



European Union Agency for the Cooperation
of Energy Regulators

Surveillance at ACER

ERRA Webinar

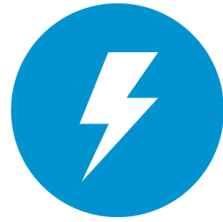
Tomaz Vizintin

Market Surveillance and Conduct Department

01/12/2021 Ljubljana

- **Market landscape**
- **ACER Surveillance Mandate**
- **Detect**
- **Analyse**
- **Notify**
- **Deter**
- **Future**

Market Landscape



Electricity

Trades

Orders

Transportation (PTRs, FTRs)

Fundamental data



Natural Gas

National Regulatory Authorities

27

Registered Market Participants

14k+

Registered Reporting Mechanisms

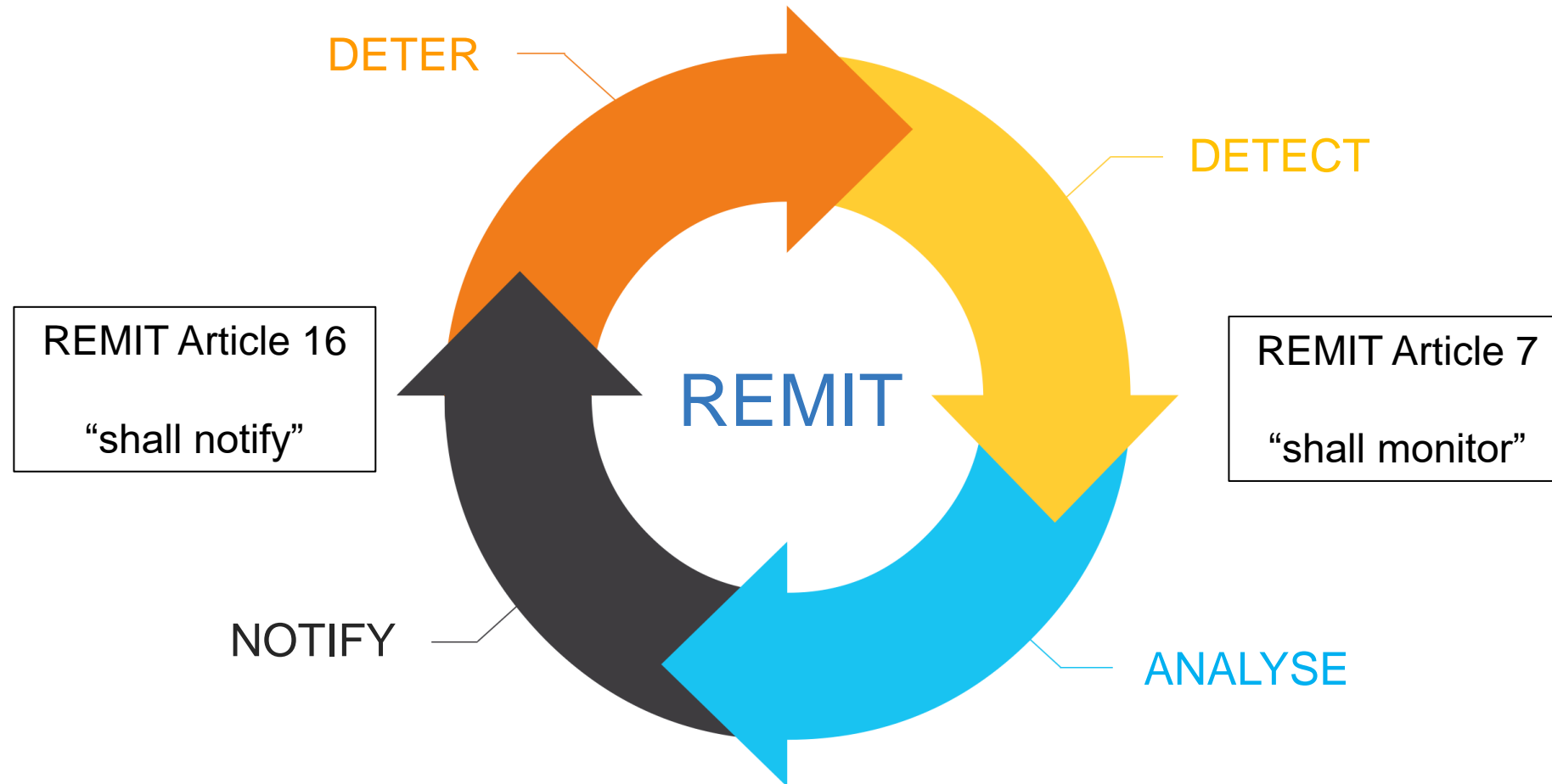
120

Organised Market Places

80



ACER surveillance mandate

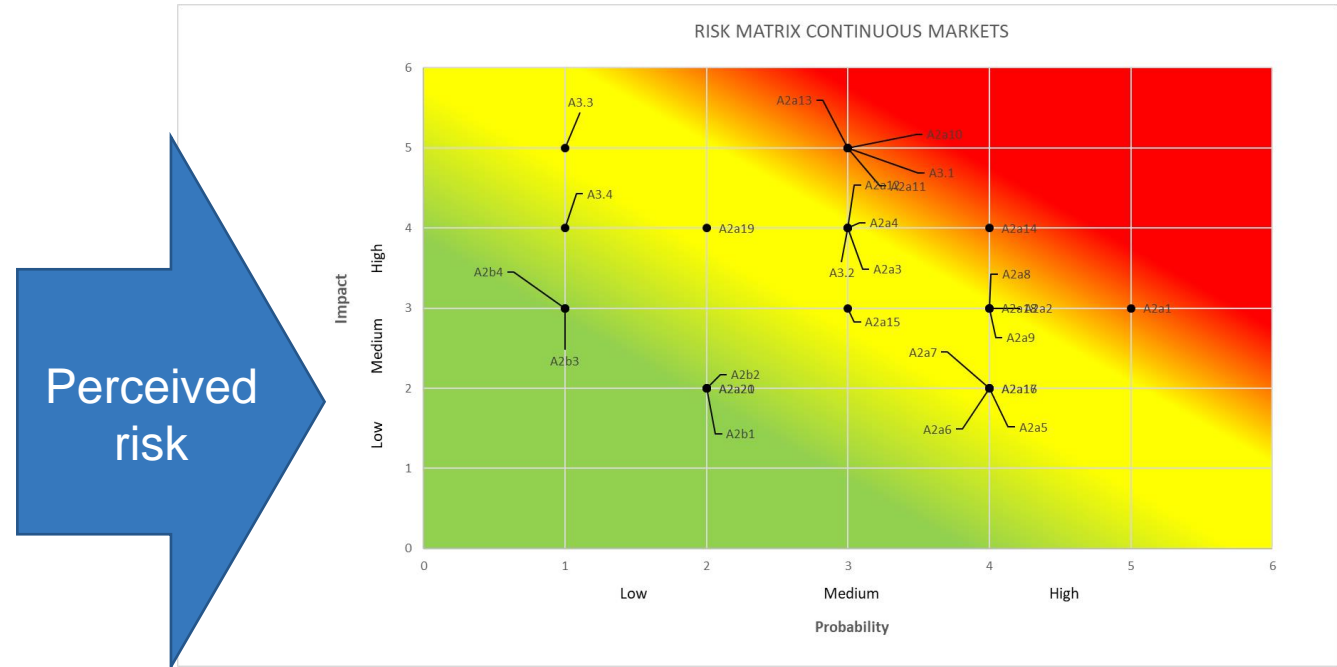


Detect



Taxonomy of market abuse*

Continuous markets	
Behaviour Code	Behaviour Subtype
A3.1	Trading based on inside information
A3.2	Front running
A3.3	Double printing
A3.4	Other insider trading behaviour
A2a1	Wash trades A to A
A2a2	Wash trades A to B to A
A2a3	Wash trades A to B + A from C
A2a4	Pre-arranged trades
A2a5	Trash and cash (order based)
A2a6	Pump and dump (order based)
A2a7	Other strategies to paint the tape
A2a8	Layering/ Spoofing
A2a9	Others (Quote stuffing + Smoking)
A2a10	Market Cornering
A2a11	Economic withholding
A2a12	Physical withholding
