



# Market integrity framework and transparency

Florence, 23 May 2011

## General Policy Messages

- We support EC initiatives to increase transparency and integrity of energy and carbon markets.
- Energy Companies (as well as industrial players trading in energy & carbon markets) are substantially different from Financial Institutions: they do not pose systemic risk, do not provide investment services, do not deal with non-professional retail clients
- Financial Regulation (MiFID, CRD, MAD, EMIR) is not suitable for the Energy Sector and could create severe unintended consequences: higher costs for managing risks related to the commercial activity, higher entry barriers, lower liquidity and fewer players in the market
- The best approach for energy and carbon markets is a tailor-made regulatory framework, where ACER and NRAs play a central role. REMIT, Transparency Guidelines are the appropriate tools. The CEER pilot project (EU trade database) can also be a step in the right direction
- If nevertheless Financial Regulation was to be applied to wholesale energy markets, it must be ensured that energy companies are exempted from licensing and capital requirements of MiFID and CRD



## REMIT: Main EURELECTRIC Proposed Amendments

- **Definition of insider information to be linked with statutory requirements** (i.e. FD Transparency Guidelines): current EP version (compared to Council's one) provides more legal certainty and clarity to market participants
- Definition of **attempt of market manipulation should be deleted**: hard to prove and therefore impractical to be applied
- **No exception or delay should be allowed in disclosing fundamental data**, regardless of circumstances, players and markets (gas or electricity).
- Any **ring fencing mechanism** ("chinese walls") would be **inappropriate and disproportionate**: high operational, administrative and IT adaptation costs
- **EU-harmonised energy wholesale trading license, if introduced, should replace national requirements**: different MS options (i.e. license or registry) or additional and arbitrary requirements should NOT be allowed.
- **Non-standard products and orders to trades** (irrelevant for price formation) **should not be reported** systematically: very complex and burdensome. Non standard products can be reported to regulators upon request
- **Trade data published to the market only on anonymous basis**