



Assessment of the Operation of Different Categories of Market Places and Ways of Trading

In accordance with Article 7(3) of Regulation (EU) No 1227/2011 on wholesale energy market integrity and transparency (REMIT), the Agency for the Cooperation of Energy Regulators ('the Agency') shall annually assess the operation and transparency of different categories of organised market places (OMPs) and ways of trading. The assessment is based on information derived from REMIT databases, i.e. the Agency's REMIT Information System (ARIS). Even though 2018 has been marked by the transition of ARIS to the system integrator, the Agency still managed to increase its data sharing and transparency activities.

Wholesale energy market segments and products

Wholesale energy trading can take place on OMPs, such as exchanges and brokers, or bilaterally. Trades on OMPs are done with standard contracts¹, while bilateral trades may be done with both standard

contracts and non-standard contracts. Furthermore, contracts can be broken down by contract type (e.g. futures, forwards), which typically indicates the level of standardisation, the optionality of the contract, and its settlement. Contract settlements can be financial or physical. Physically settled contracts involve the physical delivery of the traded commodity over an agreed period, following an agreed delivery profile; typical standardised profiles for electricity are 'base load', 'peak load' and 'off-peak', while the most used profile for natural gas is the 'base load' profile. Further information can be found in the guidance published on the REMIT portal at <https://documents.acer-remit.eu>.

Since the launch of REMIT data collection, the amount of the collected REMIT data has increased significantly. The number of records of transactions (trades – including executions, bilateral trades, non-

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standard contracts, and orders) has already grown to almost 1.9 billion (Figure 1), with each record having further 50 corresponding data points. The vast majority of these records are orders to trade (84%), followed by records representing trades (16%). In addition, ARIS also contains information on more than 70 OMPs and 13,800 market participants, as well as fundamental data. While such large amounts of data, the versatility of energy markets, and a considerable number of reporting parties (there are currently 119 registered reporting mecha-

New validation rules

In November 2018, the Agency introduced two new validation rules* in ARIS related to the reporting of delivery points or zones in Table 1 and Table 2.

After the implementation of the rules, a delivery point or zone may be identified only by using an accepted Energy Identification Code (EICs). All unsuitable records of transactions are rejected and need to be correctly resubmitted to the Agency. The complete list currently contains 633 EIC codes and is published on the Agency's List of Accepted EICs, accessible via the REMIT portal. The Agency will update the list if required.

To allow for a smoother transition, both validation rules were enabled in two stages. The first stage was implemented on 5 November 2018 and enabled the Agency to accept only records of transactions indicating an accepted or mapped EIC code. Accepted codes are EIC codes defined according to the guidance provided in Annex Vi to the Transaction Reporting User Manual (TRUM); mapped codes are EIC codes which are mapped to an accepted EIC code. The second stage was implemented on 19 November 2018. Since then, the Agency accepts only records of transactions indicating an accepted EIC code.

Due to the effective collaboration of the Agency and the reporting parties in both 2017 and 2018, the introduction of the rule

was successful and resulted in only a small number of rejected records. While the reporting parties used more than 4,000 different EIC codes before the end of 2017, the number dropped significantly in the course of 2018. Similarly, the number of transactions using an accepted EIC code grew from 91% to 96% by the end of Q2 2018 and neared 100% in the course of November 2018. After the implementation of the second stage of the validation rules, the Agency determined that less than 0.005% of record rejections were due to the use of an invalid EIC code.

* Validation rules are described in detail under reference identifiers 2ADPDPOZR1 and AT2F41R1 in the [Agency's REMIT Information System Data Validation](#).

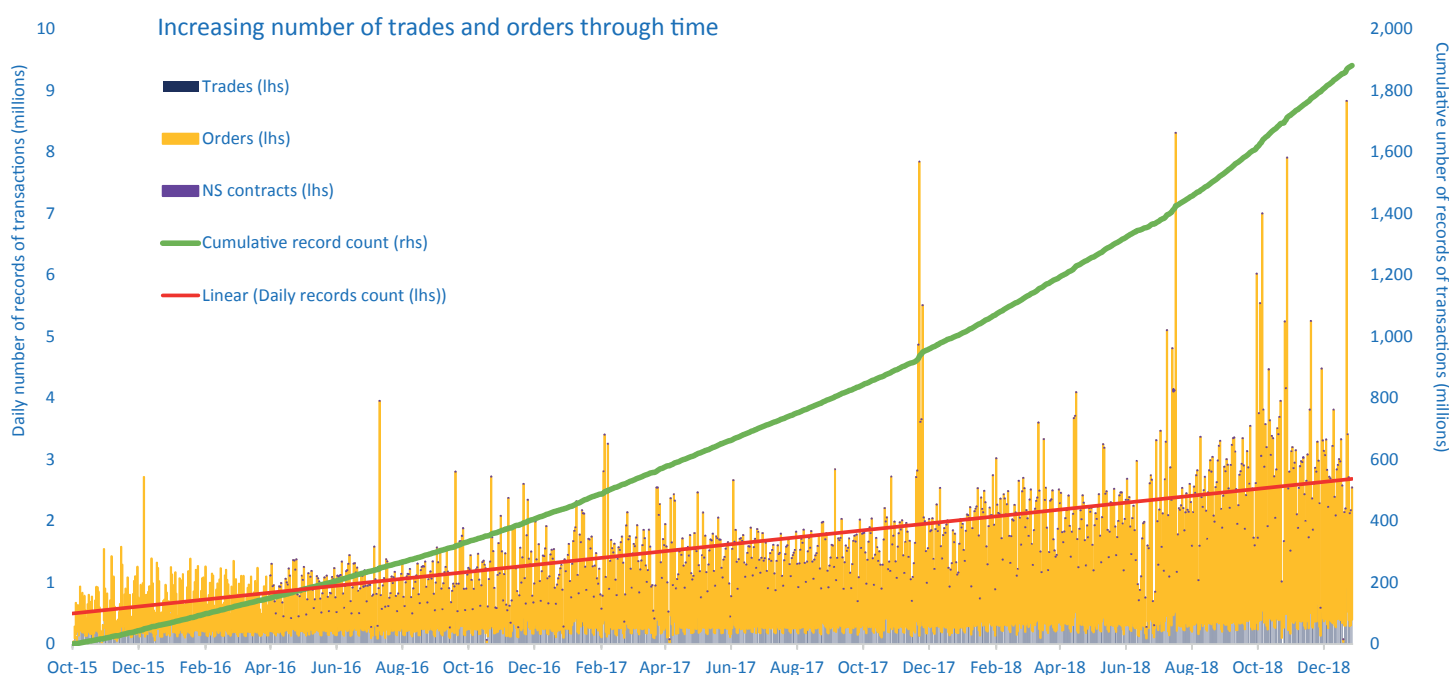
nisms submitting data to ARIS) present quite a challenge for data quality, they will also enable the Agency to provide a better and more insightful view of energy markets going forward.

