind whatsoever arising in connection with this Agreement (including, without limitation, any question regarding its existence, validity or termination) shall be resolved in accordance with the dispute resolution provisions of the Market Rules.
3. **NOTICES**

Except for notices which the Agreement stipulates shall be submitted through the messaging system of the EMEX Exchange, notices to be given hereunder shall be sent to the business address of each Party which will be provided by that Party.

Each party shall have the right to change the place to which notice shall be sent or delivered by similar notice sent in like manner to the other party. Without limiting any other means by which a party may be able to prove that a notice has been received by the other party, a notice shall be deemed to be duly received: (i) if sent by hand, the date when left with a responsible person at the address of the recipient; (ii) if sent by overnight courier, the date of receipt; or (iii) if sent by email, on the day of receipt if received before 1200 hours GMT on a working day or otherwise on the first working day after receipt, provided the receiver has acknowledged receipt.

1. **AMENDMENT TO THE MARKET RULES**

In the event of amendment of the Market Rules in accordance with Section 1.1.3 thereof, each Party shall be entitled to terminate this Agreement, such termination to be effective only upon that Party being removed as a Trading Member from the Trading Platform (as such terms are defined in the Market Rules). If such right of termination is not exercised, then this Agreement and any trading activity between the Parties following entry of such amendment into force, shall be subject to the terms of the amended Market Rules.

1. **ENTIRE AGREEMENT**

This Agreement contains the entire agreement and understanding between the parties as to conclusion of Transactions through the EMEX Exchange and supersedes all prior agreements, arrangements, commitments, representations, writings and discussions between them. Neither of the parties will be bound by any other prior obligations, conditions, warranties, or representations with respect to the subject matter of this Agreement. In case of any conflict between the terms of this Agreement and the Market Rules, the terms of the Market Rules shall prevail.

1. **CLAUSE HEADINGS**

The headings of the clauses have been inserted as a matter of convenience for reference only and shall not control or affect the meaning or construction of any of the terms or provisions of this Agreement.

1. **ASSIGNMENT**

Neither of the parties shall be entitled to assign any of its rights or obligations under this Agreement.

1. **SEVERABILITY**

If any provision of the Agreement is declared to be illegal, invalid or otherwise unenforceable by a court of competent jurisdiction, the remainder of the Agreement (and of such provision) shall not be affected except to the extent necessary to delete such illegal, invalid or unenforceable.

1. **PARTIES’ AGEREEMENTS WITH INGL**

Nothing herein shall derogate from the Parties’ obligations under their respective agreements with INGL.

1. **WAIVER**

Any waiver shall relate only to the matter, non-compliance or breach as it expressly relates to and shall not apply to any subsequent or other matter, non-compliance or breach.

In witness whereof, the parties have executed this Agreement on the date noted above.

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| \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_BuyerBy: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Title: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_SellerBy: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Title:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |