



1 April to 30 June 2020

Quarterly report from Market Surveillance

This report includes the period from 1 April to 30 June 2020

Updates from Market Surveillance

- During the second quarter of 2020 the order activity dropped compared to the previous quarter. Market Surveillance has looked into possible signals of artificial price floor or price ceiling, but did not find any evidence for such activity.
- Another focus for Market Surveillance was on how TSOs handled the disclosure of unavailable transmission capacity and the effect of that on financial trading. A few market participants reported concerns about inconsistencies in disclosures as well.

General information on investigations

For all incidents and relevant events Market Surveillance investigate we look at the incident both isolated and in a greater perspective. In general we assess the following components:

- Activity of relevant market participant(s) before and after incident
- Activity of relevant market participant(s) in other correlated products before and after incident
- Changes in price formation before and after incident
- Activity of other market participants
- Market participant(s) position in relevant contracts
- Previous activity and knowledge about market participant(s)

Investigation summary

Through analysis, automated alerts and tips from exchange traders Market Surveillance has investigated and reported relevant cases to authorities as presented in the figure below

● Internally concluded investigations ● Reported to authorities



Selection of concluded investigations

- On 7, 14 and 15 April Market surveillance received emails with reference to similar type of trading activity. The exchange traders claimed that the contracts ENOAFUTBLMMAY-20 and ENOFUTBLQ3 -20 were traded (buyer-initiated) at artificially high price levels compared to the supposed market price. Market surveillance investigated each situation and but did not find any evidence for the breach of Market Conduct Rules.
- On 30 April Market Surveillance received an email in which an exchange trader maintained that the price in the contracts ENOAFUTBLMMAY-20 and ENOFUTBLQ3 -20 was held down with intent while the front year ENOFUTBLYR-21 moved upwards at the same time. Market surveillance investigated the situation but did not find any evidence for breach of Market Conduct Rules.
- On 28 May Market Surveillance received an email from an exchange trader questioning an order entry in ENOAFUTBLMAUG-20 during the last minutes of the trading day on 15 May. The order, as the participant claimed, was entered with the purpose to move the closing price up from 9.80 to 9.85 EUR. Market surveillance investigated the situation but did not find any evidence for the breach of the Market Conduct Rules.
- On 28 May Market Surveillance received an email from an exchange trader questioning a buyer initiated trade of 1 MW in ENOAFUTBLMAUG-20. The trade was executed 45 cent up from the best bid price. Market surveillance investigated the trading activity of the bidder and found no evidence for the breach of Market Conduct Rules.
- On 24 June Market surveillance received an email from an exchange trader claiming unusual trading activity that, in their view, could have been linked to the publication of UMM about the start-up of a nuclear power plant aimed to be decommissioned by the year end. Market surveillance investigated the trading activity in the time around the publication taking a closer look at the traders that could have had access to the market information and for any other indications for information leakage but did not find evidence for the breach of Market Conduct Rules.

Cases reported to authorities

- Market surveillance received an email from an exchange trader claiming that TSOs had published misleading information on the ENTSO-E platform. The inside information in question was related to the planned reduction in the available transmission capacity on a cross-border interconnection. After the UMM publication no actual restrictions on flows occurred on that interconnection and no further information about the change in plans was disclosed to the market. As a consequence the market was misinformed and trading in the relevant financial contracts was impaired. Market Surveillance investigated the situation and reported the case to ACER as a possible breach of REMIT Article 4.

Regulatory Updates from Regulators

RME

Guideline on publication of inside Information in the power market (Published 3 June 2020 in Norwegian¹)

Market Surveillance welcomes RME's guideline on inside information publication and see value in providing further clarification on publication practices. Market Surveillance finds it unnatural to the separate guidance on publication practices between physical and financial markets. Such separation cannot be found in REMIT. Further guidance on providing relevant information in market message "Remarks" field could be of value.

Reporting of block trades

The percentage of delays in reporting of block trades was 0.9 % in the second quarter of 2020, this is down from 1.35 % in the first quarter of 2020.

The percentage of erroneous reported block trades was 0.8 % in the second quarter of 2020, this is down from 1.13 % in the first quarter of 2020.

¹ <https://www.nve.no/reguleringsmyndigheten/tilsyn-med-markedsadferd-og-transparens-i-kraftmarkedet/veiledning-om-publisering-av-informasjon-til-markedet-ved-fysisk-krafthandel/>

Block transactions

