



1 January to 31 March 2016

Quarterly report for Market Surveillance

This report includes the period from 1 January to 31 March 2016

Concluded investigations and findings

Concluded investigations based on relevant inputs from members

- On 11 January Market Surveillance received a phone call from two market participants as regards the publication of an UMM about the erroneous Elspot bid for this day. As the publication of UMM took place after the trade in the day contract was closed for the day there were suspicions that the inside information might have been favourably used by the UMM issuer prior to the publication. Market Surveillance investigated the activity in the affected contracts but did not find any evidence of breach of the Market Conduct Rules.
- On 14 January Market Surveillance received an email with a suspicion of market manipulation at the market opening. The member observed that the contract ENOMFEB-16 was traded at unexpectedly low price and contrary to the fundamental price indicators. In contrast, prior to the trade in question the contract ENOQ2 -16 was traded 80 cent higher than the closing price on the previous day. It was therefore naturally to expect that the front month should follow similar upward market movement. Market Surveillance investigated the activity in the contracts but did not find any evidence of breach of the Market Conduct Rules.
- On 14 January Market Surveillance received a phone call from a member that observed an unusual order activity in SYSTOYR-19 and SYSTOYR-20. Sell orders at 2.95 EUR were entered at the same time in both contracts and lowered the best sell price from 3.20 to 2.95. Shortly after some block trades were reported in both contracts at the price of 2.90 EUR, the abovementioned orders were deleted. Market Surveillance investigated the activity in the mentioned contracts but did not find any evidence of breach of the Market Conduct Rules. The trader who placed the orders was not involved in the block transactions in the respective contracts on the buy side.

- On 30 January Market Surveillance received an email from a market participant with a suspicion of insider trading in ENOQ2-16. The reason for the suspicion was linked to an UMM published on 29 January about deference of the maintenance start up time of Ringhals 2 nuclear power plant from 20 February 2016 to 17 September 2016. The member argued that there was unusual bidding activity at lower prices in the days prior to the publication. Market Surveillance investigated the activity in the mentioned contract for potential insider trading but did not find any evidence of breach of the Market Conduct Rules.
- On 11 and 12 February Market Surveillance received two e-mails from the same market participant who argued that there was an unusual bidding activity right after market opening repeated on both days in both ENOQ2-16 and ENOMMAR-16. The bids were all entered with prices different from standard decimals and with odd volumes. In addition the quoted prices were far below the expected market prices of each day given the fundamental market indicators. The member suspected that the order activity was used as the means of sending identity signals to another trader. Market Surveillance investigated the circumstances of the order activity but did not find any evidence of breach of the Market Conduct Rules.
- On 16 February Market Surveillance received an e-mail from a market participant who observed unusual bidding activity in ENOMMAR-16 around the time of the publication of the spot price. In particular, the member reacted to a large bid that was entered right after the spot price that came lower than expected. The price of the bid in question was higher than the last traded price and the market participant suspected attempts to hold the price at artificially high level. Market Surveillance investigated the circumstances of the order activity but did not find any evidence of breach of the Market Conduct Rules.
- On 17 February Market Surveillance received a phone call from a market participant who observed an unusual trading activity in ENOYR-17. The participant deemed the activity as particularly aggressive as the trader in question seemed to continue selling down without waiting for the response from the market after each trade resulting in a downward price movement. This price movement was in the opposite direction to the general market development on that day. Market Surveillance investigated the circumstances of the trading activity but did not find any evidence of breach of the Market Conduct Rules.
- On 10 March Market Surveillance received a call from a market participant who observed that ENOMAPR-16 was traded at an unusually high price at market opening. The high market price, as the member maintained, could not be supported by the fundamental market indicators on that day. In addition the member observed that bids with large volumes were entered in ENOMAPR-16 and ENOW11-16 on the previous day. The member wanted to know if these activities were performed by the same trader. Market Surveillance investigated the suspected activity in the contracts but did not find any evidence of breach of the Market Conduct Rules.
- On 11 March Market Surveillance received a call from a market participant who observed that ENOYR-17 was traded at unusually high price when the market trend was moving in the opposite direction. Market Surveillance investigated the suspected activity in the relevant contracts but did not find any evidence of breach of the Market Conduct Rules.

