



EMIR & REMIT:

How EEX and ECC support customers to comply with new regulations

Steffen Köhler, Chief Operating Officer, 15 September 2014

1. EEX Group at a glance

2. EEX Compliance Services

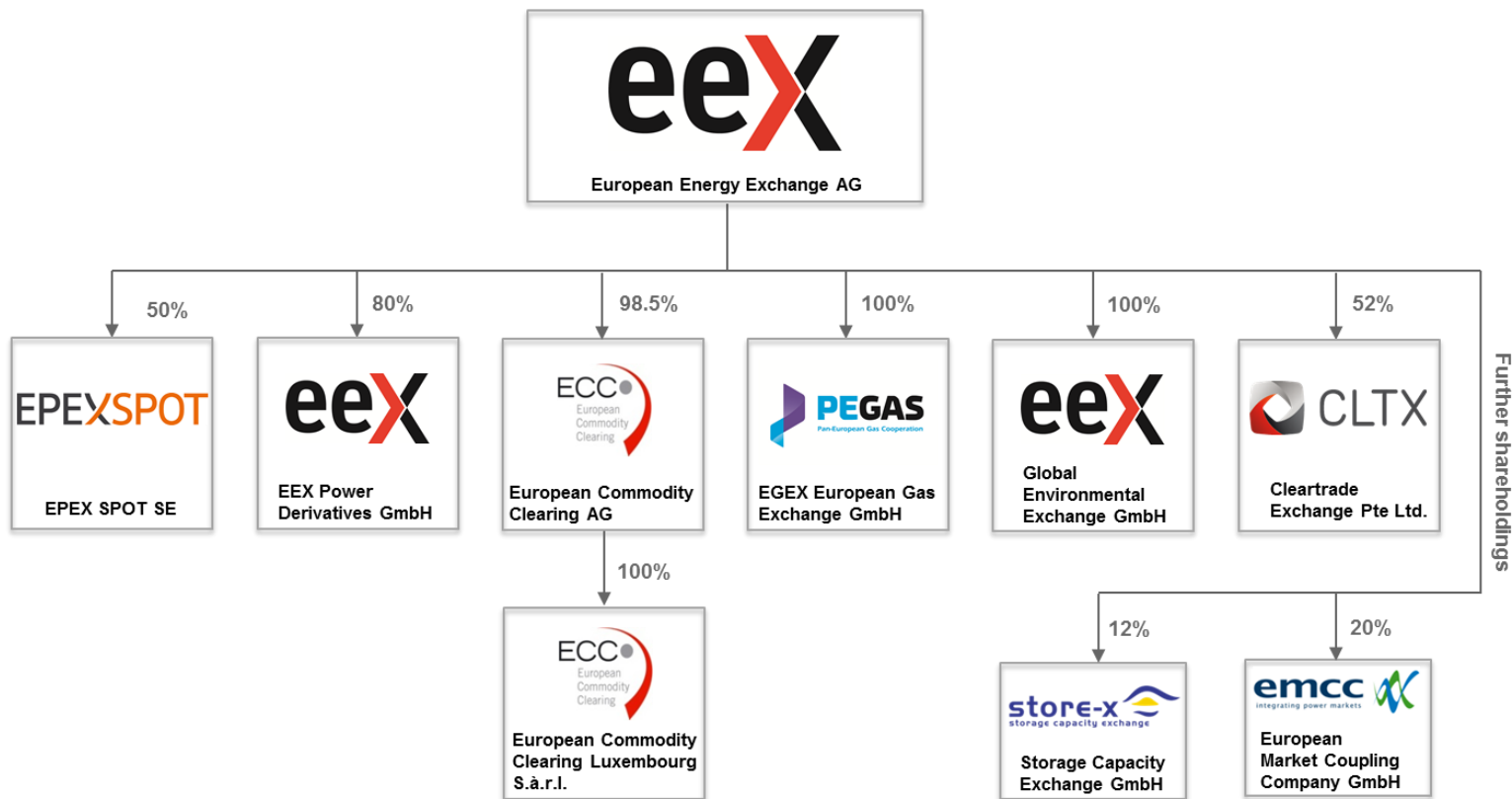
- EMIR
- REMIT

3. Conclusion

European Energy Exchange Group – Corporate Structure



- EEX operates regulated markets and has offices in Leipzig, Paris, London, Milan and Brussels.
- Clearing house ECC assumes clearing and settlement of all contracts.