A2a13	Marking the close or other relevant reference periods
A2a14	Cross-market/product/venue manipulation
A2a15	Fat finger
A2a16	Phishing
A2a17	Ping orders
A2a18	Transmission capacity hoarding
A2a19	Opening a position and closing it immediately after its public disclosure
A2a20	Creating a misperception through specific actions
A2a21	Misleading research or recommendation
A2b1	Trash and cash (info based)
A2b2	Pump and dump (info based)
A2b3	Other dissemination of misleading signals
A2b4	Other types of NON-intentional behaviours



The core model to map the risks (R) would include two components: the likelihood (P) that a specific type (i) of market abusive behaviour could occur and the potential damage (L) should it materialise, i.e.,

$$R_i = L_i * P_i$$

*Taxonomy of market abuse as defined in 6th edition of ACER Guidance

Three levels of risk mitigation measures:

- Alert development to detect potential abusive behaviour
- Alert enhancement of existing production alerts
- Cooperation with surveillance community (NRAs and OMPs)

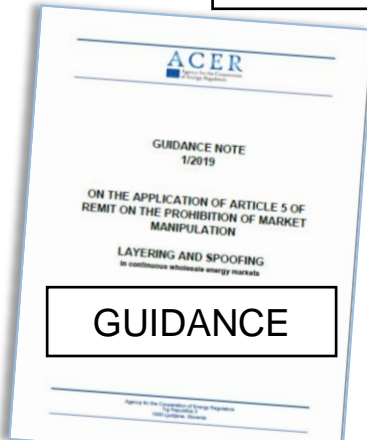
Measurement of residual risk:

- Collecting feedback from NRAs for shared alerts and Initial Assessments.
- Assessing coverage of detection logic
- Reviewing potential abusive behaviours reported to ACER



