

DG ENERGY, European Commission

ACER - Agency for the Cooperation of Energy
Regulators

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Recommendation to extent the implementation phase for the trade reporting obligations under Regulation (EU) No. 1227/2011 (REMIT)

The Regulation (EU) No 1227/2011 of the European Parliament and of the Council on wholesale energy market integrity and transparency (REMIT) introduces significant new reporting responsibilities aimed at detecting market manipulation and insider trading in the wholesale energy markets in Europe. In this context, it is important to note that the implementation of the new reporting obligations requires extensive technical and administrative preparations by all parties involved.

According to the latest version of the draft REMIT Implementing Acts (“IAs”), the reporting obligation for transactions in standard contracts, including orders to trade, will begin six months after the entry into force of the IAs. Precise and comprehensive guidance on the requirements for reporting entities is indispensable for a prompt and efficient implementation in this context.

In the following we would like to outline why EUROPEX considers the implementation phase of six months as too short and how it could be extended.

Generally, we do not see any technical reason why to differentiate between the reporting timelines for non-standard contracts (twelve months) and for standard contracts (six months) as foreseen in the IAs. Market participants or third parties on their behalf are for both contracts types required to make amendments to their trading systems in order to generate and report the requested data. The necessary technical and administrative effort for the implementation of both reporting obligations is very similar.

Globally, the practical implementation of REMIT will require significant technical adjustments by all parties involved. Particularly, IT-driven energy exchanges that are subject to a large number of parallel change and adaptation processes of their IT infrastructure need time to develop, test and launch the new systems.

From a legal perspective, organized markets and other reporting entities will be required to register as RRMs, to draft standard contracts for the provision of the reporting service under the IAs, to agree them with their market participants and to go through a probably lengthy mutual signing process of these contracts.

Last but not least, it may be useful to consider the lessons learned from the implementation of the European Market Infrastructure Regulation in this context. Under EMIR, the effective date of the start of the transaction reporting has been dependent on the certification of the Trade Repositories (which can somehow be considered as being equivalent to RRMs under REMIT). Given that the certification process of the TRs had been postponed several times, there has been a delay of more than seven months as compared to the initial timeframe.

Extending the implementation phase for standardized contracts from six to twelve months in the Implementing Acts seems to us like an optimal solution. **Another possibility would be to define a longer period between the publication of the IAs in the EU Official Journal and their actual entry into force**, which would be perfectly in line with article 297 of the TFEU. In this context, **a period of 90 days between the publication of the IAs and their entry into force would be adequate.**

We look forward to continuing our dialogue with you on this important issue.

Yours sincerely,

EUROPEX