Markets and Products I/II



- EEX order book(s)
- OTC registration
- Partner Exchanges



French and Dutch Natural Gas

EPEXSPOT

German, French, Austrian, Swiss Power Spot, Trilateral Market Coupling EMCC, CWE, NWE



Czech / Slovakian / Hungarian Power
Czech natural gas

available for EEX Trade Registration as of Q1/2014)



Austrian Natural Gas



Phelix Futures & Options, French / Dutch / Belgian Power Futures, GOOs, Emissions Derivatives and Spot, Coal Futures (USD), Coal and Power for OTC Registration



Gas Derivatives and Spot



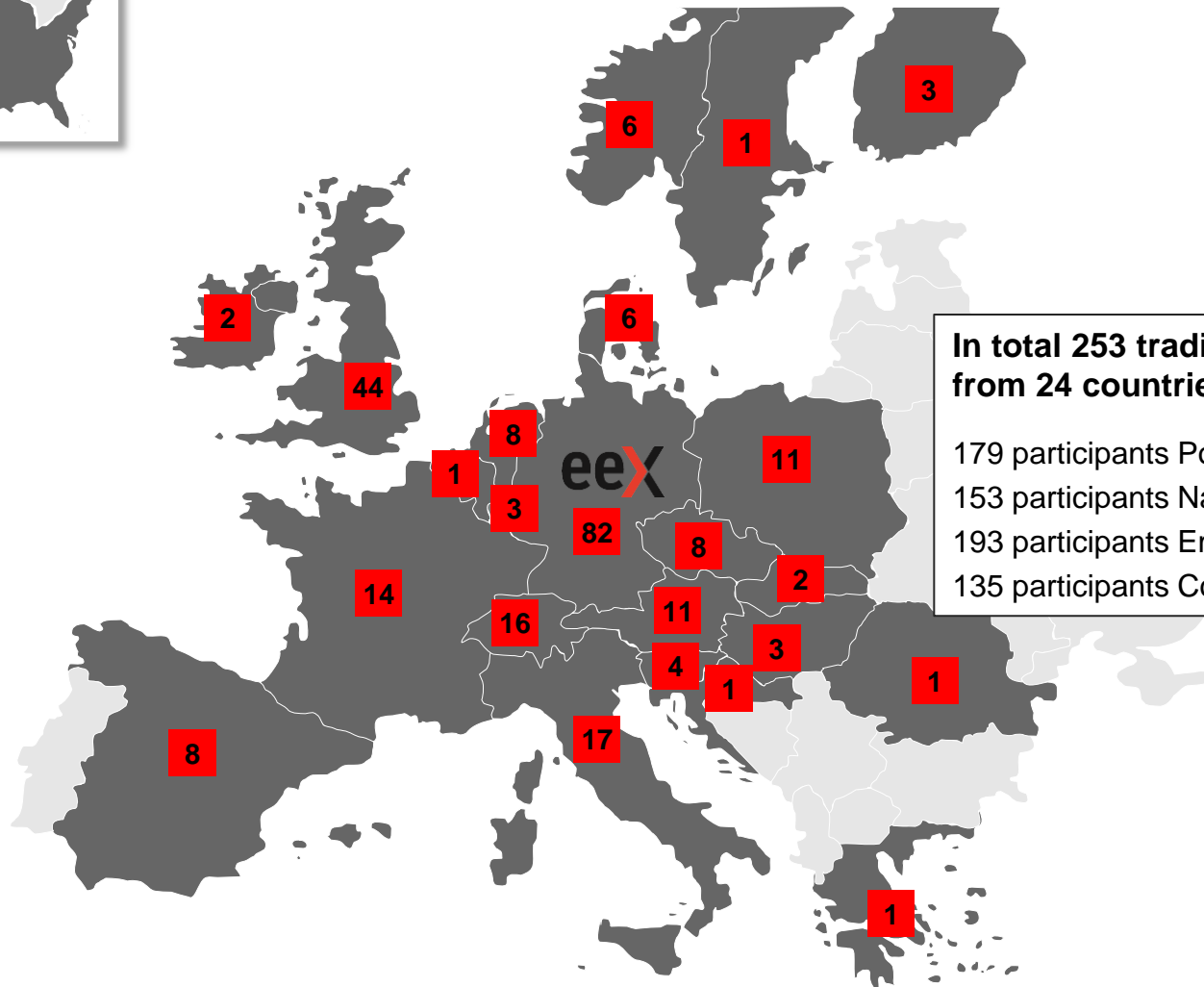
Hungarian Power

EEX order book launch planned Q2/2014 (until then available via Trade Registration)

Markets and Products II/II

Spot Market	Derivatives Market	Trade Registration for Clearing
<p>Power EPEX SPOT Day ahead auction (D/A, F, CH) Intra-Day (D/A, F)</p>	<p>Power EEX Power Derivatives Phelix-Futures French/Dutch/Belgian/Italian-Futures Options on Phelix-Futures</p>	<p>Power Corresponding products Power Futures for Switzerland, Italy, Scandinavia, Romania and Spain</p>
