

ICE/Trayport remittal

Submission from Trading Company D

Project Manager, ICE/Trayport Remittal inquiry
Competition and Markets Authority
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For the attention of the Project Manager, ICE/Trayport Remittal Inquiry

We present this to you as a proprietary trading company focused on energy trading in Europe. We are active in power, natural gas, financial coal, oil and EU emissions certificates. Although we are physically active in trading, the vast majority of our trading volumes come from financial derivatives.

Trayport is currently our core market integration and execution platform as a company. We aggregate the order books from both the OTC broker community and the financial derivatives exchanges such as the European Energy Exchange, NASDAQ, and CME to allow for an efficient price discovery and trading for our group. At the moment, ICE is the only major exchange which is not fully present in this key system, particularly in the European electricity and natural gas space. Given that ICE is one of the most important exchanges in European energy, we feel this has a significantly detrimental impact on price discovery, market efficiency and competition.

We have been made aware that an agreement is currently in place between ICE and Trayport that would allow for ICE products to be listed and aggregated through the Trayport system. As such, the New Agreement will enhance choice of execution and clearing for market participants, such as our company, who are active in wholesale EU gas/power markets, thereby increasing competition for these services that we believe would be beneficial for market participants. We have been told that this agreement has so far been blocked by the CMA as part of the ongoing assessment of the ICE/Trayport divestment decision. Given we do not have the details within the New Agreement, if the CMA finds the terms to be within standards set by other similar entities, and provided that the New Agreement does not contain any anti-competitive provisions that would provide ICE with an unfair advantage and/or constrain Trayport's ability to operate its business as currently, we would like to see an immediate implementation of the New Agreement. We feel waiting for the entire divestment process to go through, which could take months or even years, would be fundamentally harmful for competition and market efficiency. We also feel that continuing to delay unfairly prevents ICE from being able to compete with other exchanges on an equal playing field going forward. This

creates distorted market outcomes and may have a negative impact on the functioning of certain wholesale markets for EU gas and power.

In summary, we encourage the CMA to undergo a thorough review of the terms between ICE and Trayport in the New Agreement. If this review proves that ICE and Trayport have an agreement in place similar to other market venues (such as exchanges and OTC platforms) that does not create a competitive disadvantage, we feel that allowing the New Agreement to be put into force immediately will be in the best interest of a fully functioning marketplace and in the spirit of fair competition. We encourage the CMA to undergo this review process and treat this issue separate to the decision to force ICE to divest Trayport for reasons of timing.