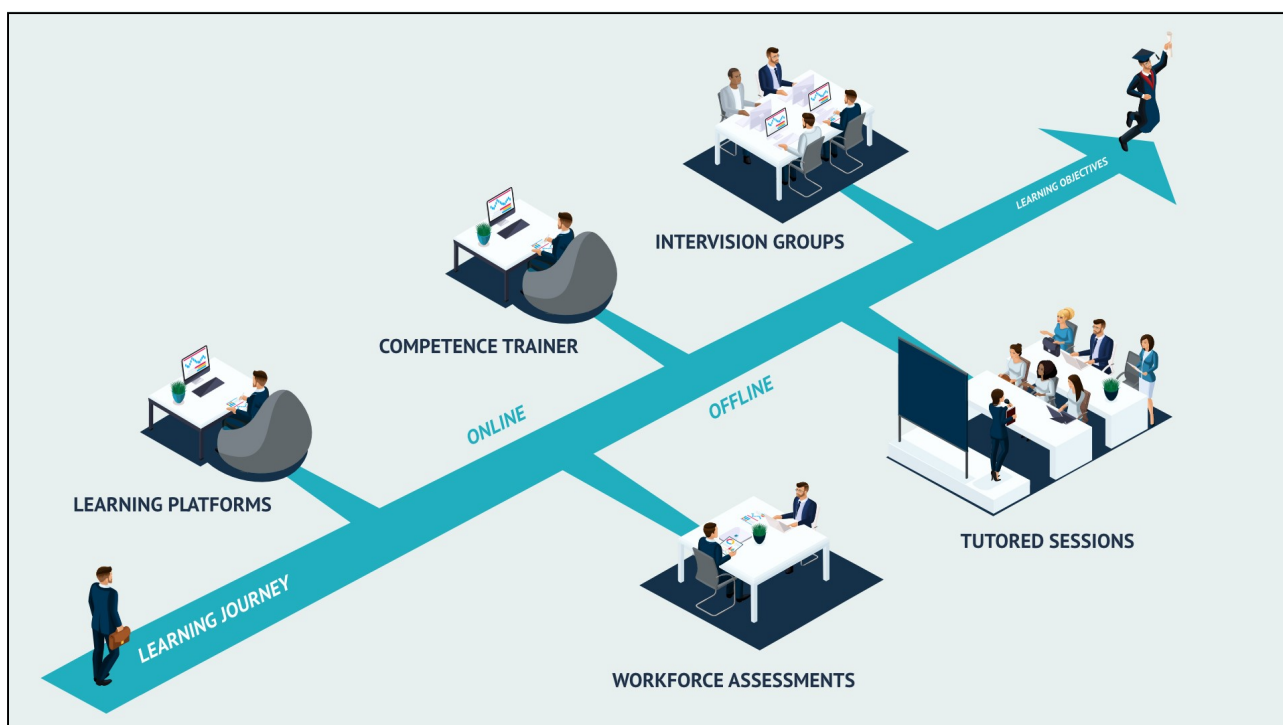


MARKET ABUSE TRAINING STANDARD



FOR INSIDERS, ASSET MANAGERS, MARKET
ACCESS FUNCTIONS, TRADE SURVEILLANCE
SPECIALISTS & MARKET MONITORING EXPERTS

IN THE COMMODITY & ENERGY MARKETS

MATS

MARKET ABUSE TRAINING STANDARD

*“Training is part of the compliancy framework,
as well as creating awareness and providing periodic updates”*

CONTENTS

Part I: The training obligation	Page	4
Obligatory duty – <i>Train, raise awareness & update</i>		5
The concept – <i>MATS</i>		7
Target groups		8
USPs		9
Part II: The training solution		10
Job-competency profiles		11
Training structure – <i>Create awareness</i>		12
Training courses – <i>Prove minimum knowledge level</i>		13
Other learning services		14
Reporting		15
Contact		36

PART I:

THE TRAINING OBLIGATION

A REGULATORY REQUIREMENT

OBLIGATORY DUTY – TRAIN, RAISE AWARENESS & UPDATE

Market abuse regulations (e.g. REMIT, MAR) require companies in scope **1.** to train employees, **2.** to do so periodically, and **3.** to create awareness. This training obligation requires a structured approach. Such a plan is set out in this document.

Basically, any employee in relevant positions should have a fundamental knowledge about the existence of the regulation that the company is in scope of, and the related prohibitions and obligations. Specific functions should know more than just the basics. Essentials need to be mastered by **1.** insiders, **2.** persons with market access, and **3.** trade compliance specialists and experts with a market monitoring or trade surveillance function.

