

part of eex group



# TR Transparency Platform Q&A

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# 1. Introduction

Article 8 of the Markets in Financial Instruments Regulation (MiFIR) requires trading venues to establish pre-trade transparency for all transactions in financial instruments that are concluded on the venue. More precisely, it requires to publication of “actionable indications of interest”, which, in case of order book trading, are orders. For pre-arranged transactions (also commonly known as ‘block trades’ or ‘OTC-cleared transactions’), the same provisions apply. All details are laid down in Art. 8 of the Markets in Financial Instruments Regulation (MiFIR), the Commission Delegated Regulation 2017/583 and the ESMA Q&A on MiFID II and MiFIR transparency topics. EEX adapted its trade registration procedures as of 1 January 2020.

This date is in line with the recent ESMA Supervisory Briefing<sup>1</sup> providing a timetable for the implementation of pre-trade transparency requirements in commodity derivatives applicable to all commodity derivative exchanges in Europe.

With effect from 28 March 2024, Article 8 was amended to remove the "hedging exception". Accordingly, EEX has updated its procedure for pre-trade transparency.

The EEX solution is delivering a minimized impact on the existing trade registration process on member side, while at the same time meeting the regulatory requirement to provide transparency for pre-arranged transactions that can be acted upon by third parties before a trade is executed.

This Q&A does not provide or substitute legal advice. This Q&A only serves information purposes and is intended to be a practical guide for firms operating in trade registration in commodity derivatives.

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<sup>1</sup> ESMA Supervisory Briefing ensuring compliance with the MiFIR pre-trade transparency requirements in commodity derivatives, 3 June 2019.

## 2. FAQ

### **Which trading venues are affected?**

All commodity trading venues in the EU regulated under MIFIDII/ MIFR are subject to the same pre-trade transparency obligations.

### **What kind of business is affected?**

Only transactions in EEX derivatives and Emissions spot, which are submitted to the exchange by means of 'trade registration' (commonly known as 'block trades' or 'OTC-cleared transactions') are affected by the changes. There will be no impact on transactions executed in the central limit orderbook of EEX.

### **Which instruments and which trades are affected?**

EEX has applied for waivers to exclude illiquid instruments ("Illiquid Instrument" Waiver) and trading interests with particularly large sizes ("Large in Scale" (LIS) Waiver) from the pre-trade transparency requirements. Therefore, only transactions in liquid instruments, and with a size below the LIS thresholds will be subject to pre-trade transparency.

Whether a product is liquid or not and at which level the LIS threshold is determined follows from transparency calculations that have been conducted by ESMA. Based on these yearly calculations<sup>2</sup> by ESMA, EEX calculates adapted pre-trade transparency thresholds parameters and publishes these on the website.

### **What does "Illiquid Instrument" and "LIS" Waiver exactly mean?**

For instruments benefiting from the Illiquid Instrument Waiver, pre-trade transparency is not required. The same holds true for pre-arranged trades if their gross notional value exceeds the LIS Waiver thresholds. The liquid/ illiquid classification and the concrete numbers for the LIS thresholds are determined by ESMA as the result of the Transparency Calculations for non-equity instruments (ESMA Transparency Calculations). Further details ESMA has published on their website <[MiFID II Transparency Calculations](#)>. The results will be modified

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<sup>2</sup> <https://www.esma.europa.eu/policy-activities/mifid-ii-and-mifir/transparency-calculations>

on a yearly basis. Please note that the classification is done on maturity bucket level. Only individual maturities are considered as liquid, while other maturities of the same product could be illiquid and in consequence not subject to the transparency requirement.

### **May further trades be exempted from the requirements? / What role does the hedging exemption play?**

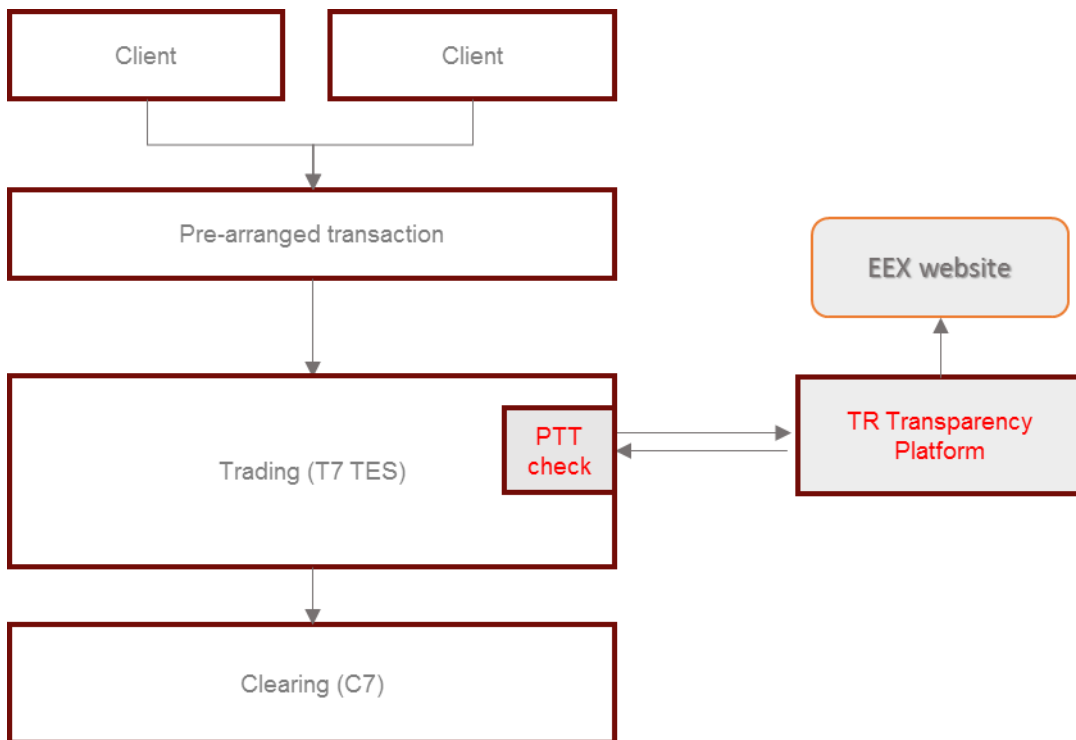
With the amendment to Article 8 of MiFIR in March 2024, the hedging exemption was removed. As a result, trade registration transactions are also subject to pre-trade transparency with a risk-mitigating intention if they fulfil the remaining requirements.

