

# ETR Advisory

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## Notes from the Public REMIT workshop - 25<sup>th</sup> April 2013 – Ljubljana

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ACER<sup>1</sup> held a workshop last week as part of the public consultations on:

- Technical standards for trade reporting
- Guidelines on the registration of Registered Reporting Mechanisms (RRMs)
- Regulated Information Services (RISs).

The workshop is part of a process where ACER takes input on consultations. The deadline for written responses has now been extended to 13<sup>th</sup> May.

The slides from the workshop are all available on the ACER website here:

<http://www.acer.europa.eu/Media/Events/Public%20workshop%20on%20technical%20requirements%20for%20data%20reporting%20under%20REMIT/default.aspx?InstanceID=1>.

These notes are broadly split as per the workshop:

### Overview

The session started with a general update about REMIT progress. We were reminded that data reporting comes into force 6 months after the implementation of the rules by the commission. We don't quite know the exact date of this, but it is expected in Q3/4 and much is still to be determined. From this, we can imply that trade reporting may start in Q1/2 2014.

We were also promised a "Transaction reporting User Manual" by year end.

We were also shown some more detail on the structure of the IT system. Key points of note are:

- 1) The core system is "ARIS" – this is to collect the data from the various sources and store it.
- 2) SMARTS has been chosen as the surveillance system.
- 3) The data types are numerous and include trade data, order data, fundamental data and others.
- 4) The idea is that market participants do not send data directly to ARIS, but rather through intermediaries, RRMs, and also RISs.
- 5) Never the less, certain information is to be sent directly, such as non standard contracts.

We saw an implementation timetable which shows ARIS as being "ready" in Q1 2014. A pilot will take place with interested parties in the summer.

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## Technical Standards

The technical standards review stressed the difference between “formats” and “standards”. This consultation is about standards, i.e. the values that fields can take, and in particular taxonomies, such as which ID types to use.

ACER once again committed to use existing standards wherever possible, and also to synchronise with ESMA on EMIR. However they did state that where such a standard was not available or applicable, they would introduce their own.

This is quite an undertaking, and ACER’s commitment to run the governance and infrastructure around a new standard was probed. The answer was in the positive, but we will review how this develops.

## RRMs (Registered Reporting Mechanisms)

Given all of the potential sources of data, the concept of an RRM, i.e. an intermediary via which data is reported from market participants, is an understandable one, as it obviates the need to ACER to establish an infrastructure to deal directly with hundreds of market participants.

The session started with a general overview of the data flows, and some quite comprehensive diagrams (see the slides), which make the different types of flow quite clear. The diagrams also do show the variety of data sources that we are dealing with here. The diagram not only shows the variety of different data types and sources that ACER will have to deal with, but also that in some cases market participants may end up routing their data via more than one RRM. ACER gave an overview of the proposed requirements to become an RRM (which are also in the consultation paper) as well as the application process. The majority of these focus on where the data is (within the EU), reliability and security provisions etc. There is also an auditability requirement where ACER will be able to request accounting information regarding the RRM and to audit them.

This requirement may well put paid to the larger market participants becoming their own RRM, unless they set up a special entity.

It was also announced that before go live, each RRM must pass a 3-4 month testing period. This gives rise to some confusion about dates: If ARIS will only be ready in Q1/2 2014, when does this testing period start? Is it in Q1 2014? If so, market participants will only be able to send data in Q3/4. Some parallelisation was committed to, but we do not know the extent of this, so more clarity is needed here.

Also, what happens if not all of the data sources is ready in time. For example if an exchange is not ready will the relevant pre trade data need to be sent directly by the market participant?

Prospective RRM’s will need to sign a Non Disclosure Agreement with ACER before they are able to see the full specification. This is for security reasons.

## RISs (Regulated Information Services)

We received a reminder of the three type's platform and how they are reported:

- 1) Inside Information Reported by or on behalf of market participants with regarding to information disclosure – currency reported on web sites and various platforms. To be monitored by National Regulatory Authorities Most participants are reporting their information on their web sites. There was discussion on whether this would continue to be acceptable, and we heard that it would *in the interim or further*. An open question for the consultation whose answer would give greater clarity to the market.-
- 2) European Transparency platforms – e.g. ENTSO-E/G – see separate information on these platforms. They will need to enter bilateral agreements with ACER. These tend not have aggregated information.
- 3) Platforms reporting individual no aggregated data – This is what the RIS is really aimed at i.e. “transparency” data (not “inside” data) that needs to be sent to ACER. The registration process is similar to that for an RRM.

## Summary

The session gave the writer the following key impressions:

- 1) That there has been a significant amount of thought put into the structure.
- 2) The data collection project is large. An experienced IT professional looking at the architecture of ARIS and connected systems will see many potential points of failure, and dependencies on third parties. The timescales themselves seem quite ambitious.
- 3) We do not know for sure if sufficient third parties will be ready for a go live date in time to cover all of the data types.
- 4) That the dates are still quite fluid. The number of unanswered questions regarding testing periods, parallelisation etc mean that the final date on which trades must be reported has quite a bit of volatility.

We will need to wait and see what responses come back from the market as a result of the consultation. The evidence from previous consultations suggests that ACER do take the input to heart when finalising recommendations.

In the meantime we will need to keep a close eye on progress.

## About ETR Advisory

ETR (Energy Trading Regulation) Advisory Ltd is a specialised, expert resource which explains and helps implement the complex labyrinth of European Energy and Commodity Market Regulations.

Readers are encouraged to email further questions to [aviv@etr-advisory.com](mailto:aviv@etr-advisory.com).

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