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European Federation of Energy Traders

Trade Transparency & Market Integrity

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General Principles of EU Transparency and Market Integrity Regime



- **EFET supports EU-wide binding Regime for Transparency and Market Integrity for Energy Trading** – should improve market:
 - integrity
 - reliability
 - transparency
 - liquidity
 - efficiency
- New EU Regime shall be drafted along lines of pre-defined general principles which are outlined on the next slides

General Principles of EU Transparency and Market Integrity Regime



- Overall objectives of new regime should be to **improve market transparency and ensure market integrity**
- EU Regime should be **tailor-made for energy traded markets** - taking into account specifics (not a “copy-past-exercise” of existing financial market regulations)
- EU Regime **must be comprehensive**:
 - all physical & financial products
 - Power, gas and CO2
 - All markets (exchanges, MTFs, OTC)

General Principles of EU Transparency and Market Integrity Regime



- **Regime must be EU-wide level playing field** – implemented by new EU Regulation
- ACER should have important role to ensure common application, interpretation, supervision and enforcement
- **Must respect better regulation** - appropriate and proportionate to its objectives
- **Powers and duties of regulators including information sharing with ACER** must be clearly specified
- **EU Regime should not lead to regulatory arbitrage** and to a competitive disadvantage for the EU
- the new record keeping obligation of the 3rd package should be integrated in the EU Regime

- Information impacting on price formation (e.g. data on TSO networks, demand, generation and storage)
- Requirements for publication (timing, content, aggregation etc) must be specified in EU regime
- **EFET continues to advocate transparency improvements in fundamental data** – a prerequisite for effective/efficient traded markets e.g
- binding transparency guidelines for gas TSOs based on cross-association minimum requirements
- Forecast power plant availability

Improving transparency: Disclosure of outages



- **EFET supports ultimate objective of immediate disclosure of outages** for individual power plants/gas infrastructure – simple fact based market messages
- Number of implementation issues (guidance may be needed):
 - Definition of 'immediate' disclosure
 - Appropriate thresholds – e.g. 100MW minimum
 - Potential differences between power and gas
- Some markets already require immediate (anonymised/aggregated or plant-by-plant) outage disclosure – practical transition to ultimate objective
- Need to consider whether temporary solution needed in less liquid power & gas markets – priority is establishment of effective traded markets and transparency from network operators
- Need to consider whether temporary solution is needed for very small players – e.g. operating one power plant or very low levels of total capacity

Content of EU Regime – Transparency: Post-trade

- **EFET supports improving post trade transparency**, i.e. publish anonymous standardised transaction details (price, quantity, time etc) soon after execution
- Should be accessible to all – everyone should ‘see what the market sees’ **BUT** efficient/practical solution is needed
- EFET will work with exchange & MTF operators and brokers to identify most efficient way to deliver improvements
- Standardised non-brokered bilateral transactions could in principle be included – need to find efficient/practical solution that protects commercial confidentiality
- Clear responsibilities and requirements in new EU transparency and market integrity regime – this will ensure common approach

- Tailor-made EU Transparency & Market Integrity Regime for energy markets:
 - Insider Dealing
 - Market Manipulation
- Insider dealing regime forbids any person who possesses inside information to:
 - make use of inside information by acquiring or disposing instruments for own account
 - disclose or make available inside information to a third party without the authority to do so
 - recommend, on the basis of inside information, a third party to acquire or dispose of instruments, or to otherwise induce a third party to do so
- **Definition of insider definition needs to be tailor-made for energy – clear guidance is needed**

- Market Manipulation Regime – prohibits any person to:
 - disseminate Information which gives or is likely to give, false or misleading signals to the price of instruments
 - execute transactions or give orders to trade, which give or are likely to give, false or misleading signals to the price of instruments
 - manipulate the price of instruments via other forms of deception.
- **Energy specific definition of market manipulation is necessary** to guarantee regulatory clarity and certainty for market participants
 - Regime needs to address issues such as power production or trading / sales activities, i.e. withdrawing capacity, imposing high prices, etc.

- **Regulatory Supervision** - needed to guarantee, monitor, check and enforce compliance with EU Regime
- **Regulatory supervision must include consist of rules** covering:
 - competent regulator (ACER, nat. energy or financial regulators?)
 - powers of regulators (monitoring, prohibition, enforcement)
 - information for Regulators (Record Keeping, Reporting)
 - information exchange between regulators



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