The vast majority of records of transactions (77%) are reported for electricity

markets, where the most traded type of contracts remains the continuous contract (Figure 2). Gas records of transactions, which present remaining 23% of all transactions, are mainly done with futures and continuously traded physical contracts. It should, however, be noted that these numbers only indicate the liquidity of the

two markets and should be combined with volumes and bid-ask spread information in order to determine the liquidity and size of the entire energy market. The Agency is still in the process of assuring the completeness and accuracy of the reported information on traded volumes and will include them in its reports in the future.

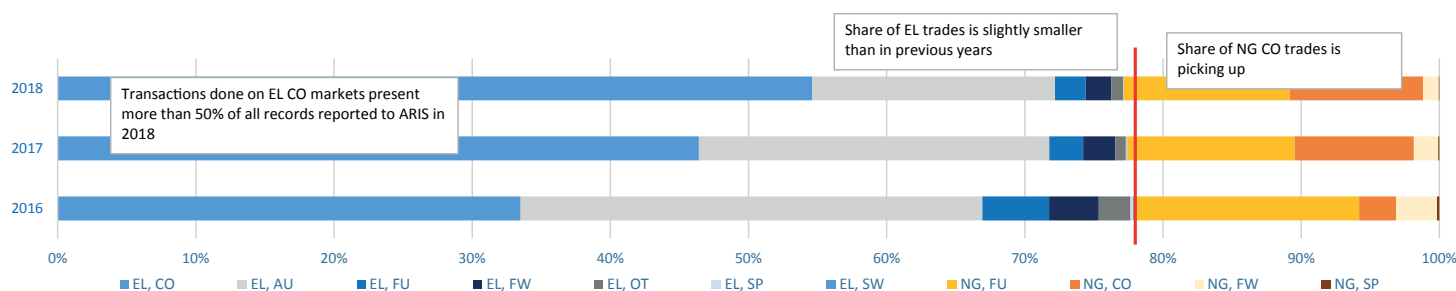
Figure 1 The Agency collects around three million records of transactions per day



Source: ACER.

Notes: Trades include both standard trades and bilateral trades. Bilateral trades include one-off bilateral trades as well as executions of non-standard contracts.

Figure 2 Collected records of transactions statistics per contract type and commodity



	AU	CO	FU	FW	OP	OP_FW	OP_SW	OT	SP	SW	Total	
2016												
Electricity	116,720,929	116,985,985	16,848,815	12,583,023	1,265	1,990	1,205	113	7,992,040	706,332	336,056	272,177,753
Gas	94,252	9,334,930	56,779,170	10,296,180	3,829	25,721	1,529	55	9,642	629,439	48,252	77,222,999
2017												
Electricity	138,452,238	253,380,078	13,426,414	12,684,776	1,803	2,240	787	7	4,174,815	305,487	211,199	422,639,844
Gas	128,823	47,113,225	66,164,202	9,607,099	8,509	26,524	2,160	128	17,605	470,807	57,756	123,596,838
2018												
Electricity	143,187,728	445,259,430	18,074,725	15,142,955	2,763	979	2,001	16	6,899,742	259,759	138,030	628,968,128
Gas	108,687	78,625,525	97,938,831	9,274,217	4,016	44,400	1,765	49	23,698	388,415	59,489	186,469,092

Source: ACER.

Notes: Abbreviations EL and NG denote electricity and natural gas commodity; different type of transactions are marked using AU for auction, CO for continuous, FU for futures, FW for forwards, OP for options, OP_FW for options on forwards, OP_SW for options on swaps, SP for spread, SW for swap and OT to identify other type of transactions. Numbers used in chart are expressed in percentages and are based on number of reported records of transactions in 2018 presented in the table. Types of transactions representing close to 0% (e.g. OP_SW) of all records are excluded from the chart.

List of organised market places and list of standard contracts

As in previous years, the Agency has maintained the List of organised market places and the List of standard contracts in 2018 as well.

The List of OMPs (available at <https://www.acer-remit.eu/portal/organised-marketplaces>) allows market participants to identify relevant OMPs and their reference data. In 2018, the collected records of transactions were concluded at 59 different OMPs, which is ten fewer than in 2017; excluding renamings and OMP mergers, three OMPs have been delisted from the List of OMPs, while records of transactions were newly reported to take place at three OMPs. Records of transactions have stopped being reported to take place at seven OMPs. Altogether, reporting parties did not report any concluded trades at 14 listed OMPs. The OMPs for which records of transactions have been recorded stem from 23 different European countries.

