



1 October to 31 December 2020

Quarterly report from Market Surveillance

This report includes the period from 1 October to 31 December 2020

Updates from Market Surveillance

Over the second half of 2020 Market Surveillance observed several instances of inefficient publication of insider information. These were mostly messages published on the ENTSO-E transparency platform which were also routed to NUCS and Nord Pool Spot's UMM platform.

Market Surveillance reported seven cases to NRAs and ACER in 2020 originating from publication of market messages published by TSOs. There is a concern that the quality of messages published by TSOs is highly diverse, and that the information is becoming less reliable.

Market surveillance has therefore urged both ACER and the NRAs to look into the publication practices by TSOs to secure that the objective of REMIT to “ensure wholesale energy market transparency and integrity” is fulfilled. A trend of increased number of insufficient market message publications would threaten this objective.

The Nordic power market is becoming ever closer intertwined with the rest of the European market in both physical and judicial terms. This in combination with multiple spot exchanges in the region further increases the regulators' importance in day-to-day monitoring of and possible reactions to published market messages. If the regulators do not pursue and enforce these matters in a coordinated and uniform way, the market may face *reduced quality of the information disclosure in the Nordic region*.

This in turn could negatively affect the integrity and efficiency of the Nordic power market.

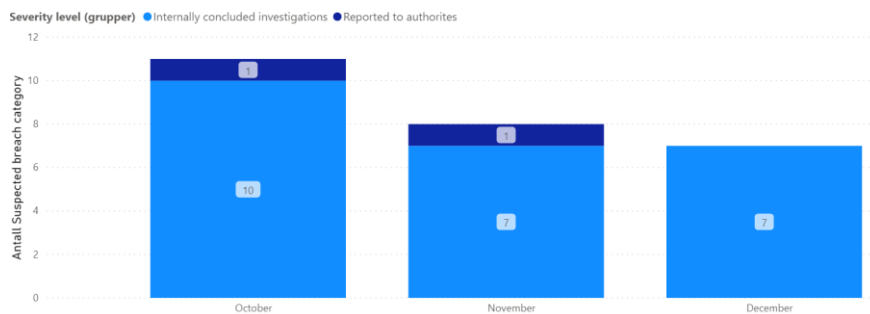
General information on investigations

For all incidents and relevant events Market Surveillance investigate we look at the incident both in isolation 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



Selection of concluded investigations

- On 16 October Market Surveillance received an email from an exchange trader who reacted to trading activity in ENOAFUTBLMNOV-20 and ENOFUTBLYR-21 contracts. In his view, the prices had been pushed down and held down, respectively. Market Surveillance has investigated the relevant trading activity but did not find any breach of the Market Conduct Rules (MCR).
- On 11 November Market Surveillance received an email from an exchange trader concerning trading activity in quarter contracts of 2021 and ENOFUTBLYR-21 that occurred around the closing time on 28 October. The exchange trader observed high sell orders rate and falling prices as a result of that selling activity. Market Surveillance has investigated the market situation in the respective contracts from that day but could not find any breach of the MCR.

Cases reported to authorities

- On 18 November Market Surveillance received an email from an exchange trader reporting missing and vaguely provided market information published by a TSO about the available capacity on an interconnector close to the end of and right after the outage period. In addition the exchange trader was questioning the widening of spread in the EPAD contracts that were

naturally linked to the interconnector in question. Market Surveillance has investigated the trading activity and sent the case to the relevant authorities.

- In addition to the above Market Surveillance noticed one incident of market information disclosure done by a TSO which Market Surveillance and other market participants deemed as unclear, ineffective and confusing. As such information disclosure could have had a consequence for trading in the listed financial contracts Market Surveillance decided to notify the relevant authorities.

Regulatory updates

- Following the decision from 27 November 2020, Market Abuse Regulations (EU Regulations No 596/2014) was adopted in the Norwegian law. The chapters 3, 4, 5, 12, 19 and 21 in the Norwegian Securities Trading Act were amended accordingly. The new regulations will enter into force on 1 March 2021.

Reporting of block trades

The percentage of delays in reporting of block trades was 1.56% in the fourth quarter of 2020, this is slightly up from 1.54% in the third quarter of 2020.

The percentage of erroneous reported block trades was 0.95 % in the fourth quarter of 2020, this is up from 0.77 % in third quarter of 2020.