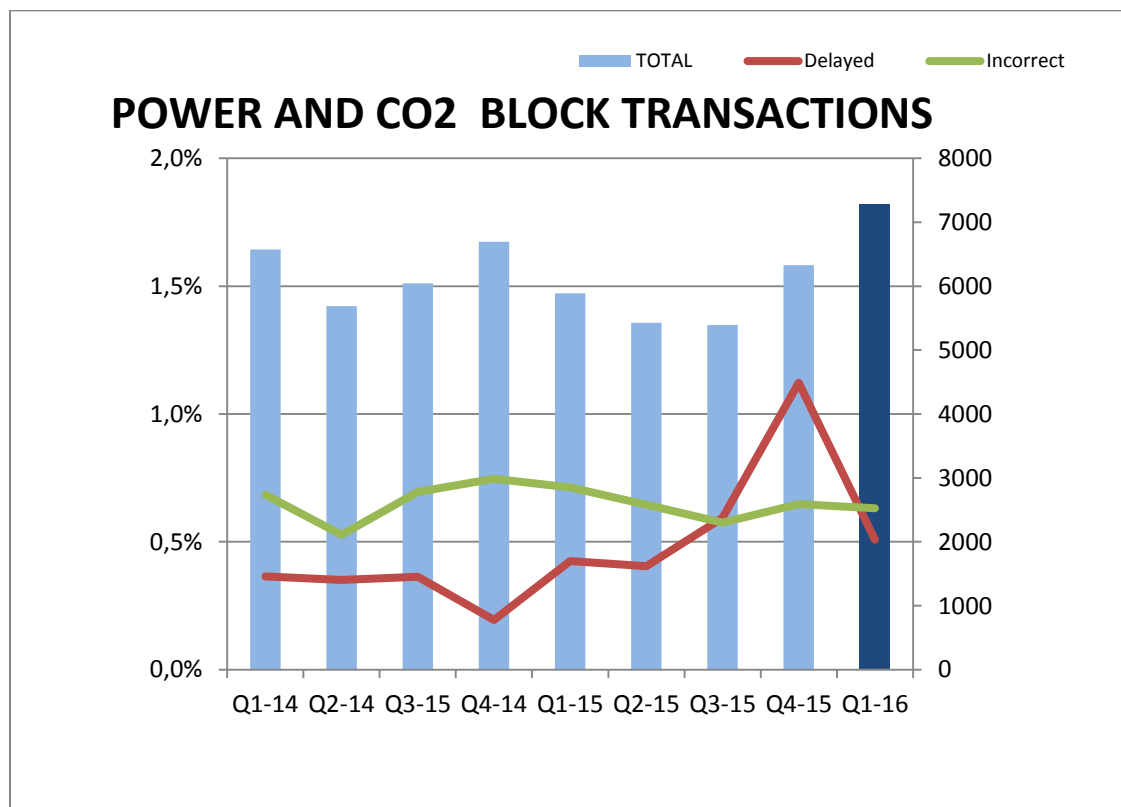
- On 22 March Market Surveillance received an input from a market participant about an unusual order activity on the buy side in the entire range of the long term contracts ENOYR-22 through ENOYR-26. The market participant argued that the activity had been ongoing for some time and that the bid orders intended to increase the price in the abovementioned contracts. Market Surveillance investigated the suspected order and trading activity in the contracts but did not find any evidence of breach of the Market Conduct Rules.
- On 31 March Market Surveillance received a phone call from a market participant who observed the trades on exchange were executed at the lower price level than they could have been traded on the broker screens. In particular this activity took place at the end of the trading hours. The market participant suspected an attempt to set the price at an artificially low level. Market Surveillance investigated the suspected order and trading activity in the contracts but did not find any evidence of breach of the Market Conduct Rules.

Reporting of block transactions

Power and Electricity Certificates

The percentage of delays in reporting of block transactions was 0.51% in the first quarter 2016, down from 1.12% in the fourth quarter 2015.