<p>Natural Gas Physical Futures (NCG, GASPOOL)</p>	<p>Natural Gas Physical Futures (NCG, GASPOOL)</p>	<p>Natural Gas Corresponding products NBP Gas Futures</p>
<p>Emission Allowances Secondary Market for EUA and CER spot contracts EUA Primary Auction Spot</p>	<p>Emission Allowances Secondary Market for EUA, EUAA, CER and ERU Futures EUA Primary Market Derivatives</p>	<p>Emission Allowances Corresponding products</p>
	<p>Guarantees of Origin Nordic Hydro Alpine Hydro Central Northern Europe Wind</p>	<p>Guarantees of Origin Corresponding products</p>
	<p>Coal Financial coal futures (ARA, RB)</p>	<p>Coal Corresponding products Euro-denominated futures (ARA, RB)</p>
		<p>Cleartrade Exchange <i>The product range will soon be expanded by Cleartrade products</i></p>
<p>Fully integrated clearing and cross-margining via ECC</p>		

Trading Participants



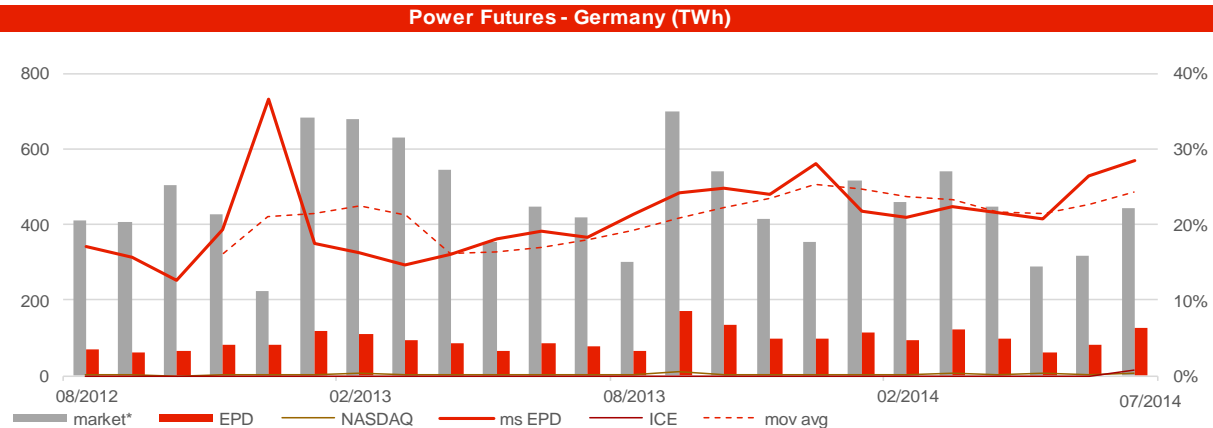
In total 253 trading participants from 24 countries:

