

# Energy Market Participants

## Energy Market Participants

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# Chapter 1

## Special guide for energy market participants

## 1.1 Application and purpose

- 1.1.1 **G** This special guide is for *energy market participants*.
- 1.1.2 **G** The purpose of this special guide is to help prospective and actual *energy market participants* find their way around the *Handbook* by setting out which parts of it apply to them and by setting out a form of *waiver* that the *FCA* will be minded to grant to *energy market participants*.



## 1.2 Parts of the Handbook applicable to energy market participants

**1.2.1** **G** The parts of the Handbook and their applicability to *energy market participants* are listed in ■ EMPS 1.2.3 G. *Energy market participants* should read applicable parts of the *Handbook* to find out what the detailed regulatory requirements for *energy market participants* are.

**1.2.2** **G** ■ EMPS 1.2.3 G takes account of the availability of the *waiver* mentioned in ■ EMPS 2.

### **1.2.3** **G** **Applicability of parts of Handbook to energy market participants**

This table belongs to ■ EMPS 1.2.1 G

	Part of Handbook	Applicability to energy market participants
<b>High Level Standards</b>	Principles for Businesses ( <i>PRIN</i> )	This applies.
	Senior management arrangements, Systems and Controls ( <i>SYSC</i> )	This applies.
	Code of Conduct ( <i>COCON</i> )	This does not apply.
	Threshold Conditions ( <i>COND</i> )	This applies.
	Statements of Principle and Code of Practice for Approved Persons ( <i>APER</i> )	This applies to an <i>approved person</i> who performs a <i>controlled function</i> for an <i>energy market participant</i> .
	The Fit and Proper test for Employees and Senior Personnel ( <i>FIT</i> )	This applies.
	The Financial Stability and Market Confidence sourcebook ( <i>FINMAR</i> )	This is unlikely to be of relevance to the business of an <i>energy market participant</i> .
	General provisions ( <i>GEN</i> )	This applies.
	<b>Prudential standards</b>	Interim Prudential sourcebooks ( <i>IPRU</i> )

	Part of Handbook	Applicability to energy market participants
		<p>Chapter 3 (Financial resources for Securities and Futures Firms which are not MiFID investment firms or which are exempt BIPRU commodities firms or exempt IFPRU commodities firms) of <i>IPRU(INV)</i> applies, with the following qualifications:</p> <p>(a) <i>energy market participants</i> whose main business consists of the generation, production, storage, distribution and/or transmission of <i>energy</i> may be granted a <i>waiver</i> of Chapter 3 in the <i>FCA's</i> discretion: see <i>SUP 21</i>; and</p> <p>(b) the concentrated risk</p>

	Part of Handbook	Applicability to energy market participants
		<p>requirements do not apply to an <i>energy market participant</i> if it is an <i>exempt IFPRU commodities firm</i> that applies the <i>large exposure</i> requirements in Part Four (articles 387 to 403) of the <i>EU CRR</i>: see <i>IPRU(INV)</i> 3-1B R, <i>IPRU(INV)</i> 3-1C G and <i>IPRU(INV)</i> 3-1D G; and</p> <p>(c) the concentrated risk requirements apply to an <i>energy market participant</i> if it is an <i>exempt BIPRU commodities firm</i> that satisfies the conditions in <i>BIPRU TP 16</i> in the version as at 31 December 2013.</p> <p>The other parts of <i>IPRU(INV)</i> do not apply.</p> <p>The other sourcebooks do not apply.</p>
	General Prudential sourcebook ( <i>GENPRU</i> )	Except for provisions on capital requirements and the <i>ICAAP rules</i> , this applies to an <i>energy market participant</i> if it is an <i>exempt BIPRU commodities firm</i> : see <i>BIPRU TP 15.9 G</i> - <i>BIPRU TP 15.10 G</i> .
	Prudential sourcebook for Banks, Building Societies and Investment Firms ( <i>BIPRU</i> )	Except for provisions on capital requirements and the <i>ICAAP rules</i> , this applies to an <i>energy market participant</i> if it is an <i>exempt BIPRU commodities firm</i> : see <i>BIPRU TP 15.9 G</i> - <i>BIPRU TP 15.10 G</i> .
	Prudential sourcebook for Investment Firms ( <i>IFPRU</i> )	Except for provisions on combined buffer, <i>own funds</i> , <i>own funds requirements</i> and the <i>ICAAP rules</i> , this applies to an <i>energy market participant</i> if it is an <i>exempt IFPRU commodities firm</i> : see <i>IFPRU 1.1.1 G</i> .
Business standards	[deleted]	[deleted]
	Conduct of Business sourcebook ( <i>COBS</i> )	Only some parts of <i>COBS</i> apply to <i>energy market activity</i> : see <i>COBS 18.2</i> .
	Mortgages: Conduct of Business sourcebook ( <i>MCOB</i> )	
	Client assets sourcebook ( <i>CASS</i> )	This applies.
	Market Conduct sourcebook ( <i>MAR</i> )	This applies. However <i>MAR 2</i> (Stabilisation) is likely to be of only marginal relevance to the business of an <i>energy market participant</i> . <i>MAR 5</i> (Multilateral Trading Facilities) applies to an <i>energy market participant</i> that operates an <i>MTF</i> , and <i>MAR 5A</i> (Organised trading facilities) applies to an <i>energy mar-</i>