SMARTS - CUSTOMISED SURVEILLANCE TOOL

PRODUCT NAME STANDARDISATION – PRODUCT TAXONOMY



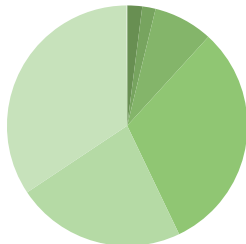
GUIDANCE

```

on trade
  if price > 150% * openprice and price > openprice + $0.07 then
    alert 101, "PRICE RISE", "PRICE RISE: The price rose from
      [openprice] at the open to [price] at [time]."
```

ALERT LOGIC

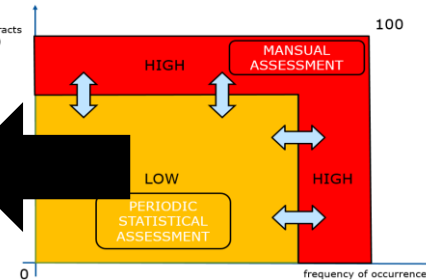
CLASSIFICATION



- Assessment
- NRA
- Watchlist
- Closed
- PIA
- Backlog
- DQ
- Calibration

ALERT MANAGEMENT SYSTEM

Date	Time	Product Code	Status
2019/07/17	12:17:00	ACR_1000_0_0_0000	Warning
2019/07/17	12:18:00	ACR_1000_0_0_0000	Warning
2019/07/17	12:19:00	ACR_1000_0_0_0000	Warning
2019/07/17	12:20:00	ACR_1000_0_0_0000	Warning



PRIORITISATION LOGIC

Surveillance coverage – alerts in currently in production or in development

	Continuous markets	Auction markets
Trades	A-A wash trades A-B-A wash trades Marking the close Front running Cross border wash trade Cross border hoarding Significant Price Spread Change Market Participant Position report* Urgent Market Message inside trading alert	DA Extreme auction price Transportation contracts DA Capacity withholding alert
Orders	Layering/Spoofing	DA Extreme auction price Transportation contracts DA Capacity withholding alert