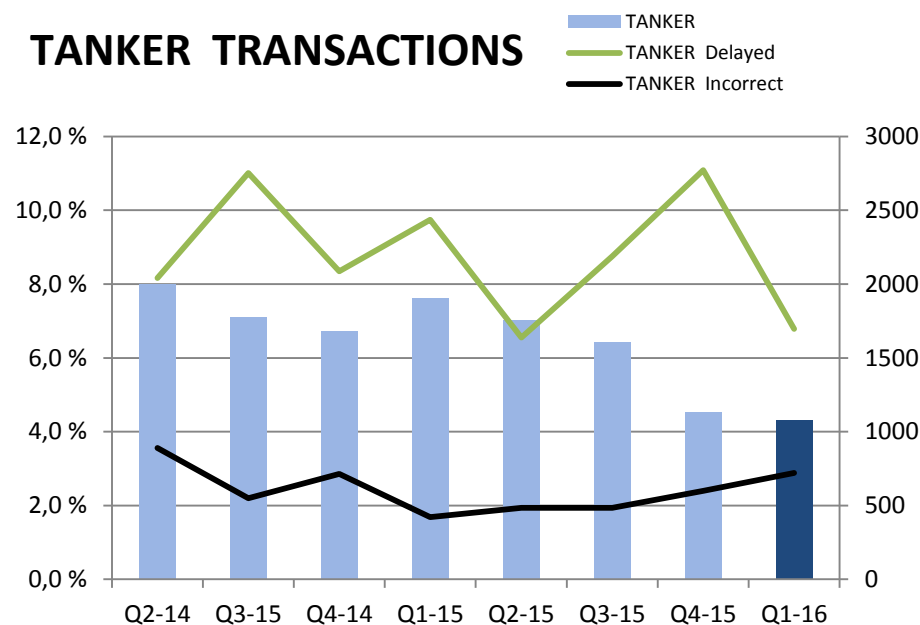
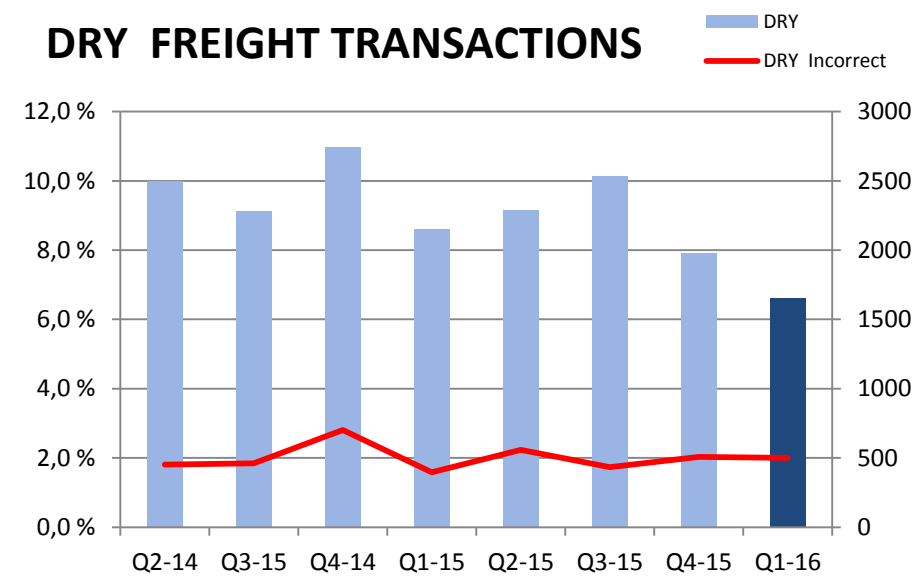
The percentage of erroneous reported block transactions was 0.63% in the first quarter 2016, slightly down from 0.65 % in the fourth quarter 2015.



Freight and fuel oil

The percentage of delays in reporting of block transactions in tanker contracts¹ was 6.78% in the first quarter 2016, down from 11.08% in the fourth quarter 2015.

The percentage of erroneously reported block transactions for tanker contracts was 2.88% in the first quarter 2016, up from 2.39% in the fourth quarter 2015. The percentage of erroneously reported block transactions for dry freight and fuel oil was 2.00%, slightly down from 2.03% in the fourth quarter 2015.



¹ Dry freight and fuel oil transactions are published at the end of the trading day end so that delayed reporting of these transactions is not relevant in regard to the market transparency.