

<b>Document</b>	Draft Requirements for RRM_s_PC_FINAL Consolidated Comments FINAL.pdfRequirements for the registration of Registered Reporting Mechanisms (RRM)
<b>Version</b>	PC_2014_R_06
<b>Date</b>	Document: 22 July 2014 Review 29 Aug 2014

Consultation questions

Question	Comment
1. Do you agree with the Agency's view that post-trade events related to wholesale energy products shall be reported by trade matching or trade reporting systems?	Yes, such services provide a common access point for reporting modifications and lifecycle events whilst aggregating data through a single connection to ACER.
2. Do you agree that the standards and electronic formats to be established by the Agency according to Article 10(3) of the draft Implementing Acts shall apply to trade repositories and ARMs for the reporting of data covered by EMIR and / or other relevant financial market legislation? If not, please justify your position.	No, to become compliant with the Agency's requirements TRs currently licensed by ESMA for EMIR would need to address the following points before they could qualify as a source for REMIT data: <ol style="list-style-type: none"> <li>1) Order data, not currently collected by TRs</li> <li>2) Contract ID and related data, not currently collected by TRs, namely: <ol style="list-style-type: none"> <li>a. Contract Type (trade &amp; order)</li> <li>b. Energy Commodity (trade &amp; order)</li> <li>c. Contract Name (trade &amp; order)</li> <li>d. Contract Trading Hours (trade &amp; order)</li> <li>e. Last Trading Date Time (trade &amp; order)</li> <li>f. Duration (trade only)</li> <li>g. Days of the Week (trade only)</li> <li>h. Load Delivery Intervals (trade only)</li> </ol> </li> <li>3) Linked order data, not currently collected by TRs</li> <li>4) Linked Transaction data, not currently collected by TRs</li> <li>5) Voice Brokered, not currently collected by TRs</li> <li>6) Initiator/Aggressor, not currently collected by TRs</li> <li>7) The identity of the trader executing the transactions, not currently collected by TRs, EMIR requires the organisation(LEI) and not the individual</li> <li>8) LoadType, although collected for EMIR the set of permitted values is smaller than for REMIT and therefore TRs cannot currently supply all the required values</li> <li>9) Delivery interval data for physical deliveries</li> <li>10) Fixing Index for floating price transactions, not currently collected by TRs</li> <li>11) Cleared transactions, EMIR focuses on the settlement relationship between the Trader and GCM and permits this information to be reported as positions; for both these reasons the originating execution information is lost.</li> </ol>

Question	Comment
3. Do you agree that the requirements set out above adequately ensure the efficient, effective and safe exchange and handling of information without imposing unnecessary burdens on reporting entities?	It's rather vague to be honest. I suppose that's to be expected, but I would rather see firm requirements
4. Do you agree with the Agency's view that the same requirements shall apply to all RRM's?	Yes
5. If your reply to question 4 above is negative, please explain which requirements should apply differently to different RRM's and why.	N/A
6. Notwithstanding the requirements on the validation of output (see Chapter 5.6), should the Agency offer to entities with reporting responsibilities the possibility to request access to the data submitted on their behalf by third-party RRM's?	Yes
7. If the reply to question 6 above is positive, please explain how such access should be granted, taking into consideration the need to ensure operational reliability and data integrity.	<p>Some or all of the following possibilities:</p> <ol style="list-style-type: none"> <li>1. On-line access to the data from their organisation, although this would require substantial infrastructure to support concurrent users as well as highly secure GUI features and a related Service Team to support all the users. These considerations may make this requirement burdensome for the Agency.</li> <li>2. A reporting function to extract data for off-line reconciliation. Although the same considerations as for the on-line service above would apply, except for the infrastructure for a highly available and responsive GUI as any report request interface would by definition be less complex than a full on-line portal envisioned above.</li> </ol>
8. Do you agree that the compliance report must be produced by the RRM on a yearly basis or shall such report be compiled only at the request of the Agency?	Annually makes sense. But who consumes and provides assurance for this report?
9. Do you agree that trade repositories and ARM's shall be registered with the Agency, even if they only report data reportable under EMIR and / or other relevant financial market legislation?	It would seem to make sense, if they are regarded as a source of trusted data for REMIT, the issues raised in the response to 2 above notwithstanding.

