Surveillance at ACER

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Outline

- Surveillance landscape
- Surveillance at ACER
- Surveillance results
- Key messages
## Surveillance landscape (1)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Participants</td>
<td>13k+</td>
<td>14k+</td>
</tr>
<tr>
<td>Registered Reporting Mechanisms</td>
<td>100</td>
<td>120</td>
</tr>
<tr>
<td>Organised Market places*</td>
<td>70</td>
<td>83</td>
</tr>
</tbody>
</table>

*Organised Market Places may have a role of Registered Reporting Mechanisms

Source: REMIT portal July 2019

Numbers are rounded for clarity
Number of reported orders and trades
Quarterly aggregation

Source: REMIT data July 2019
Main developments 2018/2019:

- Improved functionality of surveillance tool
- Adapting to the market developments
- Improving data quality
- Decreasing the number of false positives
- Providing better information to the NRAs
- Detection of different behaviour types
- From manual towards automated surveillance
- Decision support tools beyond alerts:
  » Market participant Position report
Detection of various behaviour types:

- Wash trades
- Cross-border capacity hoarding
- Marking the close
- Manipulation of spread prices
- Front running
- Layering and spoofing
- Manipulation of auction markets
From manual towards automated surveillance:

- Utilising limited resources better
  - Development of Boolean assessment decision trees
  - Quantification of indicators
  - Flagging behaviour sub-types
- Statistical assessments
- Long term behaviour assessment
- Improved prioritisation
Decision support tools - Historical overview

Market participant’s position development with time
Decision support tools - Geographical overview
Market participant’s position at any given trading date
Surveillance results (1)

- Alert sharing with NRAs
- Feedback sessions with NRAs
- Preliminary Initial Assessments
- Providing inputs on ACER guidance
- Knowledge sharing
- NRA support
- Building surveillance community
## Monthly alert statistics

**Autumn 2017 – Autumn 2019**

<table>
<thead>
<tr>
<th>Category</th>
<th>First 12 months</th>
<th>Second 12 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Triggered Alerts</td>
<td>7,500</td>
<td>11,000</td>
</tr>
<tr>
<td>Manually Assessed Alerts</td>
<td>1,000</td>
<td>1,000</td>
</tr>
<tr>
<td>Shared Alerts*</td>
<td>70</td>
<td>55</td>
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<tr>
<td>Preliminary Initial</td>
<td>1</td>
<td>1</td>
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<tr>
<td>Assessment</td>
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<td></td>
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<tr>
<td>Surveillance analysts</td>
<td>6</td>
<td>5</td>
</tr>
</tbody>
</table>

Numbers are rounded for clarity

*Shared with NRAs since January 2018.*
Key messages

- As a central data collection entity the Agency is uniquely placed to perform surveillance on cross-border and cross-venue trading.
- Performing surveillance activities for two consecutive years.
- The Agency regularly shares alerts with NRAs.
- The NRAs have reportedly acted on the alerts received and in some cases opened investigations.
- Development of additional alerts for detecting abusive behaviour as defined by the REMIT regulation.
- Continuous improvement of surveillance methodologies and the way relevant information is visualised in order to improve alerting and to cope with the changing market landscape.
- The Agency is fostering the development of a surveillance community with NRAs and Organised Market Places.
- Cooperating with entities responsible for market design to enhance further awareness of market surveillance under REMIT.
Thank you for your attention!

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