Insiders

Organisations in scope of regulations on market abuse have to raise awareness amongst their insiders in the field of the relevant regulation in general, and specifically about inside information. This information has to be treated with care, as unlawful or improper disclosure can be sanctioned.

Insiders include:

1. Members of the administrative, management or supervisory bodies of an undertaking;
2. Persons with holdings in the capital of an undertaking;
3. Persons with access to the information through the exercise of their employment, profession or duties;
4. Persons who have acquired such information through criminal activity;
5. Persons who know, or ought to know, that it is inside information.

In general, professionals need to have a general awareness concerning the prohibitions and obligations that apply to themselves and/or their employer.

Guidance on the training obligation regarding the market abuse regulation (MAR):

"Members of the market surveillance team should be given appropriate training and guidance on the regulation and the practical considerations for the application of trade surveillance. Training should be delivered regularly according to the training map and should be updated in line with any guidance offered by the authorities. Training should not be restricted to the members of the market surveillance team and should be offered across the organisation where appropriate. A record of training attendance or completion should be kept and the effectiveness of training shall be assessed by the company."

"1. Persons professionally arranging or executing transactions and market operators and firms operating a trading venue shall organise and provide effective and comprehensive training to the staff involved in the monitoring, detection and identification of orders and transactions that could constitute insider dealing, market manipulation or attempted insider dealing or market manipulation, including the staff involved in the processing of orders and transactions. Such training shall take place on a regular basis and shall be appropriate and proportionate in relation to the scale, size and nature of the business.

2. Market operators and investment firms operating a trading venue shall in addition provide the training referred to in paragraph 1 to staff involved in the prevention of insider dealing, market manipulation or attempted insider dealing or market manipulation."

Market access functions

Specific attention is required for any party with market access, amongst which are brokerage firms, trading organisations and system operators. These parties (also) need to educate employees with a market access function. Traders and brokers, for example, have to be provided training in the field of insider trading and market manipulation. After all, professionals with market access face more specific risk than anyone else, as they are at the forefront of the business and because sanctioning could be on the heads of individuals, not just companies. This liability should be reflected in the minimum requirements for training.

Market participants should develop a clear compliance regime towards real time or close to real time disclosure of inside information and the further requirements, beyond compliance with existing [.....] transparency obligations. National regulatory requirements should consider the following best practice example of such compliance regime for market participants, but taking into account the market participant's size and trading capacity:

- *Compliance culture: the creation of a corporate culture to comply with regulatory requirements,*
- *Compliance objectives: the compliance with regulatory requirements obligations and the market abuse prohibitions,*
- *Compliance organisation: the definition of roles and responsibilities in the internal organisation (e.g. responsibilities for the regulatory requirements (centralised vs. decentralised), internal vs. external reporting lines, internal vs. external interfaces, provision of resources: human / technical (IT Systems) resources),*
- *Compliance risks: the identification / assessment of concrete compliance risks,*
- *Compliance programme: the identification of concrete actions to define compliant/noncompliant behaviour,*
- *Communication: the communication of the rules and regulations to be observed:*
 - *internal communication and **training** concept (raising the **awareness** of employees);*
 - *external communication and reporting to the authorities;*
 - *reporting processes: internal reports on compliance, reporting of infringements, status of current processes, etc.*
- *Monitoring improvements: internal controls, audits, etc.; reporting lines for monitoring results; documentation of processes and actions.*

The reasons to educate should exceed the mandatory reason. Education is also an operational necessity. Without the required knowledge and skills one would not be able to interpret practical cases and handle dilemmas. After all, the prohibition of insider trading and market manipulation may be absolute, but the rest is not. Practical case handling requires a pragmatic view and a principle-based approach. This leads to another reason to structure training, and the related market standard. Awareness training is amongst the solutions.

The reasons to educate staff are manifold:

- Contribute to a fair level and orderly playing field for trading activities
 - ✓ Trust is needed in the markets where companies operate
- Avoid a loss of reputation
 - ✓ Reputational damage may even destroy the ability to operate
- Shield employees from civil and criminal liabilities
 - ✓ Firms have a responsibility to protect their employees; they'll encounter dilemmas and need to interpret
- Avoid or minimise the risk of regulatory measures
 - ✓ Sanctions clearly overcome irregular gains

THE CONCEPT – MATS

ENTRIMA's mission is to support the prevention and detection of market abuse and to foster integer markets. This should be achieved via training, with periodic updates and due to increased awareness. ENTRIMA has developed and maintains the Market Abuse Training Standard (MATS) and provides mobile learning services accordingly.

