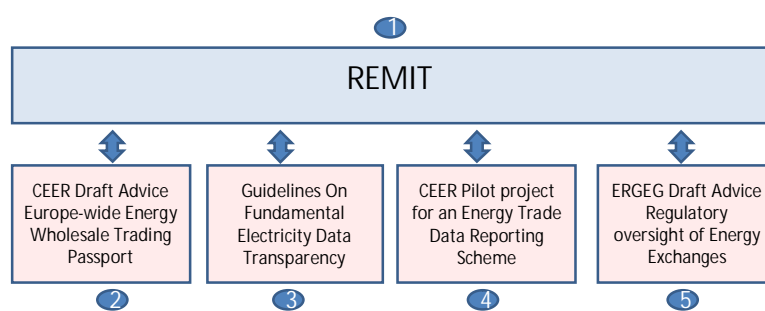


Position on Market integrity framework and transparency

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Framework



➔ A Single European Energy Market can first and foremost be achieved for wholesale markets ... and Energy Exchanges are some of the most visible results of the liberalisation

1. REMIT

- REMIT is an important milestone in further developing European energy markets, as it sets for the first time unified definitions on inside information and market abuse in energy trading.
- REMIT will thus overcome the current situation of multiple jurisdictions and will close the regulatory gaps that currently persist; it also pays tribute to the increasingly cross-border nature of transactions.

Implications for Market Participants

- New rules for business conduct to comply with, especially with regard to inside information and market abuse, including the requirement for a timely publication of any inside information (applicable as of Dec 2011).
- New reporting requirements concerning transaction data and structural data (can be delegated to third party, see above).
- Registration requirement at the national regulatory authority for all market participants.



Energy Exchanges help to fulfill market participant's requirements

3

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2. Wholesale Trading Passport

- Providing safe, reliable and transparent trading conditions is our primary objective – the admission of new members is one of our core competences (e.g. KYC-rules, trading exams)
- Complementary to exchanges clearing houses / central counter parties have sophisticated rules regarding the posting of collateral and credit
- Against this backdrop we welcome that the importance of special requirements for trading activities related to trading venues and central counter parties are recognised and therefore not in scope of the recommendations

Potential Implications for Market Participants

- We underline the need for a central list hosted by ACER including all registered trading companies falling under REMIT making the new rules better applicable.
- This will also be beneficial in the fight against cross-border VAT-fraud as fraudsters are better traceable throughout Europe.



We welcome the idea of a harmonised registration system throughout Europe

4

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3. Guidelines on Fundamental Electricity Data Transparency

Transparency

ERGEG Comitology Guidelines, Clause 3.1

"TSOs, electricity generators, electricity consumption units and DSOs who are the primary owners of the data shall submit all information and data specified in these guidelines to the data providers to enable publication according to the requirements set out in these guidelines."

Integrity

REMIT, Recital Clause (15)

"Reporting obligations should be kept to a minimum and not create unnecessary costs or administrative burdens for market participants. The uniform rules for reporting should therefore undergo an ex ante cost benefit analysis and avoid double reporting. Therefore they should take account of reporting frameworks developed under other relevant legislation. Furthermore, the required information or parts thereof should be collected from other persons and/or existing sources where possible."

- What do Transparency & Integrity have in common? **INFRASTRUCTURE**
- What is the common challenge? **USE OF EXISTING INFRASTRUCTURE**



Build on many years of experience by Energy Exchanges!

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5

4. CEER Pilot Project for an Energy Trade Data Reporting Scheme

- The 2011 European Transparency Award was assigned to the CEER Pilot Project Energy Trade Data Reporting Scheme which "showed that an effective European monitoring of wholesale energy trading based on a largely electronic data collection will be challenging, but is feasible." (Florence School of Regulation)
- It serves as a prototype for the implementation of the Regulation on Energy Market Integrity and Transparency



Energy Exchanges contributed to the success of this project and will play a pivotal role in providing data for wholesale energy markets.

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6

5. Draft Advice on Regulatory Oversight of Energy Exchanges

- Basis: To comprehensively understand the status of Energy Exchanges in Europe it is important to note that EEs statuses differ due to national legal regimes and economic conditions. They can, e.g., exist as profit or non-profit organisations, be mandatory or non-mandatory...

Proposal for an oversight/supervision framework of Energy Exchanges

- 1.The principle of subsidiarity must be acknowledged
- 2.Oversight / supervision of the Energy Exchanges' compliance with regard to their core functions constitutes a general requirement
- 3.General frameworks of the organisation of Energy Exchanges to be subject to National Regulatory Authorities' (NRA) or competent authorities' oversight / supervision
- 4.An essential prerequisite: The harmonisation of the NRAs' role
- 5.REMIT first
- 6.Fundamental Data Transparency: Using existing infrastructure
- 7.No regulatory issue with regard to market making

Clarification: Oversight / supervision and harmonisation of the general principles of the organisation of Energy Exchanges is to be distinguished from, and should not go as far as, the harmonisation and the regulation of the overall market design. Market coupling related to implicit capacity allocation should be seen as a specific activity which could be regulated.



Thank you for your attention!

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