

## **Inside information disclosure under the Regulation on wholesale energy market integrity and transparency (REMIT) in relation to the SEM – quality of Urgent Market Messages (UMMs)**

REMIT aims to promote confidence that wholesale electricity and gas markets are working properly, for the benefit of energy consumers. It is important that wholesale prices are set in an efficient manner and that individuals or companies cannot profit from market abuse.

Transparency of information is an important part of any well-functioning electricity wholesale market, such as the SEM. REMIT increases transparency in the SEM by requiring market participants to publish inside information in an effective and timely manner.

The Agency for the Cooperation of Energy Regulators (ACER) was tasked with helping national regulators, such as the Regulatory Authorities, to interpret REMIT to ensure consistency. As part of this work, ACER has published non-binding guidance which includes guidance on how market participants should identify and disclose inside information for the purposes of complying with their obligations under Articles 3 (Prohibition of insider trading) and 4 (Obligation to publish inside information) of REMIT.

Article 4(1) of REMIT obliges market participants to disclose any inside information which they possess in respect of business or facilities which they or their parent or related undertaking owns, controls or has operational responsibility for in an effective and timely manner. Sections 4.2 and 4.3 of the ACER 6<sup>th</sup> Edition Guidance<sup>1</sup> (which have been in place in various forms since 2012) provide detailed guidance on compliance with these effectiveness and timeliness standards and the making of disclosures via UMMs.

The Regulatory Authorities are concerned to note that, in carrying out its SEM market monitoring activities on their behalf, the Market Monitoring Unit (MMU) continues to detect conduct by market participants which appears to fall short of the standards imposed under Article 4(1). In particular, the MMU has identified failures by market participants as regards the quality of their UMMs, such as failures properly to specify the nature of outages, their duration and closure.

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<sup>1</sup> [ACER Guidance on REMIT application 6th Edition Final.pdf \(europa.eu\)](#)

The practice of the MMU has hitherto generally been to draw such compliance failures to the attention of market participants and encourage changes in behaviour rather than summarily seeking recommendation of enforcement action. However, given the existing potential for recurrent failures, the Regulatory Authorities consider that this practice is not sufficient. SEM market participants (many of which operate in other markets subject to REMIT or similar provisions) will be well versed with the requirements of Article 4(1) and the associated guidance and the means of complying with them.

Regulatory Authorities therefore wish to place market participants on notice that where the MMU in future detects compliance failures resulting from poor quality UMMs its policy will be to recommend to the Regulatory Authorities that enforcement action be considered.

**Commission for Regulation of Utilities**  
The Exchange Belgard Square North  
Tallaght, Dublin 24, Ireland

Tel: +353 1 4000 800  
Fax: +353 1 4000 850  
Email: [info@cru.ie](mailto:info@cru.ie)

**Utility Regulator**  
Queens House, 14 Queen Street  
Belfast, BT1 6ED, Northern Ireland

Tel: +44 28 9031 1575  
Fax: +44 28 9031 1740  
Email: [info@uregni.gov.uk](mailto:info@uregni.gov.uk)