Question	Comment
10. Do you agree that the Agency should foresee a simplified registration process for trade repositories and ARMs that only report data reportable under EMIR and / or other relevant financial market legislation?	Disagree. The TRs are struggling to manage data correctly now. They should have to meet the same standards and process as any RRM, the Agency otherwise risks 'importing' the challenges currently facing ESMA.
11. Do you agree that CEREMP should be used for the identification of market participants that apply to become a RRM?	Yes.
12. What is your opinion on the timeframe needed to complete the registration process?	It would appear over long.
13. Do you have any comments on the registration process in general?	Too long, and how will you handle 200 registrants?
14. Would the periodic renewal of registration be a valid alternative to the certified annual report?	3 years, but the annual report is preferred
15. Do you have any other comments on the Chapter concerning the Agency's assessment of compliance with the RRM requirements?	Will the Agency's own systems be subject to the same stringent requirements?

Section/Page	Comment
1, page 6	This is the first time Trade Data and Fundamental data are gathered by the same RRM criteria. Needs to be clarified that an RRM is not required to offer services on both sets of data to be certified (see also statement on page 7 'it is also important ...')
1, page 7	'The agency currently aims ...' : this needs to be committed or otherwise the certification of RRMs needs to be linked to the availability of final RRM requirements
2.11, page 8	Statement "The organised market place where the wholesale energy product was executed or the order was placed shall at the request of the market participant offer a data reporting agreement." Implies that an OMP <u>has</u> to report if a trader asks them
2.11, page 8	The 'upon request' process doesn't refer back to all reporting channels. Needs clarification whether a trade matching system (ACER often refers to EFETnet in that way) therefore must perform the reporting duties upon request of the market participant. The 3 <sup>rd</sup> paragraph releases MPs from reporting these trades but doesn't allow for them to report them themselves. I reckon this could be more specific. For post-trade events, it is clarified that MPs cannot nor should (never) report trade events
2.1, page 8, Consultation Issues	A better question to ask would be, "how else could they be reported?" but I guess we agree with the question
2.1, page 8, Consultation Issues	Why not include a question on the handling of trade events as well?

Section/Page	Comment
2.1.2, page 9	Missing reference to secondary capacity trades, which will have to be reported by market participants (timing to be clarified)
2.1.3, page 9	Statement "Furthermore, according to the draft implementing acts, organised markets, trade matching or reporting systems, who have reported details of derivatives under financial rules, subject to their agreement, should be able to report the same information also to the Agency." This eRR to report to both EMIR TR and ACER for data which meets both (e.g. ETDs)
2.1.3, page 9	Four different possible sources for EMIR data, how to prevent double reporting? I.e. one copy is send from eRR to ACER but the TR is also reporting the same trade from the same party to ACER. →There should be only one source defined Second issue: what about fields that are not part of the EMIR data but part of the REMIT data? How would TRs get this? Or is it not needed to report the gap?
2.1.3, page 9	'it is important to note ...': the statement with 'in principle' needs final closed wording since there is no alternative supplied to what should happen if 'in principle' doesn't apply Statement 'Furthermore ...' introduces double reporting, in contradiction to what ACER has been publicly stating till now that TRs will offer access to their DBs (and no data will be sent to ARIS)
2.1.4, page 9	Statement "This [trades done off an OMP] is, therefore, the only instance where trade data may have to be reported by market participants themselves. However, the reporting may also be delegated to third parties." This is a clear push by ACER to get OMPs to do the reporting. This is a concern
2.1.4, page 9	Statement "This [trades done off an OMP] is..." refers to MPs reporting themselves whereas the rest of the document refers to RRM criteria applying to everyone who wants to report (so no specific rules for self-reporting entities). I think ACER wants to distinguish here the non-standard trades
2.2.6, page 10	Statement "In sum, the gas fundamental data that may have to be reported directly by market participants are those related to unloading and reloading at LNG facilities and to the amount of gas stored by each market participant at the end of the gas day at gas storage facilities. Market participants may, however, delegate the reporting to LSOs and SSOs, respectively, or to other third-party reporting entities." Do we need to cater for traders wanting to report these, as we do not for IR and FX?
2.2.6, page 10	As per above, will an RRM have to offer services on Fundamental data 'upon request of the MP'?
2.2.6, page 10	Sounds as if SSOs may do this. If there is a gap we can add this to the schema but perhaps this should be a question to our user group to find out if there is really a need for eRR to do it.
2.3, page 11	Bullet point 'enable the identification of errors ...' – how will these errors be identified? Matching process results? Statement 'Furthermore ...' requires commitment on timing Statement 'The requirements will apply ...' invokes the question of complexity to adhere to RRM criteria versus ARM criteria. Should EFETnet examine those differences? Statement 'Trade repositories ...' means an extension of their status to RRM is required if the needs to report orders to EMIR trades.
2.3, page 12	Statement 'However ...' requires clarification on 'reasonable steps'