The List of Standard Contracts (available at <https://www.acer-remit.eu/portal/standardised-contract>) specifies the supply contract types for which the standard reporting form is applicable². The List of Standard Contracts is not meant to assign unique identifiers to the contracts listed, nor will the collected information be used for matching against the transaction reports. The number of listed standard contracts increased from around 13,000 on 31 December 2017 to around 13,800 on 31 December 2018³.

Table 1 shows the contract types reported per OMP in 2018. Due to potential data quality issues, there may be some discrepancies between the data and the publicly available information. According to Article 11(2), first subparagraph, of Commission Implementing Regulation (EU) No 1348/2014, persons required to report data shall bear the responsibility for the completeness, accuracy and timely submission of data to the Agency, and should address potential reporting issues as defined by the Agency.

European Register of Market Participants - CEREMP

At the end of 2018, there were 13,840 market participants registered in the Eu-

Table 1 Contract types collected in 2018 per OMP

OMP name (ordered from A-Z)	Country	Contract types reported
42 Financial Services	CZ	FU, FW, OP_SW, SP
ARRACO GLOBAL MARKETS LTD	GB	FU, FW, OT, SP, SW
BGC Brokers L.P.	GB	FU, FW, SP, SW
Borsa Italiana S.p.A., IDEM - IDEX segment	IT	CO, SP
BRM (Bursa Romana de Marfuri)	RO	CO, FW, SP
BSP d.o.o.	SI	AU, CO, SP
Central Eastern European Gas Exchange Ltd.	HU	CO, FU, SP
Corretaje e Información Monetaria y de Divisas Sociedad de Valores SOCIEDAD ANONIMA	ES	FU, FW, SP
Croatian Power Exchange Ltd.	HR	AU, CO, SP
Energy Broking Ireland	IE	FW, SP
Energy Exchange Austria, EXAA	AT	AU, SP
Enterprise Commodity Services Limited	GB	FU, FW, OP_FU, OP_FW, OP_SW, SW
ETPA B.V.	NL	CO, SP
European Energy Exchange AG (OTF)	DE	FU, SP
European Energy Exchange Regulated Market	DE	CO, FU, OP, OP_FU, SP
EPEX SPOT	FR	AU, CO, SP
EPEX SPOT Belgium (former Belpex NV)	BE	CO
EPEX SPOT (former APX Commodities Ltd)	GB	AU, CO, FW, SP
EPEX SPOT (former APX Power B.V.)	NL	CO, SP
FGSZ Trading Platform Ltd.	HU	CO, SP
Gestore dei mercati energetici - GME	IT	AU, CO, SP
GET Baltic, UAB	LT	CO, SP
GFI Brokers Limited	GB	FU, FW, OP, OP_FW, OP_SW, OT, SP, SW
Griffin Markets Limited	GB	FU, FW, OP_FW, OP_SW, OT, SP, SW
HPC SA	FR	FU, FW, OP, OP_FU, OP_FW, OP_SW, SP, SW
Hungarian Power Exchange Ltd., HUPX	HU	AU, CO, FU, FW, SP
Iberian Gas Hub (Sociedad Bilbao Gas Hub, S.A.)	ES	FW, SW
ICAP Energy AS	NO	FU, FW, OP, OP_FW, OT, SP, SW
ICAP Energy Limited	GB	FU, FW, OP_FW, OT, SP, SW
ICE Endex Gas Spot Ltd.	GB	CO, FU, FW, SP, SW
ICE Endex Markets BV	NL	CO, FU, FW, OP, OP_FU, SP
ICE Futures Europe	GB	FU, OP, OP_FU, SP
Independent Bulgarian Energy Exchange	BG	AU, CO, FW, SP
Kaasupörssi Oy	FI	CO, SP
LAGIE S.A.	GR	AU, SP
Marex Spectron International Ltd	GB	FU, FW, OP, OP_FU, OT, SP, SW
MIBGAS DERIVATIVES S.A.	ES	FU, SP, SW
MIBGAS S.A.	ES	AU, CO, SP
N2EX/Nord Pool Spot AS	GB	AU, CO, SP
Nasdaq OMX Oslo ASA	NO	FU, OP_FU, SP
Nasdaq OMX Stockholm AB	SE	FU, SP
Nord Pool Spot AS	NO	AU, CO, FW, SP
OMIP - Pólo Português, S.G.M.R., S.A.	PT	FU, OP_FU, SP
OMI-Polo Español S.A, OMIE	ES	AU, CO, SP
Organizátor krátkodobého trhu s elektrinou, a.s.	SK	AU, CO, SP
OTCex SA	FR	FW, OP
OTE a.s.	CZ	AU, CO, SP
Polish Power Exchange, POLPX	PL	AU, CO, FW, OP_FW, OT, SP
Power Sprinter GmbH	DE	OT
Powernext non-MTF	FR	FU, SP
Powernext Spot & Regulated Market	FR	CO, FU, OP_FU, SP
PVM Oil Futures Ltd	GB	FU, OP
Romanian gas and electricity market operator, OPCOM S.A.	RO	AU, CO, FW, SP
Shard Capital Partners LLP	GB	FW, OP_FW
Single Electricity Market Operator, SEMO	IE	AU, CO, SP
SPX, s.r.o.	SK	FW, SP
Tavira Securities Ltd	GB	FW
Tradition Financial Services Ltd	GB	FU, FW, OP_FW, OT, SP, SW

Source: ACER.

ropean Register of Market Participants (CEREMP), which is 945 more than at the end of 2017 (Figure 3). The increase in the number of market participants is similar

to the one observed in previous years. This general trend can be attributed to (i) a greater transparency of the markets, and (ii) a higher degree of market integration

between national and regional markets. As a result, energy markets are more understandable, comprehensible, reliable, and have lower barriers to entry.