*For long term and Intra Day Markets

Analyse

Monthly alert statistics

2018 – 2021

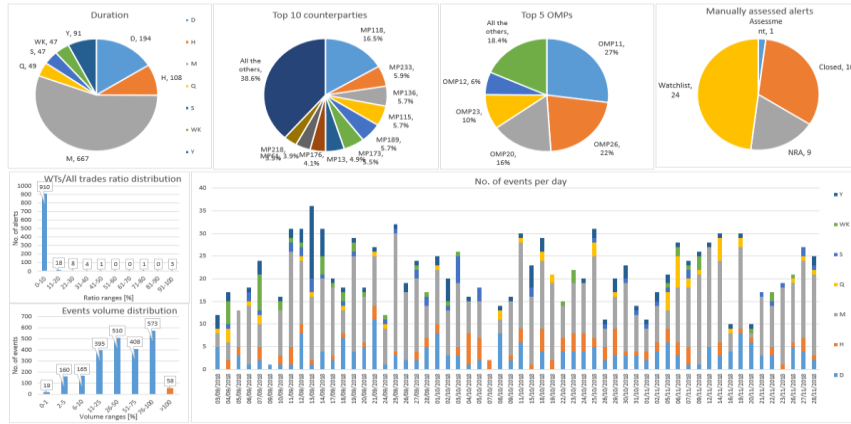
Category	2018	2019	2020	2021*
Triggered Alerts	9,500	13,000	14,200	19,800
High Intensity (priority) Alerts	1,500	1,900	1650	1850
Manually Assessed Alerts	1,100	1,600	1550	1750
% of high intensity alerts screened	73%	84%	94%	95%
Shared Alerts	70	75	90	80
Surveillance analysts	6	5	6	6

Numbers are rounded for clarity

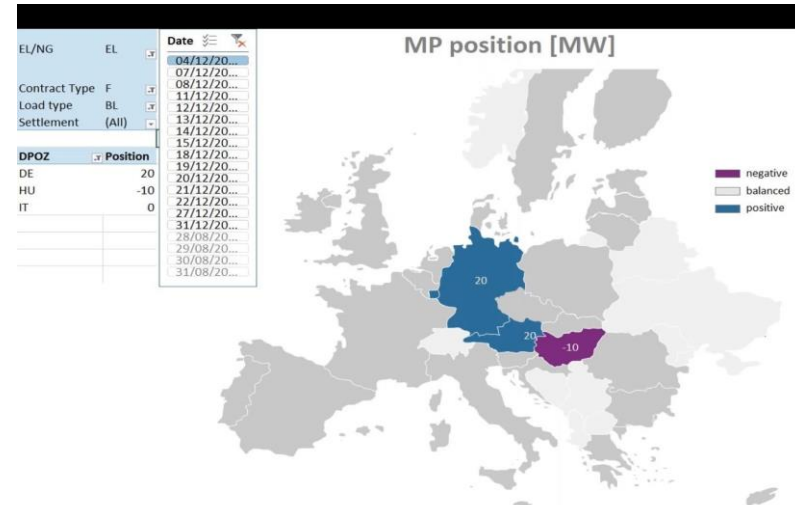
*First 6 months of 2021

CUSTOM ANALYTICAL TOOLS

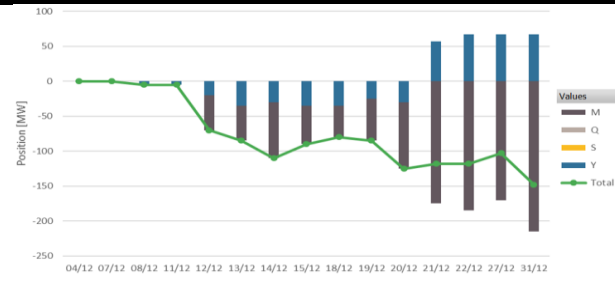
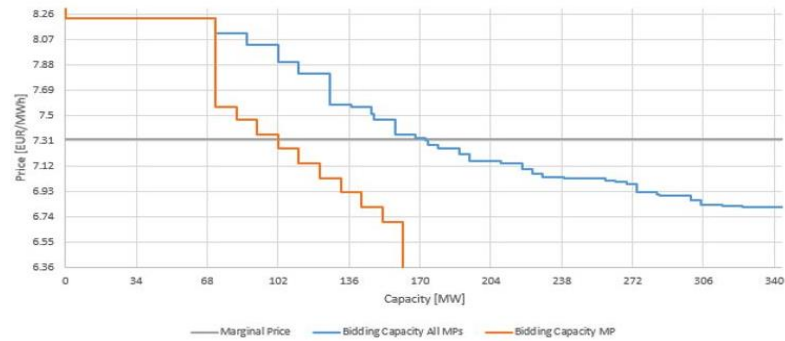
MARKET PARTICIPANT SPECIFIC STATISTICS