- 179 participants Power Derivatives Market
- 153 participants Natural Gas Market
- 193 participants Emissions Market
- 135 participants Coal Market

As of June, 30th 2014

Trading Volumes German Power

- Separating year-end effects with particular impact on market participant's decision whether to trade OTC or on exchange, EEX current volumes represent a record in market share.



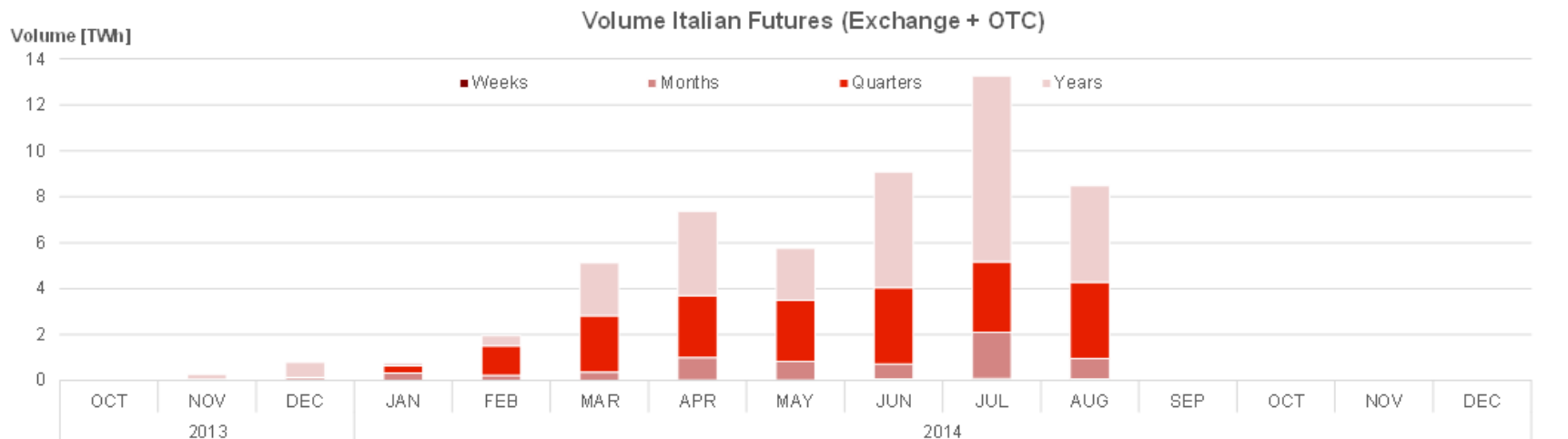
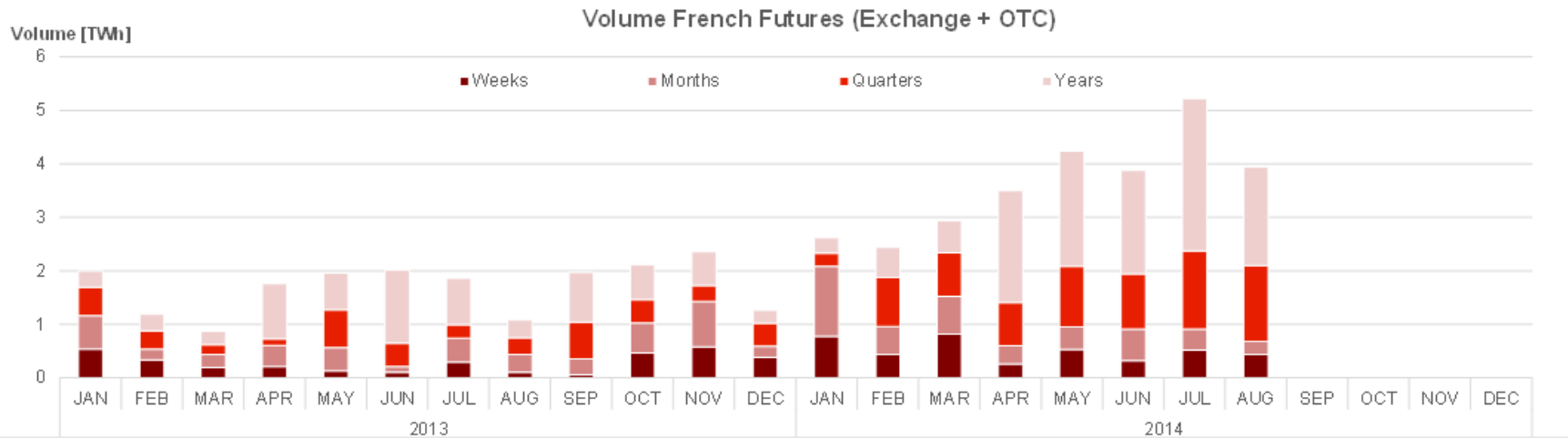
Shares are linked to righthand axis market share in Jul 2014: 29 %
 market share NDQ in Jul 2014: 1,1 %

