

22. Madrid Forum Agenda item 10

REMIT vrs. MIFID II

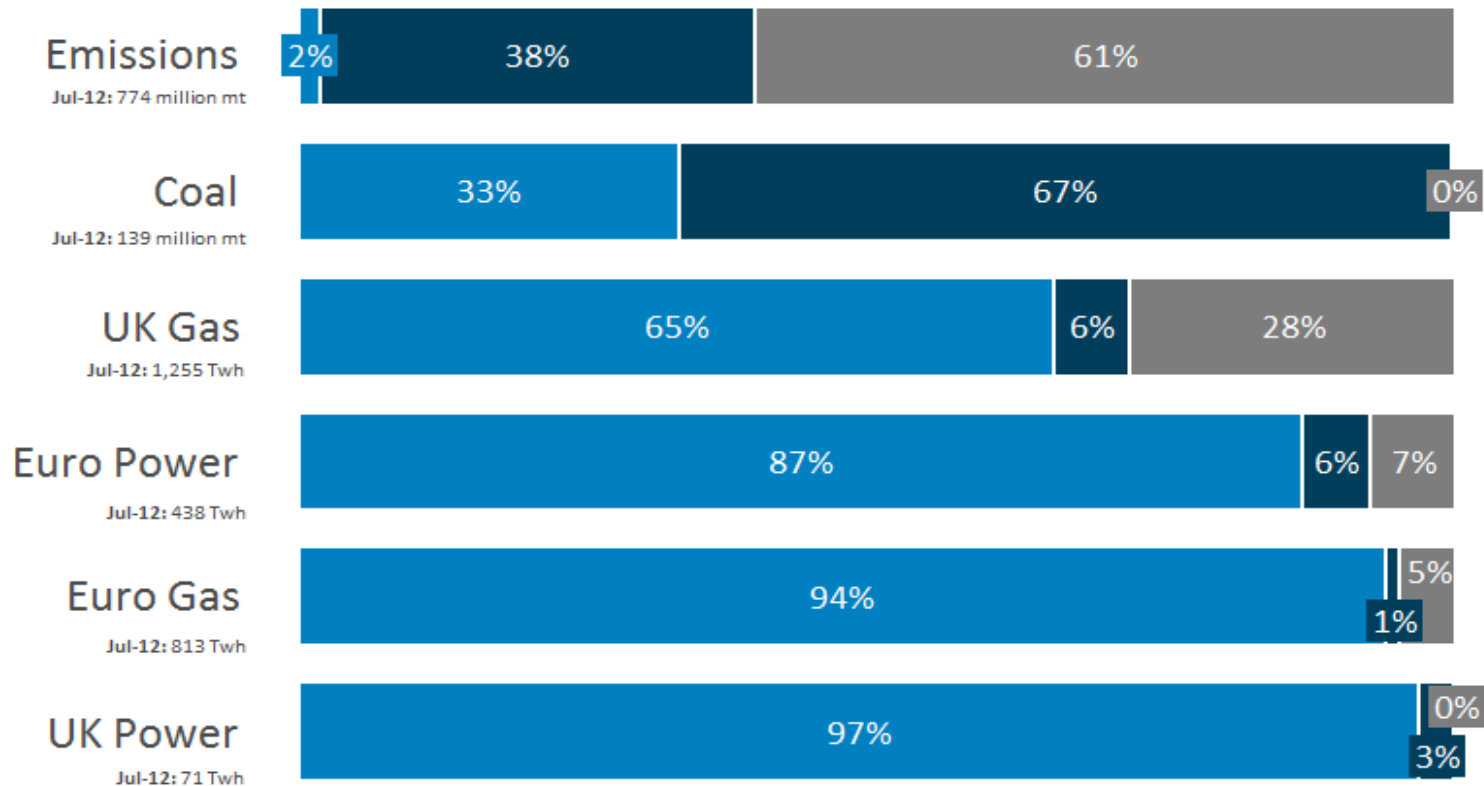
- REMIT is designed as tailor made solution for gas and power markets, fully implemented by 2014. ACER 2nd Guidance clearly states physical forwards are within scope of REMIT
- Legislative process on MIFID II may reduce scope of REMIT to just within day / day ahead trades ("spot").
 - Definition of a Financial Instrument (Annex 1 Sec C)
- Physical forwards are NOT financial instruments, but if caught by MIFID II, then they will be regulated by ESMA not ACER and will need to be "cleared"
- Adverse implications for market liquidity needed for liberalisation through 3rd Energy Package.

Encourage Member State energy / finance attaches to discuss the issue that is primary concern of energy industry

EU Traded Market

OGP

Information as at: 31 July 2012



Most EU Energy trades are Physically Settled Forward transactions (light blue). If defined as Financial Instruments, then increased costs and reduced volumes are unintended but inevitable consequence.