MARKET PARTICIPANT POSITION REPORTS



TRANSPORTATION AUCTION VIEWER

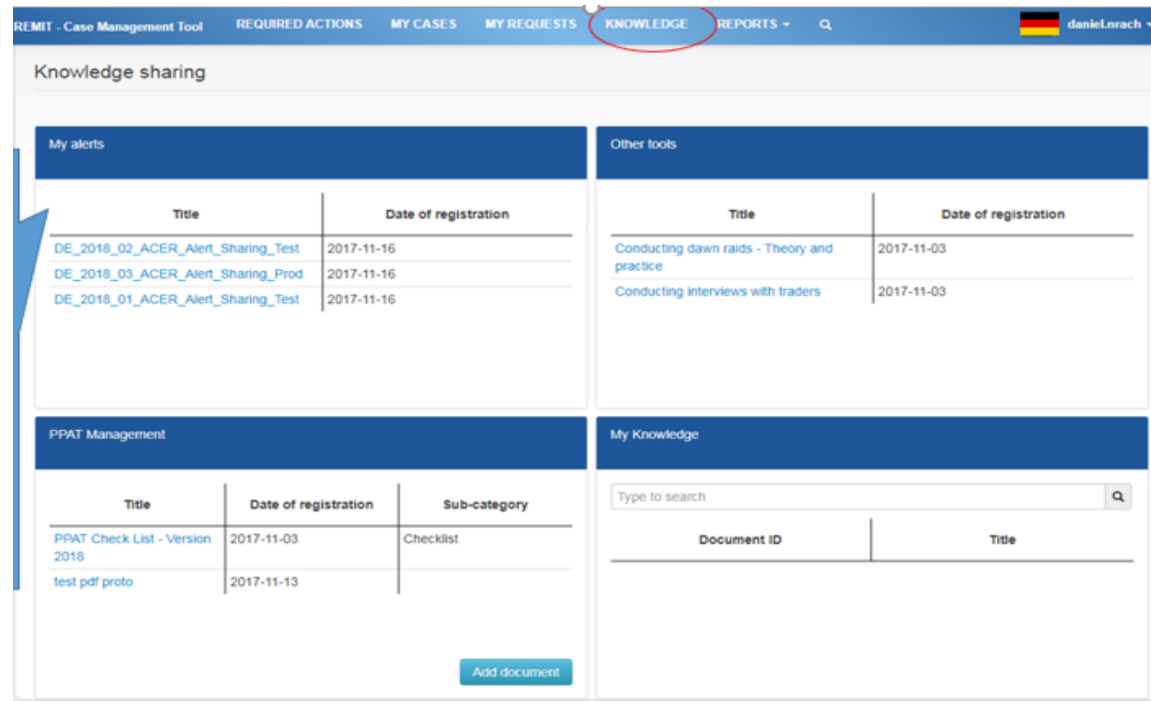


Notify

CASE MANAGEMENT TOOL

ALERT SHARING

INITIAL ASSESSMENTS



Knowledge sharing

My alerts	
Title	Date of registration
DE_2018_02_ACER_Alert_Sharing_Test	2017-11-16
DE_2018_03_ACER_Alert_Sharing_Prod	2017-11-16
DE_2018_01_ACER_Alert_Sharing_Test	2017-11-16

Other tools	
Title	Date of registration
Conducting dawn raids - Theory and practice	2017-11-03
Conducting interviews with traders	2017-11-03

PPAT Management		
Title	Date of registration	Sub-category
PPAT Check List - Version 2018	2017-11-03	Checklist
test pdf proto	2017-11-13	

My Knowledge

Type to search

Document ID	Title

[Add document](#)