Volumes in Jul 2014:

EPD	126,8 TWh	market	444,3 TWh
NASDAQ	4,9 TWh		
ICE	0 TWh		

*Market is defined as LEBA plus exchange volume (excl. trade registration). Late reporting volumes are added to previous months. Market volumes are the volumes published by London Energy Broker Association and cover the volumes of Evolution Markets, GFI Brokers, ICAP Energy, Marex Spectron, Traditional Financial Services and Tullet Prebon Energy.

Trading Volumes Italian and French Power



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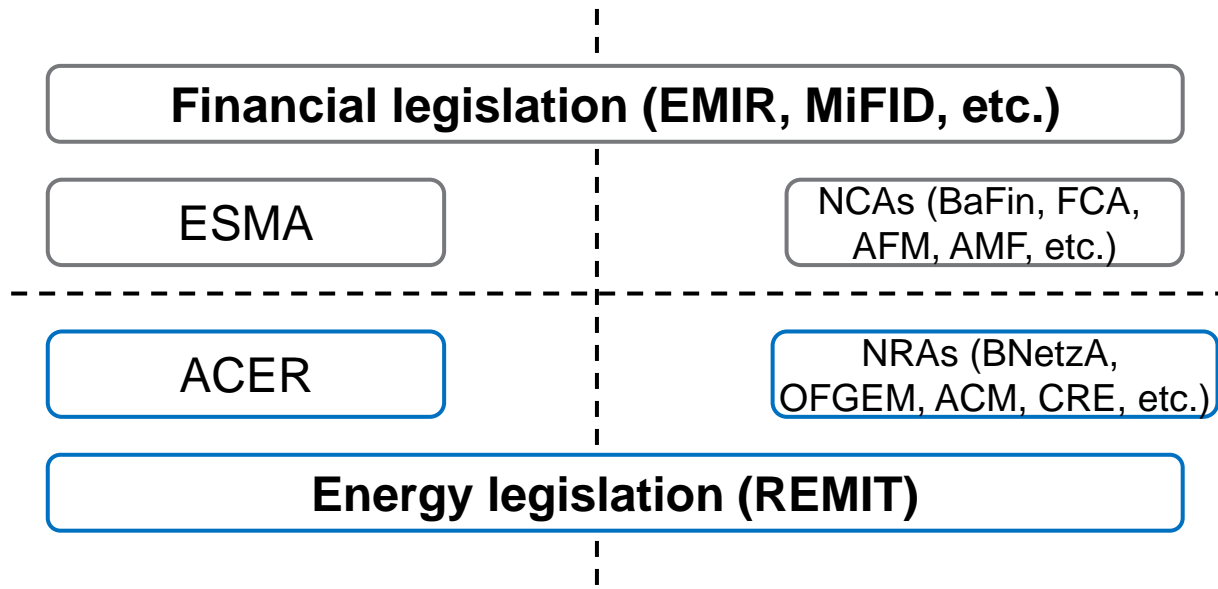
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Introduction: Energy Trading in the focus of both, Energy and Financial Regulation



