



## **Griffin Markets Limited Feedback on TRUM Consultation**

This document sets out feedback from Griffin Markets Limited (“Griffin”) in relation to ACER’s Trade Reporting User Manual (“TRUM”) dated 27<sup>th</sup> March 2014.

The contents of this document are intended for consideration by ACER and should not be disclosed to any third parties without the consent of Griffin.

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### **Griffin questions and comments on ACER TRUM**

**Section 2.2** – ‘REMIT requires the Agency to establish mechanisms to share information it receives in accordance with Article 7(1) and Article 8 of REMIT, including records of transactions, with NRAs and other relevant authorities. This means that other competent authorities may be reviewing the data that is reported to the Agency.’

[This point refers to the fact that other authorities \(NRAs\) etc. may review the data that is reported but it does not mean that they have to. Will there be anything in place to prevent these competent authorities going to organised market places and market participants and asking for data and not obtaining it from ACER?](#)

**Section 3.1** ‘According to Article 8 (1) of REMIT, being a market participant entails the obligation to provide the Agency (i) with a record of wholesale energy market transactions, including orders to trade, by the market participant itself or through a person or authority listed in points (b) to (f) of Article 8.’ [\(Taken from eControl website\)](#). ‘Article 8 of REMIT, in connection with the Commission’s implementing acts, defines the rules for data collection, on who should report and the coverage of transactions that should be reported.’

[As section 3.1 states, the following parties may report/provide data in accordance with the implementing acts. Is there an obligation on these parties to report to ACER?](#)

**Section 3.2** ‘The Agency will draw up and maintain a public list of standardised contract types and organised market places and update that list on a regular basis.’

[Where will this be published and how often will it be updated?](#)

**Section 4.1** ‘Market participants must have appropriate systems and controls in place. Detailed guidance on this is set out in Section 9 on Data Integrity below.’

What is deemed “appropriate systems and controls”? Section 9 merely repeats this but does not provide any further guidelines.

**Section 4.2** ‘According to Article 8(1) of REMIT, the transaction reporting obligation on the market participant shall be considered to be fulfilled once the required information is received from a person or authority listed in points (b) to (f) of Article 8(4) of REMIT. Market participants must inform the Agency in their registration form whether or not they wish to rely on third party RRMs reporting on their behalf and identify the relevant RRM, **including the organised market place** or third party on behalf of the organised market place they are relying on for the reporting of records of transactions, including orders to trade.’

Does this imply that organised market places must register as RRMs? If an organised market place decides to report via a RRM such as eRR, with whom must market participants check to ensure that reporting obligations are being met – the organised market place or eRR in this example?

Could there be a scenario where a market participant wishes to report orders itself, causing the organised marketplace administrative problems in treating one client differently to others?

**Section 6.1.2** This section refers to orders within transactional data. Griffin thinks that when discussing order data, this should be considered separately from transactional data.

Is there a reason that ACER has not made a clear distinction between order data and transactional (trade) data?

**Section 6.1.8** This section refers to lifecycle information. If orders are being reported by organised market places and trade data is being reported by market participants, how does ACER envisage that it will be able to monitor the lifecycle of an order to it becoming a transaction? Also transactions are often concluded in respect of the same product and contract at the same price, volume and time. In these circumstances, how does ACER envisage matching up the transaction (trade) data with consummated order data?

## **Section 10 - FAQs**

‘We are considering trading a new products, what should we do?’ [With reference to the statement](#) ‘Before trading any product, it must be registered with the Agency. If you have concerns as to whether a wholesale energy product is registered with the Agency, check the ACER web site and locate the registered product. Organised market places shall submit to the Agency information relating to each wholesale energy product they admit to trading, in order to allow the Agency to draw up the list of products. This information shall be submitted to the Agency before trading commences in that particular product.’

Griffin is not sure that this action has the force of law behind it. Also broking houses and exchanges often launch products before each other to gain competitive advantage. If products have to be registered with ACER before it is launched and traded, then this

competitive edge may be lost unless there is co-ordination between ACER and the organised marketplace upon launch of the product.

‘How can double reporting be avoided?’ [With reference to the paragraph that states under this FAQ the following:](#)

‘Most transactions will be reported to the Agency through an organised market place, which will provide reports for all market participants active on the market place. Participants should not report any activity they perform on that market place unless they believe that the activity being reported on their behalf is incorrect’.

[Does this imply that brokers and exchanges are required to report order and transactions on behalf of market participants if transactions are done on an organised market place? Please note that organised marketplaces/brokers simply do not have all the data required on a transaction to be able to report it to ACER. It would need to be enhanced with additional information from the market participants to be complete. This brings with it the need for new systems and processes along with associated significant costs and complexity.](#)

‘Should I reconcile with a venue that has been mandated to report transactions on my behalf?’ [With reference to the statement that says ‘The venue will always report transactions which occur on its venue and is obliged to report them irrespective of activities that the market participant may perform to report transactions. It is the market participant’s responsibility to avoid double reporting any transactions.’](#)

[The venue does not have enough information to report trades fully.](#)

‘What time is the close of the working day?’