Figure 3 reveals that, compared to previous years, the number of active participants has increased. The gap between registered and active market participants is decreasing, which indicates a clearer understanding of the term 'market participant' and of registering requirements. Around 1,900 market participants started reporting in 2018 for the first time. It should be noted that, according to the Agency, an active market participant is one that reports any transaction reportable under REMIT.

Grouping market participants per country of registration reveals that market participants are registered in all 28 EU Member States. As in previous years, most market participants registered in Germany (31.7%), UK (10.1%), France (9.6%), and Italy (9.4%).

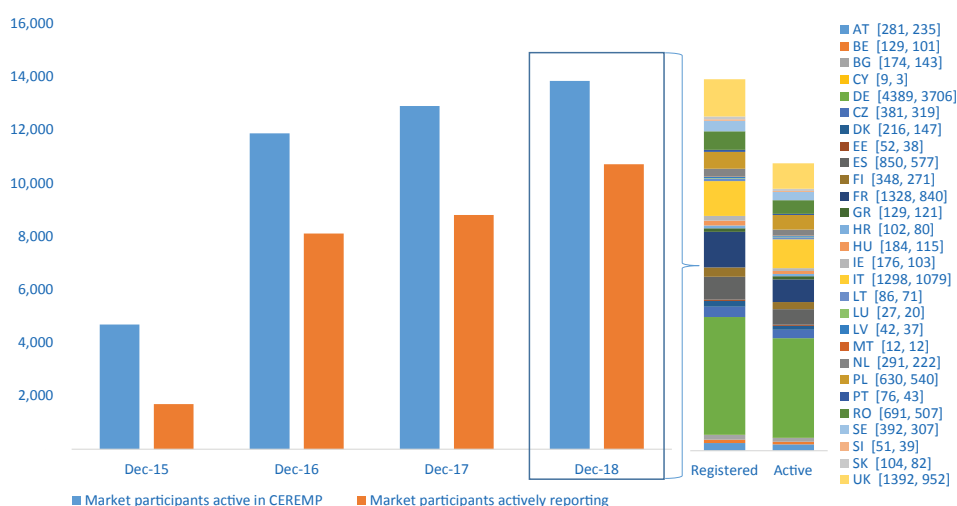
¹ The Agency's understanding of the difference between a standard contract and a non-standard contract is based on Article 2 of the Implementation

Acts. A 'standard contract' is a contract concerning a wholesale energy product admitted to trading at an organised market place, irrespective of whether or not the transaction actually takes place on that market place. A non-standard contract is a contract concerning any wholesale energy product that is not a standard contract.

² The List of standard contracts does not list Cyprus, Malta and Luxembourg.

³ The List of standard contracts published by the agency on 17.12.2018 contained 13,766 entries and the one published on 03.01.2019 contained 14,278 entries.

Figure 3 The gap between registered and active market participants has decreased in 2018



Source: ACER.

Timeliness of records of transactions

In 2018, the Agency initiated a systematic data quality analysis. One of the most important data quality dimensions assessed was the timeliness of reporting.

As defined in Article 7 of the Commission Implementing Regulation (EU) No 1348/2014 (the Implementation Acts), standard contracts and orders to trade shall be reported within one business day, while non-standard contracts shall be reported within one month of the conclusion, modification or termination of the contract (Figure 1). For the purpose of this data quality analysis, the Agency allowed for a reasonable tolerance margin: the timely reporting obligations were considered fulfilled if the reporting was done within T+7 days (for standard contracts trades and orders to trade), and T+40 days (for non-standard contracts).

The analysis of data reported to the Agency between 1 January 2017 and 31 July 2018 revealed that the timeliness of reporting was already quite satisfactory for orders to trade and standard trades, while further improvements were needed for the reporting of bilateral trades and non-standard contracts. In 2018, the Agency observed a decrease in timely reporting for all types of records of transactions except orders to trade.

Figure 4 Deterioration of timely reporting is especially evident for reporting of bilateral trades and non-standard contracts

	Overall timeliness	Entire period	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Standard trades	●	176,242,127	19,739,741	18,999,977	19,658,361	20,185,031	22,097,980	22,497,060	24,637,768	28,426,209
		2%	5%	0%	1%	0%	1%	4%	5%	1%
Orders	●	92	208	178	87	49	196	17	38	47
		3%	3%	0%	1%	10%	3%	4%	5%	0%
Bilateral trades	●	1,176,025,709	103,473,735	108,784,315	107,867,605	139,990,376	152,378,994	146,385,502	193,538,032	223,607,150
		76	172	29	46	97	191	13	9	27
Non standard contracts	●	16,842,849	1,628,781	1,909,572	1,790,712	1,871,479	2,616,067	1,966,222	2,121,602	2,938,414
		21%	14%	14%	16%	17%	26%	19%	24%	31%
Non standard contracts	●	113	122	76	104	105	104	137	116	122
		506,241	54,733	53,098	39,935	48,027	58,048	43,443	112,942	96,015
Non standard contracts	●	39%	33%	49%	31%	21%	42%	31%	56%	33%
		230	171	221	183	182	280	273	286	198

Source: ACER.

