

Response by Europex:

Public Consultation PC_2014_R_02 on Trade Reporting User Manual

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I. Introduction

The draft Implementing Acts („IA“) to the Regulation (EU) No 1227/2011 on wholesale Energy Market Integrity and Transparency („REMIT“) provide that ACER shall explain the details of information reportable under REMIT and IA in a user manual.

Europex welcomes the opportunity to take part in the consultation on the proposed Trade Reporting User Manual (TRUM). As many issues have already been consulted upon, the present response explicitly refers to the Europex response to *Public consultation on technical requirements for data reporting under REMIT & ACER Guidelines for the registration of Registered Reporting Mechanisms and for the registration of Regulated Information Services*.

The current draft REMIT Implementing Acts stipulate that reporting obligation for transactions in standardised contracts, including orders to trade, will begin six months after the adoption of the IA by the European Commission. Precise clarification of the requirements for the reporting entities is indispensable for an undisturbed launch of the reporting obligation in the wholesale energy market.

Europex would like to strongly emphasize that the proposed timeframe of six months for the implementation of reporting channels is not adequate given the scope and complexity of this project, which encompasses sensitive business data. Any technical or security failure in reporting communication could negatively affect the whole energy market. The necessary technical information required to build reporting channels (e.g. data integrity, signing and encrypting of data and authentication of parties) has not been explained so far. Europex would expect the TRUM to be a source of detailed information on these issues.

It should be emphasized that REMIT does not require energy exchanges to report the trading data on behalf of their members. The legal obligation to provide the data to ACER lies with market participants. However, for the case that exchanges are willing – in the light of the possibility foreseen in art. 8(4) of REMIT – to provide the service of reporting transactions and orders to trade on behalf of their participants, it is necessary to ensure a common understanding of the details regarding information to be reported.

Related Europex response:

- Public consultation on technical requirements for data reporting under REMIT & ACER Guidelines for the registration of Registered Reporting Mechanisms and for the registration of Regulated Information Services.

The response can be found on the Europex website under the Working Group on Financial, Integrity & Transparency (WG FIT) section: http://www.europex.org/index/pages/id_page-43/lang-en/

II. Europex comments.

- 1) The Agency currently understands that the attached data fields (see Annex I of the draft TRUM) for the reporting of transactions in standardized and non-standardized contracts will be included in the Commission's implementing acts. Please provide us with your views on the attached data fields.

i) Annex I: Table 1 - Data fields for the reporting of records of transactions in standardized supply contracts.

Please see the Table with Europex comments attached.

ii) Annex I: Table 2 - Data fields for the reporting of records of transactions in non-standardised supply contracts.

No answer.

- 2) Please provide us with your general comments on the purpose and structure of the draft TRUM, annexed to the consultation paper.

The structure and content of the TRUM corresponds with its purpose. The TRUM is a requisite tool for market participants obliged to report wholesale energy market trade data under REMIT. Europex welcomes the proposed periodic updates of the TRUM and the new communication channel in the form of a newsletter.

However it should be noted, that the proposed version of the TRUM might require some more detailed explanations. Organized market places reporting on behalf of their clients need more specific indications on how to provide data that an organized market place does not have, e.g. in case of the beneficiary identification and the trading capacity of a client.

In line with the proposed wording of the REMIT IA, the TRUM states that the market participant has the responsibility to ensure that the third party is equipped to accurately and completely report the trade data to ACER on their behalf. However, energy exchanges do not know what risk is borne by market participants if their transaction data is not submitted on time by the third party reporting in their name. The TRUM should provide more detailed information on this issue.

Europex considers the TRUM as the main guidelines for reporting entities to develop reporting systems. In order to provide such a package of information, the following documents should be annexed:

- Map of the ACER format xsd, detailing all fields present in the xsd (links between them and cardinality), as it is the way to explain the structure of the format to the reporting entities;
- A table list with all fields to be reported, including format of the information (alphanumerical, text) and description of each field. It should be similar to the Annex I in

the proposed REMIT Implementing Acts, only with an additional level of detail (same as xsd);

- Specifications of the acknowledgements files provided to reporting entities;
- TRUM should be delivered along with documents already provided within the Pilot Project (annex I, xsd, etc.)
- Examples of how to report blocks, IDM, DAM, hourly, etc.

Furthermore, the IT communication standard is missing in the TRUM. More technical information regarding the data integrity and confidentiality (encryption, SHA), authentication of parties (sender/recipient) should be included. Information about the “Support and service” is missing. It should also include information such as the contact details of ACER service desk (necessary in case of technical problems with data submission), timetable or ACER noticeboard with information about (un)availability of database or planned upgrades.

- 3) The Agency has currently identified a set of standard formats to be used in the reporting framework (see Chapter 5 of the draft TRUM). Do you consider these standard formats relevant? Are there any other standards that the Agency should consider?

Europex supports the introduction of an exhaustive list of general standard formats for the reporting framework. The LEI, EIC, BIC and GS are considered relevant. However, for integrity purposes, the use of ACER code should be the general rule for data reporting under REMIT.

For further comments on the Standards and formats for reporting please see the Part 1 of Europex *Public consultation on technical requirements for data reporting under REMIT & ACER Guidelines for the registration of Registered Reporting Mechanisms and for the registration of Regulated Information Services*.

- 4) Please provide us with your views on the field guidelines for the reporting of transactions in standardised supply contracts (see Chapter 6 of the draft TRUM).

Fields No 8, 10: Beneficiary Identification of the market participant or counterparty referenced in field no 1 and Trading capacity of the market participant or counterparty in field no 1.