[With reference to the statement under this heading: ‘After this 60 day period, any further modifications or updates to data will require manual intervention by us and a request will need to be made through the data management team.’](#)

[How does ACER propose to deal with novations or an event to a trade? Is ACER proposing to deal with these manually through phone calls and spreadsheets?](#)

What happens when an RRM has a technical problem?

[With reference to the statement: ‘If they fail to resolve technical problems, the Agency may proceed to request the concerned market participants to report transactions through another RRM.’](#)

[This implies the obligation for a market participant to be able to do everything themselves or be set up with more than one RRM.](#)

## **General comments and observations on the TRUM**

ACER needs to define what it means by “unique”.

How does ACER propose to deal with the reporting of both orders and transactions on spread trades? There are many different spread types that it needs to consider and support:

- Inter-product spreads
- Inter-product spreads where one leg is financial
- Inter-period spreads
- Spark spreads
- Dark spreads
- Clean spreads
- Ratio spreads, where an order is for x units of one commodity and 3x units of another
- Bilateral/Cleared spreads, where for example, the traded product is an order to buy a bilateral contract and sell a physically equivalent cleared contract. An example would be a UK Gas EFP spread , which would result in a bilateral purchase of physical NBP gas, and an offsetting ICE Cleared sale of physical NBP gas Futures. This is an example of an OTC “abstract” order – which, if executed, could result in one trade reportable under REMIT and the other side reportable under EMIR.

Orders on spreads are impossible to describe in the format specified for “Delivery profile” - Orders can be reported using a product ID type syntax.

The legs of consummated spreads that are split into the constituent trades can be reported but they have no directly corresponding orders.

How does ACER expect sleeve trades to be reported?

Commas cannot be used in XML formatted documents. Need to use English decimals in all XML formats.

How is ACER defining what a non-standard transaction is? The section on non-standard transactions in the TRUM provides very little information.

## **Comments on TRUM Public Consultation Paper PC 2014 R 02 - Annex 1**

### **Parties to the contract**

Field 2 – The LEI code or ACER Code should be the code to use. Market participants are using LEI codes successfully in EMIR reporting. Why use anything else for REMIT reporting? ACER should make a decision to use one code for submission of transactions for market participants. Allowing market participants to use several different codes when submitting trades could cause multiple mapping issues.

Fields 3 & 4 – We are not sure why these are listed as separate fields as they would hold the same information. Is this because field 3 is for the organised market place and field 4 is for trades when submitted by clients. Also, why is this not mandatory information?

Fields 5, 6, 7, 8 and 9 – Why use any other code other than LEI? We would support the use of the LEI's as the energy community has already adopted its use for EMIR. An LEI is unique to each entity and sub-entity. In Griffin's view, field 8 is not necessary. The beneficiary to be reported is already in field 5, which is the entity legally responsible for physical delivery and financial settlement. If this entity is acting on behalf of another entity, we believe that this should be reported as a separate transaction, particularly as the terms of the contract such as price are likely to be different.

E.g.

Instead of A sells to B with beneficiary of C you would collect 2 trades:

A sells to B

B sells to C

Field 13 – Initiator and aggressor flags do not make sense for orders. All orders will be initiated orders. What is ACER expecting to receive in this field? Is it expected that two order records are given per transaction; the initiated side, the aggressed side and plus a transaction for each side. If so, this really does not make a great deal of sense. Recording initiator and aggressor flags on transactions makes sense although it should be noted that not every trade will have an initiator on one side and an aggressor on another.

### **Order Type**

Field 14 – Order ID number of characters is not long enough. It should be up to 52 characters and be treated in the same way as transaction ID. Note also that the field description uses the word 'contract' which is in violation of the 'Notes on products and contracts' guidance document. ACER needs to define the term unique in reference to this field and others where it uses it.

Field 15 – It is likely that we would use NLR for all orders. How does ACER propose to deal with OCO (One cancels the other) orders?

Field 16 – There are missing order conditions that we think should be included. These are "fill and float", and "all or none" (AoN) and stepping away Iceberg orders.

Also note that re your comment, "fill or kill" is not the same as "all or none" in OTC terminology. All or None is an order that is resting and visible to the market but can only be traded in its entirety. This could be represented by field 17 (Minimum execution volume) being equal to the order volume. There is the possibility for multiple attributes to be present on a single order, making the data difficult to process.

Field 20 – It could be argued that order durations could be combined with order conditions as these are conditions that an order is placed under.