Notes: Colour-coding is based on the percentage (2nd row) of delayed trades observed in the entire period: categories with less than 10% of delayed records are marked green, those with 10%-20% of delayed records are marked yellow, and those with more than 20% of delayed records are marked red. These thresholds were arbitrarily set by the Agency and may be revised in the future. An average delay is defined as the average number of days of delay after the reporting deadline (3rd row; deadline+7 calendar days and deadline+40 calendar days).

Algorithmic trading in the context of REMIT

Algorithmic trading is trading with limited or no human intervention that is based on a computer algorithm automatically determining individual parameters of orders.

Algorithmic trading and high frequency trading⁴ are already employed in wholesale energy products and in particular in continuous markets, such as the intraday power market. The increasing amount of transactions, as presented in this REMIT quarterly⁵, illustrates that algorithms have found their way into wholesale energy markets.

The signals coming from these markets show that the use of algorithms could potentially expose trading platforms to automated forms of manipulative behaviours in breach of Article 5 of REMIT.

This article touches on the role of algorithmic trading related to potentially manipulative behaviours in wholesale energy markets by looking into the experiences and insights of financial markets.

Algorithms are being used in wholesale energy markets

The emergence of algorithmic trading in wholesale energy markets was recently highlighted by several organised market places (OMPs) participating in an anonymous survey conducted by the Agency in the context of the 8th Market Surveillance Forum. One of the main identified issues concerned the vast amounts of difficult-to-process data, which could clog the system as well as possibly progressively exclude humans from the level playing field. Algorithmic trading seems to mostly occur in continuous markets, while auction markets appear to remain largely unaffected.

Possible ramifications that algorithms could have for the wholesale energy market include the placement of duplicative or erroneous orders and a high ratio of unexecuted orders to transactions. The negative consequences of malfunctioning or manipulative algorithms can be exacerbated through algorithms interacting with one another without any human intervention to counteract any unforeseen after-effects^{6,7}.

The Agency and various national regulatory authorities have already received notifications alerting to potential manipulative behaviours involving algorithms⁸. In this context, algorithms can be used as a tool to manipulate the market on the one hand, but can also themselves be subject to manipulation on the other. This is illustrated in the two examples below.

***Example 1** on the use of algorithmic trading as a tool to send potentially misleading signals to the market: Market participant A exhibits the same behaviour on a daily basis on month-ahead electricity forward contracts in market X. At first they insert various offers into the market, then they cancel and reinsert them or randomly modify their volumes and prices. In order to continue this behaviour, they have previously designed an algorithm that can automatically process these variations in a very short time, thereby continuously modifying prices and volumes on the trading screen and leading to a low number of finalised orders compared with the ones submitted. This leads to a very low trade-to-order ratio.*

***Example 2** on an algorithm exploited by potential misleading signals: Market participant B is acting as a market maker in a continuous trading electricity intraday market Y. They place buy orders which always increase their price systematically compared to the last order in market Y. In order to do so, market participant B uses an algorithm that immediately interacts when a new order is introduced in the market.*

Market participant C enters buy orders at increasing prices, knowing that said algorithm will systematically follow this trend. At a certain predefined threshold, market participant C aggresses market participant B's buy orders placed by the algorithm, which have now increased compared to the initial situation. Immediately afterwards, market participant C cancels all of its previously entered buy orders.

In this case, as demonstrated by the immediate cancellation of their buy orders once a successful sell at an inflated price has taken place, market participant C has

no intention to execute the inserted buy orders and was only employing the algorithm in order to sell at a higher price.

Practices from financial markets can be applied in the context of REMIT

In financial markets, a significant number of provisions regarding algorithmic trading has already been established. In light of the similarities with financial instruments and the potential interplay between the financial and energy sector, the best practices instituted in financial legislation could prove to be useful in the context of REMIT as well, in particular those from MiFID II, Regulations 2017/589 and 2017/584, as well as those coming from the surveillance expertise of financial market authorities.

The following measures for market participants using algorithms, foreseen in Commission Delegated Regulation 2017/589⁹, could prove to be useful in the context of REMIT: designing algorithms in compliance with legal obligations, thereby preventing unintended behaviours and taking account of the nature, scale, and complexity of the business; establishing clear methodologies to test algorithmic trading systems; controlling the deployment of algorithms by adopting predefined limits on the number of traded products, the price, value and the number of orders, as well as on the adopted strategy and the number of venues in which trading takes place; monitoring in order to detect potential activities linked to market manipulation.

In order to allow the use of algorithms, Commission Delegated Regulation 2017/584¹⁰ imposes the following measures on trading venues: they must request a certification from their members which guarantees that the algorithms were tested prior to their deployment, along with an explanation of the means used for such testing; they must comply with monitoring obligations, so as to cope with the message flows and capacity; and they must be subject to a periodic review. The requirement for trading venues to test their members' algorithms relates to the prevention of disorderly trading conditions. There is however no obligation to test algorithms against manipulative trading attempts. In

the United Kingdom, the Financial Conduct Authority has developed regulatory sandboxes, with the aim to effectively test new products¹¹. Following this practice from financial markets, sandbox tools could also be envisaged to enable testing of algorithms used in trading activities in the context of REMIT.

As in financial markets, alerts similar to those that are used for manual trading can be also put in place to detect algorithmic trading in REMIT. In order to monitor high frequency trading, specific alerts can also be applied.

Conclusion

As stated above, algorithmic trading has already made its way into the energy markets. The two main examined risks are its potential use as a tool for the manipulation of the market and the possibility that algorithms themselves can in certain circumstances be susceptible to manipulation. In these cases, REMIT is applicable. Provisions from the financial legislation and experience from financial market authorities could prove useful in the context of REMIT.