	Part of Handbook	Applicability to energy market participants
		<i>retail participant</i> that operates an <i>OTF</i> .
	Training and Competence sourcebook (TC)	TC does not apply to <i>energy market participants</i> as they do not carry on activities for <i>retail clients</i> . But they are subject to the <i>competent employees rule</i> in SYSC.



	Part of Handbook	Applicability to energy market participants
Regulatory processes	[deleted]	[deleted]
	Supervision manual (SUP)	<p>This applies, with the following qualifications:</p> <p>(a) in SUP 3 (Auditors), only some provisions apply if IPRU(INV) 3 (Financial Resources for Securities and Futures Firms which are not MiFID investment firms or which are exempt BIPRU commodities firms or exempt IFPRU commodities firms) does not apply to an <i>energy market participant</i> (because it has been granted a <i>waiver</i> of that chapter): see SUP 3.1.2 R;</p> <p>(b) in SUP 10 (Approved persons), if an <i>energy market participant's</i> principal purpose is to carry on activities other than <i>regulated activities</i>, then the scope of the <i>significant influence functions</i> is restricted to the <i>required functions</i>: see SUP 10A.1.18 R - SUP 10A.1.19 G- ;</p> <p>(c) SUP 16.12 (Integrated Regulatory Reporting): <i>energy market participants</i> whose main business consists of the generation, production, storage, distribution and/or transmission of <i>energy</i> may be granted a <i>waiver</i> of this section in the FCA's discretion: see SUP 21;</p> <p>(d)</p> <p>SUP 17 A</p> <p>(Transaction reporting): does not apply to <i>energy market participants</i> which are not <i>MiFID investment firms</i> or <i>third country investment firms</i> ; and</p> <p>(e) SUP App 2 (Insurers: Scheme of operations) does not apply.</p>
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	Decision Procedures and Penalties Manual (DEPP)	This applies.
Redress	Dispute resolution: Complaints sourcebook (DISP)	<p><i>Energy market participants</i> are subject to the <i>compulsory jurisdiction</i> of the <i>Financial Ombudsman Service</i>.</p> <p>However, a <i>firm</i> which does not, and notifies the FCA under DISP 1.1.12 R that it does not, conduct business with <i>eligible complainants</i> (persons eligible to have a complaint considered under the <i>Financial Ombudsman Service</i>, as</p>

	Part of Handbook	Applicability to energy market participants
		defined in DISP 2.4) will be exempt from the <i>rules</i> on treating complainants fairly (DISP 1.2 to DISP 1.11) and from the Financial Ombudsman Funding <i>rules</i> (FEES 5.1 to FEES 5.7).
	Compensation sourcebook (COMP)	COMP applies to all <i>firms</i> . However, <i>energy market participants</i> that do not conduct business that could give rise to a <i>protected claim</i> by an <i>eligible claimant</i> as defined and have no reasonable likelihood of doing so can gain exemption under FEES 6.2 from some compensation scheme levies.
	Complaints against the FCA (COAF)	This applies.
<b>Specialist sourcebooks</b>	Collective Investment Schemes sourcebook (COLL)	This does not apply to an <i>energy market participant</i> .
	Investment Funds sourcebook (FUND)	This does not apply to an <i>energy market participant</i> .
	[deleted]	[deleted]
	Professional firms sourcebook (PROF)	None of the other specialist sourcebooks applies.
	Deleted	
<b>Special guides</b>	Recognised Investment Exchange and Recognised Clearing House sourcebook (REC)	
	Special guide for service companies (SERV)	This does not apply because an <i>energy market participant</i> is defined to exclude a <i>service company</i> .
	Special guide for energy market participants (EMPS)	This applies.
	Special guide for oil market participants (OMPS)	This does not apply because an <i>energy market participant</i> is defined to exclude an <i>oil market participant</i> .
<b>Schedules</b>	Summary schedules 1. Record keeping requirements 2. Notification requirements 3. Fees and other required payments 4. Powers exercised in making the Handbook 5. Rights of action for damages	These apply, but only to the extent that the sourcebook or manual to which they relate applies.

	Part of Handbook	Applicability to energy market participants
	6. Rules that can be waived 7. Releases	
	Glossary of definitions	This applies.
	Index	This applies.

The following Regulatory Guides may also be relevant to *energy market participants*:

- 1. The Enforcement Guide (*EG*)



# Chapter 2

## Waiver

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**2.1** These provisions have been moved to the Supervision Manual (■ SUP 21)

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