## **Contract Type**

Field 21 – Who defines the contract ID, is it a venue specific ID, is it a master list provided by ACER and is it intended to match with anything? Are market participants, who will potentially be submitting trades, be expected to know the venue contract ID? How does ACER envisage this will work in practice? A couple of examples of problems with this fields are:

1. Other OTC broking platforms do not disclose the venue contract ID to the customer.
2. ICE recycles contract (market IDs) on prompt strips.
3. Other OTC brokers recycle contracts (DA etc.) on prompt strips.

Is it possible that all OTC brokered transactions should be FW, FWI, SW, SP rather than having to unnecessarily categorise as DA? We ask because the definition of day ahead is not clear. On an exchange DA would be the next calendar day whereas in OTC market DA is different and often defined as the next working day.

Griffin's broker platform allows for an order to be floated at multiple clearing venues. If an order is floated as bilateral, ICE and CME, would this be defined as both FW and FU?

Also for this section are swaps in or out of scope (considered under EMIR)?

Field 23 – What about commodities emissions and physical coal. Are these in or out of scope?

## **Details of the contract**

Field 25 – The same issue with contract ID exists here, with contract name. How will organised market place contract names be propagated to clients ETRMs? Will 52 characters be long enough for a contract name?

Field 26 - Griffin is not sure what value will be gained from knowing the contract trading hours. We do have the ability to technically provide this information.

Field 27 – It is explicit in the documentation that the organised market place provides the UTI. ACER implies that this a matching field. EFETnet would need to adjust eRR to be able to match on UTI as currently it does not match on UTI.

Field 29 – Linked order ID. Providing this field is problematic for market participants as they do not have nor do they receive platform order IDs.

Field 30 – Same response to this field as previous fields – LEI should be used as all organised market places should have a LEI.

Field 31 – All transactions would need a voice brokered flag to capture this information. What determines if a transaction is voice brokered? Sleeves are executed on the platform but then there is voice intervention to complete the sleeve trades. Do these need to be reported as voice brokered transactions?

Field 33 – Fixing index. Will there be a definitive list of fixing indices and if so how will the list be maintained and recognised by the industry?

Field 34 – Index value. The value of an index is often not known for years. How is this information going to be maintained?

Field 35 – Price currency. “Currency needs to be expressed in ISO standard currency code and units in SI standard units”. As SI unit is not a currency, should we use the word “per”? If this is required then a second field would be required for Price Unit, not use one field for two purposes.

Field 36 - Asking for a notional amount on spread trades and index trades is not relevant.

Field 37 – Why ask for notional currency - why should it be different to field 35 ‘price currency’? What is the logic behind asking for this field?

Field 39 – 10 numerical digits is not enough for a total notional contract quantity. Also the TRUM manual says 20 digits whereas the spreadsheet says 10.

Field 40 – ACER should define what is valid for submitted quantity units. Is ‘Therms per day’ and kTherms/day valid? Also need to ensure that for power the right quantity and total quantity is being reported. It should be MW’s for quantity and MWh’s for total quantity.

Field 41 – Settlement methods on orders may not be known on orders. For example, counterparty master agreements may specify that physical NBP has the option to cash settle.

Field 42 – Maturity date. What is meant by the expiry date on this field? Does it refer to last trading day or last delivery day? What value does having this field in place add?

Field 43 – Termination date. What is meant by the expiry date on this field? Does it refer to last trading day or last delivery day? What value does having this field in place add?

### **Physical Option**

Field 45 – Option Type. Will ACER just use ‘other’ all the time when the option is not a call or a put or will they list all option type strategies i.e. straddle, strangle, collar etc.? What is meant by mixed options as is specified in the TRUM user manual?

Physical options is also missing a field for option premium. If the transaction being reported is an option, is it implied that the premium will be reported in the price field (Field 32)?

## **Delivery Profile**

Fields 49 and 50 – Delivery start and end dates and times. The time is not indicating time zone. Also is ACER going to list hours of delivery for all reported contracts and what time zone they delivery in?

Field 51 – Gas years is missing from the duration list.

Field 52 – Load type. This list is not comprehensive enough. For example a Polish power peak load trade has different delivery hours to a German power peak load trade.

Field 55 and 56 – The quantity unit should be MW and not MWh otherwise the delivery capacity has to be a calculation of capacity \* time.

Griffin is of the opinion that the handling of delivery profiles needs to be discussed in detail and worked through further to ensure what is reported is in a manageable and sensible format. What is being proposed by ACER in this section could result in transaction messages becoming enormous and unwieldy.

## **Confirmation**

We are not sure why this section is necessary. Will it apply to only market participants or will it apply to organised market places too who confirm all trades executed in their market place to market participants?

Field 59 – This field refers to what method was used to confirm a trade. If brokers have to provide this information, it has to be considered that whilst they use electronic and pdf confirms, some clients like to only receive end of day recaps from brokers. Will recaps be considered under a non-electronically confirmed method?