

Focus Areas

Emergency procedures UMM application

From 1 March 2012 an emergency procedure has been introduced in the "[Disclosure guidelines for Urgent Market Messages](#)" describing what members shall do in the unlikely event that the UMM application is out of order. In such a case the members will be informed through an operational message.

Closer cooperation with market surveillance units at other European power exchanges

Market Surveillance (MS) would like to explore how to increase cooperation with market surveillance units at other European power exchanges. The background for this is to exchange experience and competence and to be able to share confidential information for market surveillance purposes should an incident occur affecting several European exchanges. The latter would make investigations more efficient, but requires a written confidentiality agreement between the exchanges. Currently, MS has such an agreement in place with the market surveillance unit at NASDAQ OMX Oslo ASA.

REMIT

MS are currently working on revising the Market Conduct Rules (MCR). The MCR will be changed in order to be harmonised with REMIT. The proposed changes have been presented for the Customer Advisory Board. Further process is to harmonise the rules with the MCR from NASDAQ OMX Oslo ASA, before it can be sent to the Customer Advisory Board for final comments, and to Norwegian Water Resources and Energy Directorate. A notification will be sent out to the members before the new MCR is implemented. The new MCR is estimated to be published before summer.

MS is also participating in a working group with the Nordic and Estonian regulators aiming at ensuring a common understanding of the requirements in REMIT between the regulators and MS. The first meeting was held on 13 February.

Market design Baltics

MS is working with the project team at Nord Pool Spot with the introduction of a Lithuanian market and the change to the Estonian-Latvian export and import areas. MS has contributed with advice on market set-up and transparency in the market. This process is still ongoing.

Investigations and Findings

Sanctions

No sanctions have been issued in the period from 1 January to 31 March.

Erroneous Elspot nominations

Two investigations regarding erroneous Elspot nominations have been concluded in the period from 1 January to 31 March. MS has investigated the incidents, and concluded that they do not represent market manipulation as set out in the MCR 4.1.

When investigating an incident regarding erroneous nominations in Elspot, MS deems that there are two main considerations, namely the effect the erroneous nominations had on the market and the degree of negligence displayed by the member when submitting the erroneous nominations. In these incidents MS concluded that the effect on the market had been limited and the degree of guilt or negligence was less severe than in similar cases where a sanction has been recommended.

MS is working on introducing in the new MCR an obligation requiring members to ensure the quality of orders and to publish information regarding an erroneous trade of more than 200 MW. This will be done in order to clarify the MCR and to make it possible to follow up on less severe incidents without making the use of the regulations on market manipulation in the MCR.

Prohibition of insider trading – Disclosure requirements

MS has investigated possible breaches on the disclosure requirements and/or prohibition of insider trading in the period. These are summarised below.

- A member published a UMM regarding a failure without “Event stop”. The unit was back in operation the same day. However no UMM was published. The UMM was left open for about two weeks before it was cancelled. This constitutes a breach of the MCR section 3.5 for not informing the market that the unit was back in operation within one hour. In addition there was a breach of the MCR section 3.4 since the UMM was closed by a cancellation and not by publishing the correct “Event stop”. A UMM on the same unit, but on a different event was published after a few days, and MS deems that the market through this new UMM was informed that the previous UMM was no longer valid. In relation to insider trading MS has therefore focused on the period prior to information being published indicating that the previous UMM was no longer valid. The member was given a statement of breach of the MCR section 2.3 regarding insider trading. A sanction was not recommended due to a relatively small volume and a limited effect on the market.



- A member failed to update the “Event stop” when updating a UMM stating that the unit was “Back in operation”. The incident represents a breach of the MCR, and the member was given a statement of breach of the MCR section 3.5 for not publishing information within 60 minutes and of section 3.4 for not stating correct event stop.
- On four different occasions members failed to publish the correct information to the market within 60 minutes after the information occurred. One member published several conflicting UMMs regarding an event, and did not publish the correct period until two months after the information was known to the member. Three members failed to update the “Event stop” after the unit was back in operation, and published the correct information too late. These members were given a statement of breach of the MCR section 3.5 for publishing information too late.
- One member published wrong information in a UMM regarding “Event stop”, and another member published wrong information in a UMM on two occasions. These incidents led to a statement of breach of the MCR section 3.4 to the members.

Input from members

- MS was contacted regarding insufficient information published regarding an event in a UMM. MS contacted the relevant member who subsequently published additional information regarding the event. MS did not find that the incident was in conflict with the MCR.
- MS was contacted regarding high prices in the regulating market during some hours in an Elspot area. MS investigated the incident, but found no breaches of the MCR.
- MS received a question regarding information published to the market on a shut-down of a station. MS investigated the event, but found no breaches of the MCR.
- MS received a question regarding maintenance on a station during a period with high Elspot prices. There was a suspicion that the maintenance was initiated intentionally to increase the prices. The incident was investigated, but MS found no breach of the MCR.

Statistics

Investigations from MS		1 st quarter 2012
Number of written investigations		34
Number of statements of breach		8
Number of written warnings		0
Number of violation charges		0
Number of cases sent to authorities		3
Number of tips received from members		4

Concluded breaches:		1 st Quarter 2012
Disclosure requirements		8
Market manipulation		0
Insider trading		1