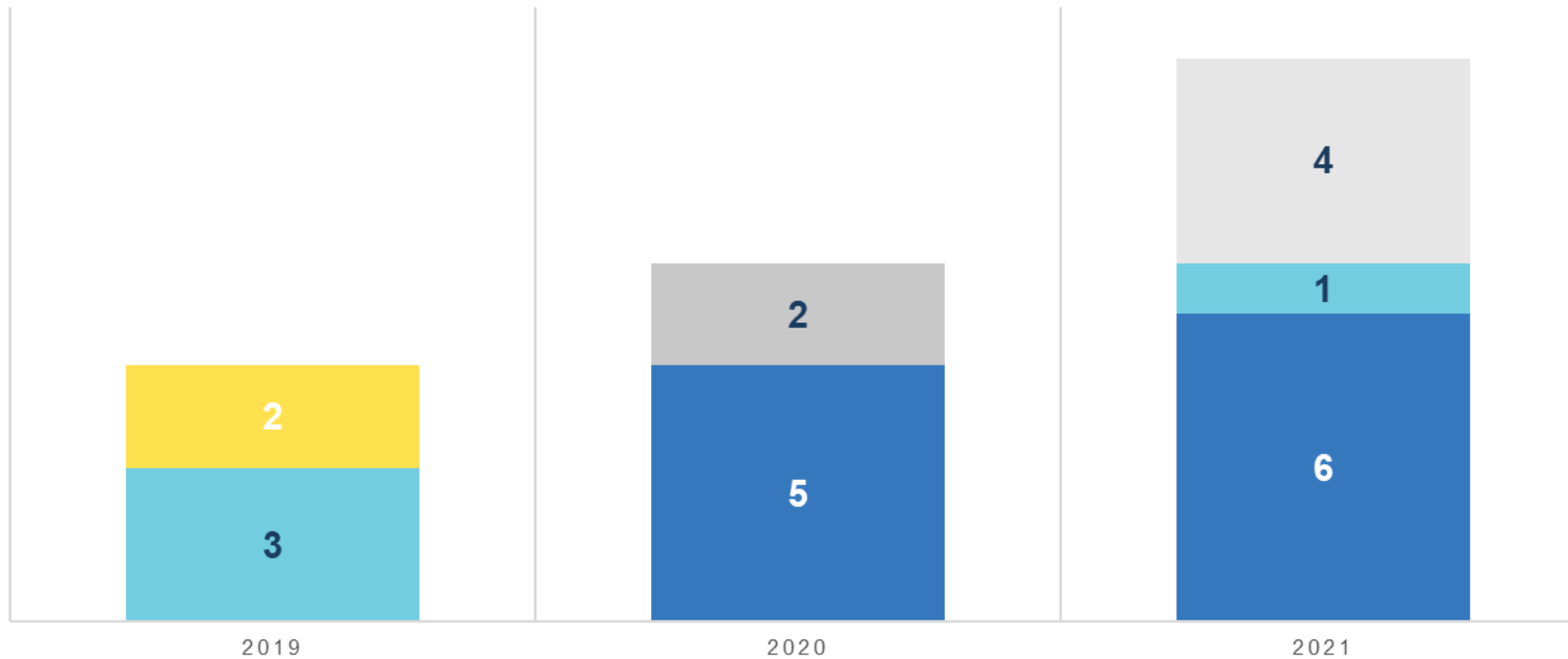


Source: ACER data (November 2021). Note: PIAs are counted depending on the year they were sent to the NRA. Status is taken according to CMT and/or case updates with NRAs.

CASE MANAGEMENT TOOL

CURRENT STATUS OF PIAs

■ NRA Review ■ Investigation ■ Closed ■ ACER Drafting ■ Enforcement



Source: ACER data (November 2021). Note: PIAs are counted depending on the year they were sent to the NRA. Status is taken according to CMT and/or case updates with NRAs.