Meetings with the Agency's Stakeholders

Roundtable meetings in Ljubljana

On 27 and 28 November 2018, the Agency held roundtable meetings with associations of energy market participants (AEMPs), organised market places (OMPs), and inside information and transparency platforms (IIPs).

Joint AEMPs and OMPs meeting

The Joint AEMPs and OMPs roundtable meeting was dedicated to the Agency's data quality assurance approach, outstanding data quality issues, lifecycle reporting and the two recently enabled validation rules that prevent the reporting of unaccepted delivery point or zone codes within the standard transaction reports and non-standard contract reports. The Agency also updated the participants on the outcome of the 2017 Public Consultation on the revision of electronic formats for transaction data, fundamental data and inside information reporting. The participants were informed that the agreed upon changes, including possible changes of Table 1 and Table 2, would be implemented in the course of 2019 and 2020, depending on the available budget. The meeting was followed by a discussion on two topics: cross-border intraday (XBID) developments, and BREXIT and the potential changes of the electronic formats for REMIT data reporting. The consensus was that the Agency and the OMPs should continue to collaborate closely in order to facilitate the integration of the new upcoming market models.

AEMPs meeting

The AEMPs meeting, which took place the afternoon following the joint AEMPs and OMPs meeting, focused on the new version of the unique transaction identifier (UTI) generator. The meeting was followed by a discussion on frequently asked questions (FAQs) on transaction reporting that were submitted by market participants and registered reporting mechanisms (RRMs). Among the discussed FAQs on transaction reporting were questions concerning the definition of virtual gas storage provided by the participants, start/end date and time, validation rules, and the cancellation of trades and lifecycle events.

OMPs meeting

The OMP roundtable meeting provided an opportunity for the participants to share their challenges or activities in a 'tour de table' discussion. Some of the issues that were raised include the timely handling of queries, the unavailability of the test environment, the pending Agency's REMIT Information System (ARIS) central service desk tickets, and future cooperation between the Agency and OMPs with regard to the ongoing XBID developments. The project of updating the Transaction Reporting User Manual (TRUM) and the FAQs was also addressed during the meeting. The participants unanimously agreed that whenever any such documentation is updated, the priorities should be clarity, simplification, and new examples. The Agency also described the different channels through which the OMPs can seek further guidance on transaction reporting, such as the webinars and the bilateral forum which also addresses submitted business questions on transaction reporting. The biweekly OMP webinars might be relaunched in 2019, with separate time slots for specific topics.

Joint AEMPs and inside information and transparency platforms meeting

During the first part of the meeting, inside information and transparency platforms provided presentations on their services and activities, including specific features, requirements, validation rules, data quality checks, and other processes related to their practice of disclosing inside and transparency information. The presentations were followed by a discussion on the current status and on the Agency's suggestions for further promotion of the use of inside information platforms, as well as the benefits of enhancing the cooperation between different inside information platforms in the future. The participants also discussed introducing thresholds for inside information disclosure as a way to ensure that there is a consistent and uniform understanding of inside information among market participants.

⁴ Being a subcategory of algorithmic trading.

⁵ Assessment of the Operation of Different Categories of Market Places and Ways of Trading, with special attention to Figures 1 and 2, particularly the evolution of continuous trading.

⁶ In line with Recital 62 and Art 48 (6) of MiFID II.

⁷ Senior Supervisors Group, 'Algorithmic Trading Briefing Note' (Federal Reserve Bank of New York, 2015), <https://www.newyorkfed.org/medialibrary/media/newsevents/news/banking/2015/SSG-algorithmic-trading-2015.pdf>.

⁸ ACER Notification Platform.

⁹ 'Commission Delegated Regulation (EU) 2017/589 of 19 July 2016 Supplementing Directive 2014/65/EU of the European Parliament and of the Council with Regard to Regulatory Technical Standards Specifying the Organisational Requirements of Investment Firms Engaged in Algorithmic Trading', L 87 Official Journal of the European Union § (2017), <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32017R0589&from=EN>.

¹⁰ 'Commission Delegated Regulation (EU) 2017/584 of 14 July 2016 Supplementing Directive 2014/65/EU of the European Parliament and of the Council with Regard to Regulatory Technical Standards Specifying Organisational Requirements of Trading Venues', L 87 Official Journal of the European Union § (n.d.), <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32017R0584&from=EN>.

¹¹ 'Regulatory Sandbox - Cohort 4', FCA, 3 July 2018, <https://www.fca.org.uk/firms/regulatory-sandbox/regulatory-sandbox-cohort-4-businesses>.

Inside information and transparency platforms (IITPs) meeting

The IITPs roundtable meeting was held after the joint AEMPs and inside information and transparency platforms meeting. The objective of the meeting was to address different issues related to the reporting of inside information (in the form of web feeds) and possible solutions that could improve the current situation. The Agency presented a prototype of the application form for the listing of IIPs on the REMIT Portal and requested the participants provide feedback. In addition, given the IIPs' experience with the use of web feeds, the Agency informed the participants of its plans to put in place a mechanism for the collection of historical Urgent Market Messages (UMMs), since the current regular process of UMM polling is not always successful. Moreover, the Agency provided an overview on the envisaged changes to the schema for the reporting of inside information, based on the outcome of a public consultation carried out in late 2017.

Disclosure of inside information and the use of inside information platforms

The Agency is working on the review of the current approach for the disclosure of inside information, as outlined in the first Open Letter on inside information disclosure and the use of inside information platforms (IIPs) that was published on 30 May 2018.