Section/Page	Comment
2.3, page 11, Consultation Issues	<p>Question is “Do you agree that the standards and electronic formats to be established by the Agency according to Article 10(3) of the draft Implementing Acts shall apply to trade repositories and ARMs for the reporting of data covered by EMIR and / or other relevant financial market legislation? If not, please justify your position.”</p> <p>Only if we agree that the EMIR reporting process has delivered what was expected of it and requested by the regulations (e.g. ETDs at transaction level). Can we reconcile the TR data? Can we analyse the TR data to confirm the trader has met their obligation? Can we get a report from the TRs stating this? Are all TRs fully compliant with ESMA? If not, then they are not RRM compliant</p>
2.3, page 11, Consultation Issues	Yes, all standards and requirements should apply to all reporting channels.
2.3, page 11	<p>“Trade repositories and approved reporting mechanisms shall not be subject to the requirements insofar as they <b>only report the same information that they are already reporting under EMIR</b> or other relevant EU financial markets legislation.”</p> <p>I am not sure if this statement is correct as there are specific fields that only REMIT wants and EMIR does not ask for. So it is NOT “the same information”</p>
4, page 14	<p>Statement “For reasons of operational reliability, the RRM Technical Specifications document will be kept confidential and applicants will have to sign a non-disclosure agreement before receiving a copy of the document.”</p> <p>This is a ridiculous position. To understand what you need to do to be something, you first have to apply to become it.</p>
5, page 15.	<p>Entire paragraph is rather fluffy and seems more based on procedures and documentation than on content and processes</p> <p>Statement “Based on this analysis” makes a light approach for self-reporting entities impossible, even though earlier in this document this was not said that specific</p>
5.1, page 15	<p>Statement “The security policy of the RRM shall be documented. Such documents may be requested by the Agency at the stage of the registration of potential RRMs or at a later stage.”</p> <p>We will need to update the CMS security policy to make it more generic</p>
5.1, page 15	Requirement do not specify any level of measures to be taken (more procedural than content again)
5.2.a, page 15	<p>Statement “[RRMs shall] have adequate contingency plans in place to assure the timely reporting of data. Third-party RRMs shall ensure that the availability of their services enables their associated market participants to report information within the deadline;”</p> <p>What are is the availability of ARIS? We should only be asked to back to back this. I have a concern than an RRM will be asked to be hugely robust to act as a fall back REMIT database.</p>
5.3, page 16	<p>Statement “The RRM shall document the procedures aimed at ensuring input validation”</p> <p>This is just the eRR standard, so we should be some way ahead of others</p>
5.3.b, page 16	<p>Statement “[RRMs must ensure that] persons submitting information on behalf of a market participant are properly authorised to do so. This requirement applies only to RRMs reporting information other than their own data;”</p> <p>What is an RRM's own data? I thought MPs could not report? Would this be orders data from an OMP?</p>