Deter

COMMUNICATION

COORDINATION MEETINGS ON REMIT

- Market Monitoring Standing Committee (MSC (co-chaired))
- Market Surveillance Forum (MSC)
- Market Data Standing Committee (MIT)
- ACER REMIT Committee (ARC)

STAKEHOLDER IMPACT

- Sharing knowledge and creating a European wide surveillance community:
- ACER developments in surveillance
 - Sharing alert logic
 - PIA discussions
 - Best practices in surveillance

EXTERNAL EVENTS

- EMIT Forum (public event organised by MSC and MIT)
- REMIT Quarterly articles
- Roundtable meetings with:
 - Market participants
 - Organised Market Places
 - RRM

STAKEHOLDER IMPACT

- Surveillance developments, data reporting needs and reporting harmonisation:
- Inform general public of surveillance developments
 - Inform about surveillance market observations
 - Drive the harmonisation and standardisation of data reporting

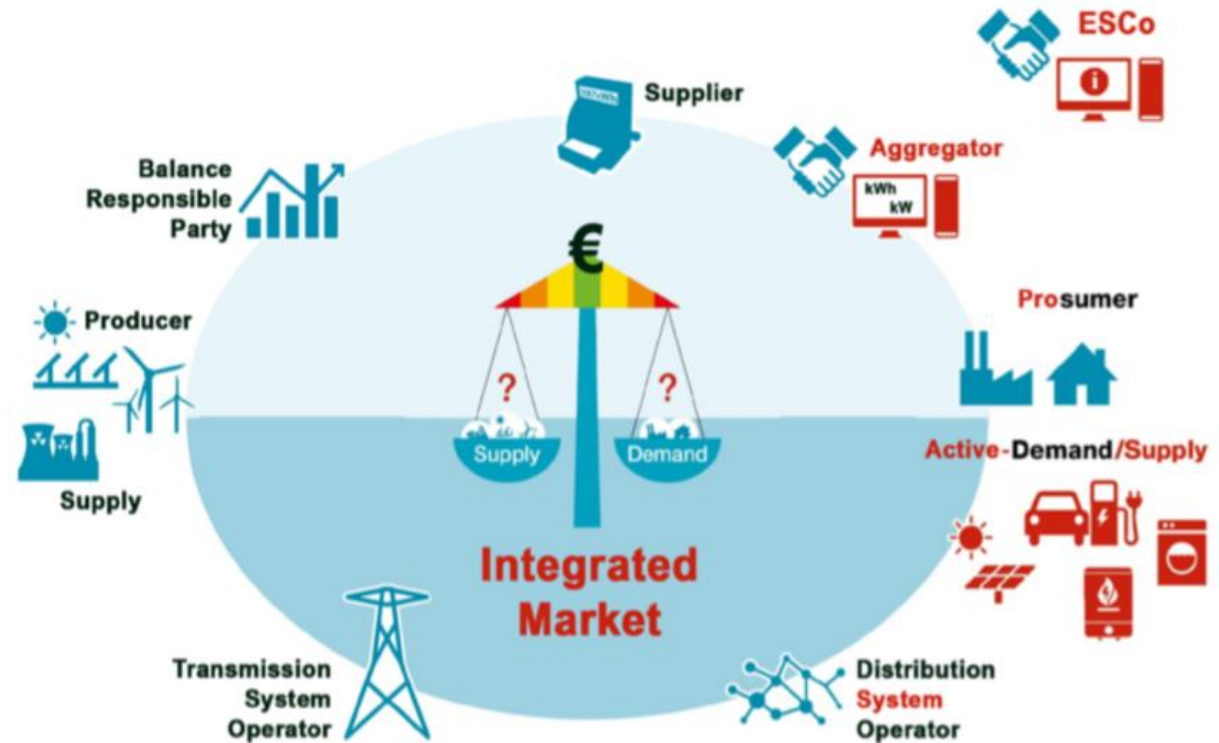
Future

Future market developments

- Trading closer to delivery
- Higher trading frequency
- Flexibility markets
- Emergence of Prosumers
- Storage
- Grid decentralisation

Future surveillance challenges

- Inflexible regulatory framework
- Product standardisation
- Reporting standards
- Investment in advanced detection technology
- Development of “holistic” surveillance methodologies



Thank you. Any questions?



European Union Agency for the Cooperation
of Energy Regulators

✉ info@acer.europa.eu
🖱 acer.europa.eu

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