

2022 Roundtable meeting with OMPs

16 June 2022 from 10:00 to 16:15

Microsoft Teams session

MINUTES

(Chatham House Rule, no names in quotes during the meeting)

Represented institutions	Remarks
42 Financial Services	
ACER, MIT department	
ACER, MSC department	
ARRACO Ireland Limited	
BSP d.o.o.	
Bulgartransgaz	
Cavendish Markets B.V.	
CRE	Observer
EFET (European Federation of Energy Traders)	AEMP, joined for Agenda item 4
EPEX SPOT SE	
Eurelectric	AEMP, joined for Agenda item 4
European Energy Exchange AG Regulated Market	
Europex	
GME	
Griffin Markets Europe SAS	
HENEX SA	
HUPX Ltd.	
ICE Futures Europe	
Independent Bulgarian Energy Exchange	
IOGP – International Association of Oil & Gas Producers	AEMP, joined for Agenda item 4
LEBA	
Marex Spectron Europe Limited	

Represented institutions	Remarks
Mibgas	
Nasdaq	
Nord Pool AS	
OMIE	
PRISMA European Capacity Platform GmbH	
Tradition Financial Services Ltd	
UAB GET Baltic	

1. OPENING

1.1 Introduction and approval of the agenda

After the welcome address and the introduction of the presenters, the agenda of the meeting was approved.

2. GUIDANCE ON TRANSACTION REPORTING

ACER presented the revision of Transaction Reporting User Manual (TRUM) v5.1, Annex II v4.2, Annex VII v1.1 and Frequently Asked Questions (FAQ) on Transaction Reporting v14 under consultation. The purpose of the revision is to make the aforementioned publications clearer, simpler, and more complete. Additionally, new FAQs on transaction reporting were included. Moreover, an overview of the update together with a brief guide on how to consult the documents under review was presented.

ACER announced that the consultation will continue until the 8 July and that the updated guidance documents were expected to be published by the end of October 2022.

Then, ACER presented the main modifications made to the TRUM and its annexes, highlighting that the modifications had been mainly triggered by the data quality analysis on brokers' data. In the TRUM, clarifications had been proposed on the reportable contracts and derivatives related to wholesale energy products concluded outside EU. Additionally, amendments regarding the topics of Direct Market Access were presented, discussing the role and reporting obligations of the DMA provider (i.e. the entity offering the service) and the DMA client (i.e. the entity using the service) from a REMIT perspective.

ACER described the three new examples included in Annex II to TRUM, along with updates of other examples. ACER stressed that the two new examples on spread contracts were aimed at providing an example of different types of spread, but in terms of guidance confirm what was already indicated in the existing example.

Annex VII to the TRUM included a clarification on the guidance for reporting lifecycles events of transactions, with a special focus on orders lifecycle in the current revision. Also some rewordings and editorial changes had been introduced throughout the document for the sake of clarity and completeness. The clarifications included cases, such as reporting of the simultaneous event of PMA, the automatic refill of Hidden Volume (HVO) orders, and reporting of the end of the orders' lifecycle in case of different order durations. In addition, in order to indicate the first lifecycle event of an order, two additional combinations of Order status and Action type had been introduced.

Concerning the FAQs, ACER presented the updated FAQ on the reporting of gas transportation contracts and the two new FAQs: on trade-at-settlement (TAS) and on trades concluded bilaterally or on a broker platform subsequently cleared on an exchange-type OMP. ACER opened the floor for discussion to hear the participants' views on the proposed amendments.

ACER also presented a way forward and announced future projects: new Annex II to the TRUM with examples in XML versions and a potential transaction reporting guidance simplification.

Then, ACER asked the participants for input on how the transaction reporting guidance documents could be more user-friendly. Some stakeholders suggested to improve the TRUM

web version for copy-pasting and searching, others suggested to add more examples. Another added that it would be useful to organise the TRUM based on specific stakeholders.

ACER concluded by pointing out that the REMIT Documents section had been migrated from the REMIT Portal to the ACER website and organised in a new way, including short descriptions to facilitate the navigation. The link to the new REMIT Documents section is available on the REMIT portal.

3. OMP DATA ANALYSIS

ACER's presentation was split into two topics. The first topic was OMP data reconciliation and the second one was Clarification and alignment of terminologies.

In terms of OMP data reconciliation, ACER proposed to share with individual OMPs their specific information, for example, aggregated statistics, lists of MPs reporting transactions on the OMP, market liquidity analysis, etc. ACER invited the Roundtable participants to discuss whether OMPs are open to reconcile information and inform ACER about potential data quality gaps.

Such a reconciliation would be extremely useful in achieving better data quality, especially as the full set of OMP order book can now be sent through multiple RRM, creating a possibility of losing or duplicating information. Furthermore, in the current reporting regime, the MP or RRM can send a report referring to an OMP even if the volume is not really traded on that OMP. A stakeholder pointed out that in such cases where an OMP would also receive data that is wrongly reported to take place on an OMP, this cooperation could potentially lead to issues related to the sharing of confidential data. ACER explained that the idea is to either share aggregated data (no confidential information, such as the price or position of an individual MP, would be revealed) or lists (without further details).