### **How does the solution work?**

EEX will ensure pre-trade transparency for pre-arranged transactions by introducing an additional transparency process for affected instruments. Every trading interest submitted to EEX via trade registration relating to an instrument qualified as liquid and with a lot size below the lot size corresponding to the respective LIS threshold will be redirected to a new platform, called the “EEX TR Transparency Platform”, where it will trigger a volume auction. The current used parameters (LIS thresholds) set EEX is providing on their website.

All clients that are admitted for trade registration in the respective products at EEX may take part in the auction by entering additional orders at the price of the pre-arranged transaction. All orders entered during the auction are continuously made public on the EEX website: [[All Products - TR Transparency Platform \(eex.com\)](#)].

### Technical process overview



**What is the duration of the volume auction?**

The volume auction will run for 15 seconds.

**Will the price of the pre-arranged transaction change?**

No. The price in every auction is fixed at the price of the pre-arranged trade. Only additional volumes can be added at the given price of the pre-arranged transaction and/or volumes of existing orders be modified. Entry of additional orders and modification of orders is only possible for exchange members who have been on request granted technical access to the auction platform.

**Do exchange members have to change their set-up to further register trades at EEX?**

Exchange members registering pre-arranged trades at EEX do not have to change anything in their existing set-up or procedures. There is just one exception: As of 1 January 2020 affected TES trades may only be entered via Straight Through Processing (STP or Trading on Behalf).

**Who can participate in auctions at the TR Transparency Platform by entering further orders, changing orders, etc.?**

Every exchange member admitted to trade registration for the particular asset class (including the exchange members whose pre-arranged trade triggered the auction) can participate in the auction by entering further orders or by changing or deleting its orders.

**How can exchange members participate in the auction?**

Exchange members who intend to interact with the TR Transparency Platform are required to submit the relevant technical access request form [\[link\]](#) to the EEX Member Readiness Team. An additional technical access fee of 1,800 €/year per individual user applies. This fee corresponds to the fee EEX charges also for other trading system accesses.

The exchange members who have been granted access to the TR Transparency Platform can enter or modify orders via a Graphical User Interface (GUI) during the auction period.

**What are the costs for accessing the TR Transparency website?**

The publication on the website is for free.

**Are there any changes in the EEX set of rules?**

As of 1 January 2020, a new provision of the EEX Trade Registration Rules will enter into force, i.e. par. 12.. Par. 12 will lay down the special rules that apply to registration of pre-arranged transactions that can neither benefit from the Illiquid Instrument Waiver nor LIS Waiver and are thus subject to pre-trade transparency: Such trades may only be entered via Straight Through Processing or Trading on Behalf (§ 12 Para. 2 EEX Trade Registration Rules). The entry of such a pre-arranged trade will trigger a volume auction (§ 12 Para. 3 EEX Trade Registration Rules). The set-up and process of the volume auction is described in detail in § 12 Abs. 3 EEX Trade Registration Rules.

The Management Board of the Exchange will announce – based on the ESMA Transparency Calculations – the liquid instruments and LIS thresholds (see § 12 Para. 4 EEX Trade Registration Rules).

**When do the LIS thresholds change?**

Once a year based on previous year trading data.

**What happens at the end of the auction?**

At the end of the auction all executable orders are executed. If only the orders from the pre-arranged transaction are in the auction orderbook, only these will be executed (at the pre-arranged price). If at the end of the auction there are additional orders or additional volumes in the auction orderbook that are executable, they will take part in the execution of orders. All executed orders (the ones from the initial pre-arranged trade and all additional orders) create a trade registration transaction.

Execution always takes place according to the time stamps of orders. Time stamps will be granted according to time of order entry, starting with the orders from the pre-arranged trade that are entered into the auction orderbook at the time of the auction start. Time stamps will remain unchanged as long as orders are not changed or just changed in the form of a volume increase (GUI access of an exchange member being required for any changes).

**What are the effects on clearing at ECC?**

There are no changes to the clearing process in C7 at ECC.