- Market participants and market places face new regulatory challenges which stem both from energy (REMIT) as well as financial market regulation (e.g. MiFID 2, EMIR).
- The competent authorities are the financial regulator ESMA – European Securities and Market Authority – and ACER – Agency for the Cooperation of Energy Regulators.
- EEX and ECC adapt to these new requirements offering full compliance services to their clients.



Emir Requirement and Service #1: Clearing

- The European Market Infrastructure Regulation (EMIR) imposes a clearing obligation (“*or other risk mitigation technics*”) for Non Financial Counterparties (NFCs) in relation to **OTC derivate contracts**. If the sum of their respective OTC trades in energy trading exceeds three billion euros, these NFCs are obliged to clear their OTC trades irrespective of any threshold.
- **Registered Trades at EEX are NO OTC derivatives in the meaning of EMIR.**
- The registration takes place at EEX which is a Regulated Market (RM) according to MiFID. Therefore, these trades are considered **Exchange Traded Derivatives (ETDs)** which do not count against the three billion EMIR threshold.
- This process is called “novation”. It does not matter whether there has been an OTC trade before the registration or not. A new contract is created with the registration and the rules and regulations of EEX and the clearing conditions of ECC apply exclusively.
- Although trading with smaller companies might benefit from exemptions, the trading behavior of companies being above the 3 bn EUR can’t be predicted, given the requirements to be fulfilled to use such exemptions.

EMIR Requirement and Service #2: Trade Reporting (I/II)



- According to EMIR Article 9, counterparties and CCPs shall ensure that the details of any derivative contract they have concluded and of any modification or termination of contracts are reported to a trade repository.
 - A counterparty or a CCP which is subject to the reporting obligation may delegate the reporting of the details of the derivative contract.
 - Counterparties and CCPs shall ensure that the details of their derivative contracts are reported without duplication.
- The reporting obligation shall apply to derivative contracts which:
 - were entered into before 16 August 2012 and remain outstanding on that date;
 - are entered into on or after 16 August 2012.
- The regulatory status of a market determines the reporting obligation.
 - All transactions on markets classified as ETD (Exchange Traded Derivatives) or OTC must be reported under EMIR Article 9.
 - This comprises transaction and position data.

EMIR Requirement and Service #2: Trade Reporting (II/II)



- Since 12th February 2014, companies have to comply with EMIR Article 9.
- ECC implemented a solution where customers can delegate their reporting to ECC.
- Hence, ECC members can significantly reduce their reporting efforts.

Trade Repository	<ul style="list-style-type: none">• Regis-TR
Prerequisites	<ul style="list-style-type: none">• Full Reporting Participant Membership with Regis-TR• EMIR Trade Reporting Service Form• EMIR Trade Reporting General Terms and Conditions• NCMs only: CM has delegated reporting to ECC
Delegation Scope	<ul style="list-style-type: none">• Trade Reporting• Position Reporting• Exposure Reporting (if applicable)
Liability	<ul style="list-style-type: none">• Delegating Party
Fees	<ul style="list-style-type: none">• Fixed Monthly Fee: EUR 200.00• Payable on an annual basis on 15 January of the year following service provision

Overview: REMIT Reporting Obligations

Fundamental
data

(A) Publication of insider information (art. 4, 1)

- “Market participants shall publicly disclose in an effective and timely manner inside information which they possess ... Such disclosure shall include information relevant to the capacity and use of facilities for production, storage, consumption or transmission of electricity or natural gas or related to the capacity and use of LNG facilities, including planned or unplanned unavailability of these facilities.”