This review comes on the heels of the assessment carried out by the Agency, in accordance with Article 7(3) of REMIT on the operation and transparency of different categories of Organised Market Places (OMPs) and ways of trading, the main results of which are provided in REMIT Quarterly issue No. 11 / Q4 2017.

The Agency, in cooperation with national regulatory authorities, IIPs and market participants, plans to introduce changes to the existing requirements and thereby improve the overall transparency of the market by addressing three previously identified major issues of concern: the use

of platforms by market participants (as opposed to disclosing on their own websites), the performance of such platforms, and their coverage across the Union.

In particular, the Agency is currently focusing its efforts on amending the relevant documentation (i.e. ACER Guidance and the Manual of Procedures) in order to enhance the disclosure of inside information to the general public as well as its reporting to the Agency. In this context, it is the Agency's view that the use of IIPs should be considered as the appropriate technical mean to achieve an effective disclosure of inside information, which is also in line with the practice established in financial market regulation. In order to increase the confidence of market participants in the performance of IIPs, the listing of platforms on the Agency's website will also be reviewed in such a way that ensures uniform and consistent compliance with the applicable organisational and technical requirements. In parallel, the Agency intends to launch in the first half of 2019 an open discussion with all relevant stakeholders on the possible introduction of indicative pan-European thresholds for the disclosure of inside information, with the aim to ensure a level playing field in terms of the application of the definition of inside information by market participants.

Update of the REMIT documentation

The Agency published new and updated documentation for market participants and other stakeholders in order to provide additional guidance on REMIT-related matters.

Open Letter on the withdrawal of the United Kingdom (UK) from the European Union and implications for REMIT

On 9 January 2019 the Agency published an Open Letter which aims to raise awareness among market participants, registered reporting mechanisms, organised market places and the wider market of the importance of preparing for the withdrawal of the UK from the European Union.

The Open Letter gives guidance to national regulatory authorities and informs market

participants and the wider market about the views of the Agency with regard to certain repercussions that the withdrawal of the UK on 29 March 2019 will have on the implementation of REMIT, in case this were to happen without a ratified Withdrawal Agreement.

You can read the letter [here](#).

Update of the Guidance on the implementation of web feeds for Inside Information Platforms

The Agency published on 13 December 2018 the second version of the Guidance on the implementation of web feeds for Inside Information Platforms, which includes a new chapter on the collection of historical information on Urgent Market Messages (UMM).

The new chapter provides inside information platforms with instructions on how to submit web feeds which were not polled during the regular polling to the Agency.

Update of the TRUM

On 14 November 2018 the Agency published on the REMIT Portal, as an attachment to Annex VI to the Transaction Reporting User Manual (TRUM), the updated List of Accepted Energy Identification Codes (EICs) for REMIT transaction reporting.

Annex VI provides additional information on how to report the delivery point or zone correctly. Reporting parties are expected to use only those EICs which are included in the List of Accepted EICs for reporting delivery points or zones. To further encourage compliance with the reporting rules, the Agency enabled the previously announced validation rules on 19 November 2018 in order to enforce the exclusive use of the accepted EICs for the reporting of delivery points or zones for Table 1 and Table 2.

Public Consultation on the Revision of Electronic Formats for Transaction Data, Fundamental Data, and Inside Information Reporting

On 5 October 2017, the Agency launched a Public Consultation on the revision of electronic formats for transaction data, fundamental data, and inside information reporting.

The purpose of the public consultation was to collect feedback and proposals from all interested stakeholders involved in data collection under Regulation (EU) No 1227/2011 (REMIT) with regard to the proposed changes to the electronic (XML) formats used for the reporting of transaction data, fundamental data, and inside information.

On 12 and 13 June 2018, the Agency held a meeting with the stakeholders that participated in the public consultation in order to discuss the feedback to the proposed revision of electronic formats for transaction data, fundamental data, and inside information reporting. New proposals that were submitted by the stakeholders during the consultation were also discussed.

On 8 January 2019 the Agency published the Evaluation of Responses, which contains a summary of the responses received to Annex B (Form for Providing Respondents' Feedback on Proposed Changes) as well as new proposed changes collected with Annex C (Form for Providing Additional Changes and Comments) of the Consultation Paper.

The Agency plans to implement the agreed upon changes in the course of 2019 and 2020, depending on the availability of the Agency's resources. The aim is to implement the accepted changes of the schemas in several stages, which will ensure sufficient transition time for the market participants to adjust to the changes.

The Agency will communicate to the stakeholders a detailed plan for the implementation of the electronic format (XML) changes.

For more information please visit [ACER website](http://www.acer.europa.eu).

Overview of contingency reports opened by registered reporting mechanisms (RRMs)

In the last edition of REMIT Quarterly, the Agency introduced a section on RRM contingency reports in order to communicate the number and status of contingency reports opened by RRM, as well as the most common reasons that RRM resort to contingency in the first place.

The latest statistics show that, in total, 34 different RRM submitted 106 contingency reports between 1 January and 30 December 2018. Out of the 106 reports,

93 have been closed while 13 reports remain open. The most common scenarios chosen by RRM in 2018 are scenarios 3 and 6 with 39 and 38 contingency reports respectively, with scenario 3 being used when a registered RRM has experienced a temporary disruption of its reporting service, and scenario 6 being the preferred option in situations that involve data quality issues.

189 REMIT Cases under Review

The Agency had 189 REMIT cases under review at the end of 2018. REMIT cases are potential breaches of REMIT that are either notified to the Agency by external entities or identified by the Agency through its surveillance activities.