Overall, the responses on the willingness of OMPs to reconcile such information was limited and somewhat affirmative.

ACER continued by asking what statistics can be published in the REMIT Quarterly or Market Monitoring Reports (MMRs). A stakeholder answered that any data related to an OMP should not be published (for example, volumes should not be reported with the breakdown of OMPs).

Furthermore, ACER asked the stakeholders whether the terminology in the energy regulation is a problem. Participants agreed that the same terms are used differently in different environments and that this is occasionally a problem when reading REMIT guidance to understand which specific meaning of the term is meant in the text. Additionally, some participants commented that the terminology used by ACER is different from the one used in the financial markets. ACER pointed out that it is trying to improve this, but that first it wants to focus at least on the consistency in the reporting terminology within its guidance. It is also to be noted that sometimes some financial terms are used differently in the energy sector, not due to regulation but simply due to the different usage of jargon.

4. DISCUSSION ON ISSUES OF MUTUAL INTEREST TO OMPS AND AEMPS (PROVIDED BY MEETING PARTICIPANTS), INCLUDING MARKET SURVEILLANCE AND CONDUCT TOPICS (JOINT AEMPS-OMPS SESSION)

ACER introduced one of the two AEMPs who gave a presentation on the proposal related to market surveillance and conduct topics.

The first topic was a reflection on the new market manipulation types introduced by ACER in the REMIT guidance. A question was asked whether the “Smoking” strategy is considered a prohibited strategy. ACER first wanted to clarify that all types of practice included in section 6.3.2. of the ACER Guidance (including this one) could constitute, under some circumstances, market manipulation, but that these practices should be regarded as a starting point when considering if a behaviour gives rise to indications of a REMIT breach and not as an end point. In particular, the aim of this type of practice (“Smoking”) is to create a perception that there are orders and executions at some price level in a setting where these orders display in the screen for a very short period of time, usually as a flash (just enough to give other traders the impression they missed some ‘potential’ deal and triggering them to introduce some orders that they would otherwise not place in the absence of these flash orders at price levels similar to the ones observed in the flash orders).

The stakeholders also asked whether the practice known as “Phishing” includes orders for general price discovery. ACER explained that the aim of including this type of behaviour was to cover situations (mostly in the context of algorithmic trading) where the orders (phishing) are placed to understand the logic of the algorithm of some other MP and use this information to create a setting for the algorithm to introduce orders and transactions at volumes and prices that would not happen in the market under normal circumstances.

The next practice for which the stakeholders asked for further clarification was about opening a position and closing it immediately after its public disclosure. ACER clarified that the key aspect of this practice is not the opening and closing of the position but rather the public disclosure of the position itself with the intention to influence others and thus benefiting from others taking the same position and then closing it.

On the topic of creating a floor or a ceiling in the price pattern, the stakeholders asked when such a floor or ceiling is considered as created and if an “iceberg order” or a “good till cancel” order is now considered suspicious. ACER clarified that this practice can lead to a situation where the combination of strategies is organised in a way that the price cannot go beyond a certain level defined by the user.

ACER concluded this topic by explaining that in 2022 and 2023 ACER does not plan to publish any further guidance or Q&As on this topic, given that the last Guidance edition is very recent. ACER is instead collecting all the questions received and deciding for which aspects more clarification is needed and should be included in further Q&As or revisions of the ACER Guidance.

Next, the stakeholders asked whether ACER sees any concerns for potential market abuse due to the turmoil experienced over the past months, and whether ACER could share some findings that the stakeholders could use to raise awareness in the industry. ACER’s surveillance team pointed out that the main findings are addressed to and processed by NRAs and cannot be shared with MPs. ACER stressed the reliance on OMPs and MPs using the notification platforms and invited again to screen and notify on the surveillance platform any suspicious behaviour.

Another participant raised the question of when the Q&A on inside information related to assets outside of the EU would be expanded. ACER stated that if there are any good proposals on concrete examples that should be included, they should be brought to ACER's attention. ACER stressed that given the current volatility of prices, the market was very sensitive to new information. As a result, the MPs should carefully assess if they hold inside information, as the current setting may lead them to be in possession of information with which they rarely deal. The ACER Guidance explains that the concept of inside information goes well beyond the information on outages. For example, relevant changes in the use of facilities (like storage, pipelines, etc.) need to be disclosed under REMIT.

Another presentation was given by an AEMP on a case of reporting in particular conditions (e.g. continuation of reporting after company takeover). The stakeholder described several challenges faced while trying to proceed with life cycle reporting in this particular case. The stakeholder pointed out that in some cases, Annex VII is very difficult to implement with regard to the reporting of novation and stressed that the novations are easier to address on the CEREMP level than on the guidance level. Another stakeholder stressed that novation reporting is a burden and that it pollutes the data without providing useful data. ACER invited the stakeholders to elaborate on this topic via the Annex VII survey and propose amendments to the guidance.

ACER reminded the OMPs that the Roundtable meeting would split in two parallel sessions dedicated to Exchanges and Brokers.

5. ANY OTHER BUSINESS

No other business to discuss.