



Federal Energy Regulatory Commission  
September 17, 2015  
Open Commission Meeting  
Staff Presentation  
Item E-2

"Good morning, Mr. Chairman and Commissioners.

"We are asking the Commission to approve a Notice of Proposed Rulemaking, which proposes to amend Commission regulations to require each RTO and ISO to electronically deliver to the Commission, on an ongoing basis, certain information to be required from its market participants. This information would identify the market participant by means of a common alpha-numeric identifier, and would provide "connected entity" data. The NOPR defines connected entity data as a listing and brief description of certain ownership, employment, debt, or contractual relationships of the market participant.

"This information will greatly assist staff's screening and investigative efforts in detecting potential market manipulation. The Commission already has access on a current, ongoing basis to RTO and ISO market data. The connected entity information would provide context for this data, by giving a more complete view of the relationships between market participants and the incentives underlying their trading activities. This in turn will help identify whether there appears to be a legitimate business rationale for seemingly anomalous trading patterns, or whether an investigation is required to determine if there may be market manipulation. It will also assist market monitors in their individual or joint investigations of cross-market manipulation. Finally, this information will help streamline and shorten the length of time for our inquiries and investigations.

"The requirement to obtain a common identifier would ensure certainty as to the identity of a given entity. Families of companies often have confusingly similar names. And entities may use different names or numeric identifiers in different markets. The NOPR suggests that the globally accepted Legal Entity Identifier, or LEI, system of identification, currently in use at the CFTC and the SEC, might be the most appropriate one to adopt.

"We anticipate that the proposed connected entity disclosures will supplant the various affiliate disclosure requirements in use by the RTOs and ISOs. Since the NOPR proposes standardizing the format and type of disclosures required, the proposed regulatory amendment may also serve to ease compliance burdens on market participants that are active in more than one RTO or ISO.

"We have included in the NOPR a proposed electronic formatting for the submission of the data, but invite comment on that formatting, as well as on the benefit and burdens of the proposal as a whole. Comments on the NOPR will be due 60 days from publication in the Federal Register.

"We would be happy to respond to any questions you may have."