As already mentioned in the previous EUROPEX comments, energy exchanges strongly oppose to being obliged to provide this information. The exchanges, as trading venue providers, are neither in possession of such information nor are legally entitled to request it from their members. In case of exchange-based transactions, the exchange will only be able to identify the market participant that entered into these transactions. It will not be able to determine who the final beneficiary of the transaction is and whether the market participant acted as a principal or agent.

Europex suggests that an energy exchange reporting transaction on behalf of its member should indicate the clearing house as the beneficiary. In the event that there are other companies that hold the final position in the end, a separate bilateral transaction would have to be reported to reflect this fact, if relevant.

Alternatively, these fields should be marked as „non-applicable“ in case of transactions reported by the exchange on behalf of market participants.

Fields No 28 and 31: Transaction ID and Transaction reference number.

If the organised market place reports on behalf of market participants, these fields will have the same content. Therefore, in order to avoid unnecessary multiplication, the field no 31 should be removed or marked as „not mandatory“ in case of transactions reported by the exchange on behalf of market participants.

Field No 50: Delivery zone.

The name of the field is „Delivery zone“. Whereas the first line of its explanation in the TRUM describes it as „delivery bidding zone“. The name and content of the field should be the “bidding zone”.

- 5) Do you agree that for the reporting of energy derivatives, the same standards that apply under EMIR and MiFID should apply under REMIT (see Chapter 7 of the draft TRUM)?

Europex agrees that if applicable to markets covered by REMIT, the same standards for the values required by each field of information should equally apply under REMIT, MiFID and EMIR. However, it must be noted that REMIT comprises more elements of information than MiFID and EMIR. Therefore, especially in case of orders to trade, a specific standard should be applied.

- 6) The Agency intends to include in the TRUM guidance on how trade reports shall be reported for different trading scenarios (see Chapter 8 of the draft TRUM). Please provide us with your views on which trading scenarios you would consider useful to cover in the TRUM.

Please refer in that respect to the ACER expert working groups.

- 7) Please provide us with your views on the section in the draft TRUM related to data integrity (see Chapter 9 of the draft TRUM).

9.1. Transaction Reporting Arrangements with Reporting Mechanisms

Europex fully agrees with the view that market participants have the ultimate obligation of ensuring the accuracy and completeness of the transaction reports the Agency receives. Art. 8 of REMIT is clear about market participants being the only entities obliged to report the trade data under REMIT. The energy exchanges should not be perceived as obliged to report

transactions in any circumstance. However, it must be noted that if a market participant decides to use the exchange as the third party Registered Reporting Mechanism, it cannot have the unlimited possibility to check the service provided by that RRM. RRM's are subject to numerous requirements and standards, fulfillment of which is verified upon registration at ACER. Therefore, the review of RRM's compliance with REMIT from market participants' perspective should be limited to the accuracy and completeness of the submitted reports on the basis of receipts provided.

Furthermore, it should be emphasized that no simplified registration procedure should be offered selectively to individual entities applying for the RRM status. The registration procedure is important to ensure the quality of data provided by RRM's. To deliver this quality consistently, all RRM's should be generally obliged to follow the same registration procedure. For further comments on the Requirements for Registered Reporting Mechanisms please see the Part 2 of Europex *Public consultation on technical requirements for data reporting under REMIT & ACER Guidelines for the registration of Registered Reporting Mechanisms and for the registration of Regulated Information Services*.

9.2 Validating Transaction Reporting

The validation facility for reporting market participants will be provided by the Agency. However, the TRUM does not specify what kind of validation mechanism will be provided for RRM's. As the validation mechanism will most probably have a form of a receipt of transactions not available until 23:59:59 2 days after the transaction occurs, a two-step validation system should be considered: 1) confirmation of the receipt of the report; 2) confirmation of the correctness of the reported data. Notice should be taken in situations of a time change in spring and autumn (23 or 25 business hours).

III. RRM's – General Comments.

Comments on section 5 "How to send transaction reports to ACER?"

5.1 Operational Reliability: The chapter is too vague to answer the stated question, especially that RRM requirements are to be detailed in another document ("ACER Requirements for Registered Reporting Mechanisms"). ACER should provide detailed information on the eventual operational evolutions of the format. E.g. what happens if the format should change and what happens if an exchange offers a new product?

5.2 Data quality: Although Europex generally agrees with the formats provided, it should be explained how the confidentiality of information will be maintained. Will ACER provide any guarantees, e.g. giving the possibility of audit.

Registration of RRM's

According to the TRUM, market participants must inform the Agency whether they wish to rely on third party RRM's reporting on their behalf and identify the relevant RRM in their registration

form. It must be noted that the complete requirements for RRM will be adopted in line with the IA. According to Art. 9(2) of REMIT, the registration of market participants shall commence three months after the adoption of the IA. Taking into consideration that market participants will be asked to provide the code of the RRM ,although Europex generally agrees with the formats provided, an explanation of how the confidentiality of information will be maintained should be provided. Will ACER provide any guarantees, e.g. giving the possibility of audits) chosen upon registration at CEREMP, RRM will only have three months to ensure they comply with the requirements and to register at ACER. As the timeframe is strict and there is a risk of not registering in time, ACER should explain how situations like this will be handled.

Technical Problems

In case of prolonged technical problems of an RRM, the TRUM allows the Agency to request a market participant to report transactions through another RRM. Please note that normally an RRM will be customized to comply with the concrete market characteristics. Therefore, a direct switch of that market participant to another RRM will not be easily possible.