Section/Page	Comment
5.3.b, page 16	Reporting of own data needs to be specified. It remains strange that OMPs can report both sides of the trade (so including the leg from a MPs perspective without the need of that 'authorisation' which should be embedded in a delegation contract. Seems contradictory to the wording used for the potential reporting channels.
5.5, page 16	Statement "The RRM must document how it has implemented the technical solution aimed at ensuring compliance with this requirement [the TRUM]" Again, this is just the eRR standard, with the mapping laid out
5.6, page 16	Requirements on the validation of the output must be linked to the feedback received from ARIS (acknowledgements and read receipts, validation of the TRUM XML schema and potentially at a later stage in the process validation of the trade of being market/REMIT compliant)
5.7, page 17	Statement "RRMs must have proper governance agreements in place to ensure that they have internal control mechanisms, transparent and consistent lines of responsibility and sound administrative and accounting procedures. In addition, RRM must follow a robust compliance programme with sufficient controls over regulatory requirements and conflict of interest." EFETnet needs to develop this
5.7, page 17	Statement "Should the RMM outsource any of its activities, it must document the outsourcing arrangement(s) and ensure that such arrangement(s) guarantee(s) compliance with the requirements." CommodityNet needs to develop this. Do we need to continue to roll it down? Do we need something from Rackspace? Ponton?
5.7, page 17	'Accounting procedures' are not applicable here so should be deleted from the text (what functional relationship between accounting procedures of a service provider and the quality of its services it offers?)
5.8, page 17	Statement "RRMs must employ robust operational risk controls and procedures. Such controls and procedures shall be documented in an operational risk policy or framework" Can we ask for examples of what they are looking for here?
5.9, page 17	Statement "RRMs must inform the Agency without delay if its operations are disrupted" Need to define disruption – 30 seconds? 30 minutes? One day?
5.10, page 17	Section is Requirements concerning security breaches ACER must back to back this – they must meet this requirement
5.13, page 18	Statement "RRMs shall produce on a yearly basis a compliance report describing how the RRM met the technical and organisational requirements in the preceding 12 months. Such annual report must be provided to the Agency on request. Furthermore, if the Agency so requests, the annual report must be certified by an external information systems auditor on the basis of an audit plan produced by the Agency." Who would pay for the external certification? Production of the report is on us, but if they want an external to certify, I am not happy paying for it
5.13, page 18	A compliance report referring to both technical and organisational requirements cannot be certified by an external information systems auditor only. This process refers to the current practise in Germany and is expensive and inefficient. I would plead for the yearly drafting of such a compliance report and the possibility for ACER to audit it.

Section/Page	Comment
6.2.1, page 20	Statement "Information on whether a market participant has the intention to register also as a RRM will be provided as part of the registration of market participants" I thought Market Participants could not be RRMs? How could this happen?
6.2.4, page 21	Statement "The Agency will set a threshold of complete and accurate reports to be met during the testing phase. Only those applicants that meet the threshold will be admitted to the following phase and enabled to complete the registration process." I will be interested to see how rigorously this is enforced. Also, I assume this is only at the generic RRM level, not for each submitting organisation?
6.2.4, page 21	The entire testing process, as a precursor to certification, needs to be described in more detail. The priority concept is potential danger and the threshold approach can only work in mature environment (not with both RRMs and ACER doing this for the first time based on "close to decent documentation and requirements"
6.2.6, page 22, Consultation Issues	Question 12 "What is your opinion on the timeframe needed to complete the registration process" Miles too long. Why three months? At best, that gives 3 months for (formal) testing
6.2.6, page 22, Consultation Issues	The registration process includes the testing which explains the long period. However, the 'about' statement needs to go. The entire process needs to be specified in all due details.