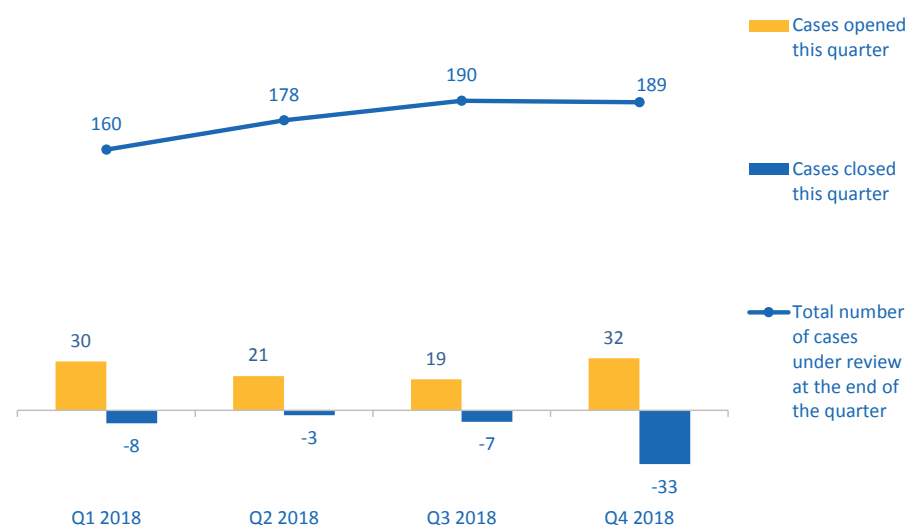
A case could, after a thorough investigation by the relevant national authority, lead to sanctions. A case could also be closed without sanctions, for instance if the suspicions were unfounded.

Figure 5 shows the number of cases that were under review by the Agency in the

last four quarters. Table 2 lists the cases where a Decision was issued by the relevant national authorities in the last four quarters. Some of these Decisions are currently under appeal.

The Agency is responsible for the monitoring of wholesale energy markets and aims to ensure that National Regulatory Authorities carry out their tasks in a coordinated and consistent way, but it is not, however, responsible for the investigation of potential breaches of REMIT.

Figure 5 Potential REMIT Breach Cases - Quarterly Statistics



Source: ACER.

Table 2 Overview of Issued Sanctions for Market Abuse under REMIT - 2018

Decision date	NRA, Member State	Entity sanctioned	Type of REMIT breach	Fine	Source
05 October 2018	CRE (FR)	VITOL S.A.	Article 5	EUR 5,000,000	Link
30 October 2018	Prosecutor/DUR (DK)	Energi Danmark A/S	Article 5	DKK 1,104,000 (app. EUR 147,000)*	Link
28 November 2018	CNMC (ES)	Galp Gas Natural, S.A.	Article 5	EUR 80,000	Link
28 November 2018	CNMC (ES)	Multienergía Verde, S.L.U.	Article 5	EUR 120,000	Link
21 December 2018	Prosecutor/DUR (DK)	Neas Energy A/S	Article 5	DKK 153,000 (app. EUR 20,400)*	Link

Source: ACER.

Notes: Some of the decisions are under appeal. Please consult the sources for a better understanding of the stage of the proceedings.

* This amount includes both (i) fine and (ii) confiscated profit. For more information, please see a link to the decision.

REMIT Queries

The number of questions that the Agency receives through the various communication channels that have been put in place for the stakeholders (i.e. the Agency's Central Service Desk (CSD) and functional mailboxes) has been decreasing.

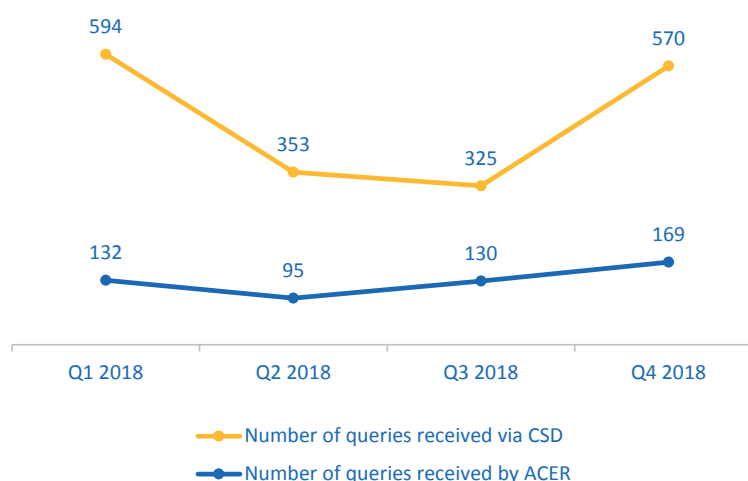
The biggest amount of queries in 2018 was received during the first and last quarter of the year. The second and third quarter of 2018 saw a decrease in the inflow of queries.

Figure 6 on the right illustrates the total number of queries received by the Agency per every quarter of 2018.

Please note that due to limited human resources, the Agency will not be able to respond to specific questions on a one-to-one basis. Its main means of responding to queries, however, remains the publicly available documentation, such as:

- Questions & Answers on REMIT;
- Frequently Asked Questions (FAQ) on transaction data reporting; and
- FAQ on REMIT fundamental data and inside information collection.

REMIT documentation is made available on the REMIT Portal at <https://documents.acer-remit.eu> and in the Knowledge Base at <https://kb.acer-remit.eu>.

Figure 6 Statistics on REMIT Questions Reaching the Agency

Source: Questions sent to the CSD and to the online REMIT query form.

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