Fundamental and
transactional data

Submission of transactional data and insider information (art. 8, 1 + 5)

- “Market participants, or a person or authority listed in points (b) to (f) of paragraph 4 on their behalf, shall provide the Agency with a record of wholesale energy market transactions, including orders to trade.”
- “Market participants shall provide the Agency and national regulatory authorities with information related to the capacity and use of facilities for production, storage, consumption or transmission of electricity or natural gas or related to the capacity and use of LNG facilities, including planned or unplanned unavailability of these facilities, for the purpose of monitoring trading in wholesale energy markets. The reporting obligations on market participants shall be minimized by collecting the required information or parts thereof from existing sources where possible.“

REMIT is in force since Dec 28th, 2011 the implementing acts are expected for Q4/2014.

New EEX Transparency Website: efficient disclosure across commodities and countries



Power Gas

Participants News Material

EN

Austria

Belgium

Germany

Netherlands

Germany/Austria

Production

Storage

Consumption

EEX Transparency Platform

Effective and Timely Disclosure

> more

Compliance with REMIT

EEX introduces comprehensive REMIT platform

> more

Market Information

2014/09/01
PRESS RELEASE: EEX launches New Transparency ... > more

2014/08/14
Commissioning of the unit Vianden M11 ... > more

2014/08/12
RWE will decommission a turbine in the power ... > more

Reporting Companies

gas > more

Ad-hoc Ticker

There are no reported Ad-hoc Ticker messages.

Actual Generation (Power)
Actual Consumption (Gas)
2014/09/02

Germany

Market Information

Reporting Companies

Glossar

European Energy Exchange AG
Augustusplatz 9
04109 Leipzig, Germany

Websites of the EEX Group
▼

REMIT Requirement and Service #3: Fundamental and Insider Data Reporting



- EEX collects, publishes and submits fundamental data and insider information across countries, commodities and the value chain on behalf of market participants on the **EEX Transparency Platform**
- Validation checks support reporting companies to achieve highest data quality to the benefit of regulatory compliance – various measures protect data from being manipulated.
- Insider information is released close to the marketplace to serve efficient trading decisions to the advantage of all.
- Data reporting to ACER and other entities according to European and national rules minimizes customers' efforts to follow further technical changes.

Scope	<ul style="list-style-type: none">• Insider information related to the business• Insider information related to facilities for capacity, use and availability of production, storage and consumption of power, natural gas and LNG• Any country
Data forwarding	<ul style="list-style-type: none">• ACER under REMIT, ENTSO-E under Transparency Regulation
Fees	<ul style="list-style-type: none">• Monthly Fee (REMIT): EUR 450.00 - 900.00• Monthly Fee (Transparency Regulation): EUR 200.00 - 450.00

REMIT Requirement and Service #4: Transaction Reporting



- REMIT foresees the possibility that trading platforms provide the service of reporting **records of transactions, including orders to trade (Article 8.1 REMIT)** to ACER on behalf of market participants.
- For doing so the trading platforms need to be registered with ACER and have to achieve the status of a so called Registered Reporting Mechanism – RRM.
- EEX is dedicated to do the reporting on behalf of their clients and will obtain the status of a RRM once the respective regulation has entered into force.

Conclusion

- The new regulatory requirements create some quite big challenges for the whole energy industry – complementary to its existing product and service portfolio EEX and ECC are dedicated to help especially its smaller and medium-sized clients to comply with these regulatory requirements.
- This includes under EMIR:
 - Trade Registration at EEX
 - ECC EMIR Trade Reporting
- This includes under REMIT:
 - Publication and reporting of fundamental data
 - REMIT Transaction reporting
- **The goal is to provide to customers all trading, clearing and compliance services out of one hand.**





Thank you for your attention!

Contact

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