- (Compliance with) regulation requires **TRAINING**
- Market participants have to create **AWARENESS**
- Periodic **UPDATES** are a must

Training is mandatory; it is part of the compliancy framework. Worldwide, market abuse regulations require that training has to be provided and periodic updates need to be performed. Nevertheless, it is not provided exactly who has to be educated, nor what content should be mastered, and neither how intense is should be (frequency & level). To cope with this matter ENTRIMA offers the solution: the Market Abuse Training Standard (MATS).

- All ENTRIMA's training courses based on MATS include examination.
- A candidate who passes an exam is certified instantly.

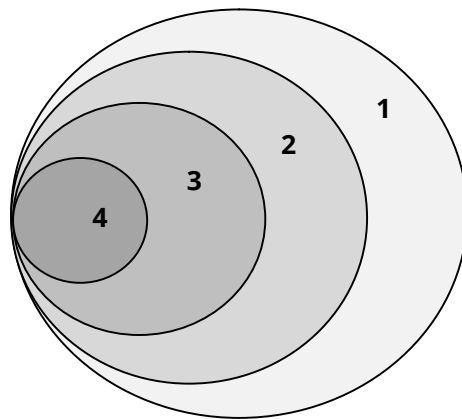
Although there is no one-size-fits-all approach, a minimum knowledge level is required for all professionals in the financial, commodity and energy markets. With MATS, we have defined and maintain criteria that have to be met. High quality training courses reflect these minimum requirements. This way, a uniform approach can be applied worldwide and across different companies. It would also allow for identifying a professional's expertise (whether the standard is met). Furthermore, a market standard and harmonisation allows for continuity when people move from one market participant to another. Hiring staff with a guarantee of minimum competences is the consequence.

MATS is very suitable for exchanges, brokerage firms and companies with a trading function, as well as parties in the commodity and energy markets with physical production, consumption, storage and transport capacity (incl. producers and system operators).

TARGET GROUPS

The market abuse training standard concept is very suitable for:

- **Professionals in general**
 - Anyone in or relating to the markets
- **(Potential) inside information carriers**
 - Executives & senior managers
 - Shareholders
 - Manager of physical asset (plant manager, asset manager)
 - Dispatcher
 - System operator
- **Professionals with a market access function**
 - Traders
 - Brokers
 - Balance responsible professionals
- **Professional parties with a market monitoring / trade surveillance obligation**
 - Trade surveillance function at trading venue (e.g. exchange), brokerage firm, trading organisation, system operator
 - Market monitoring function at regulatory authority



MATS distinguishes target groups at four levels:

1. *Market professional* (market participant's support functions)
2. *Inside information professional* (gen. management, dispatcher, asset manager)
3. *Market access professional* (broker, trader, balancing market operator)
4. *Surveillance professional* (market monitoring / trade surveillance function)

USPs

The market abuse training standard offers market participants various unique features:

- Insurance against non-compliance.
- Complete outsourcing of your requirement to train management & staff.
- Solution to prevent abuse.
- More effective detection.
- Reputational risk management tool.
- Assurance of compliant training.
- Standard applied by numerous market participants; therewith, 'best practice'.
- Off-the-shelf training solution; no requirement to invest time yourself.
- Readily available
- Integrated reporting on participation, proceedings, examination & certification.

- Unburden your compliance function:
 - Compliance officers may lack time to train;
 - Compliance departments may lack sufficient budget to develop online training;
 - Compliance experts may not have the skills or competences to educate;
 - Compliance specialists may lack the tools to train in an effective manner.

- One-stop-shop for conduct training:
 - ENTRIMA facilitates the provision of learning services;
 - One point of contact - you only face ENTRIMA;
 - All services in identical format;
 - One reporting system.

PART II:

THE TRAINING SOLUTION

A PRACTICAL APPROACH

JOB-COMPETENCY PROFILES - KNOWLEDGE REQUIREMENTS FOR DIFFERENT TARGET GROUPS

Each professional who works for an organisation which operates in the markets, or has a task related to the markets, has to familiarise with market abuse regulations and related consequences. Below is provided an overview with minimum knowledge requirements in this field.

	Market Professional <i>(each market pro)</i>	Inside Information Professional <i>(physical business)</i>	Market Access Professional <i>(order handling)</i>	Surveillance Professional <i>(prevention & detection)</i>
WHO? <i>(Job title)</i>	<ul style="list-style-type: none"> - Control functions at trading department <i>(e.g. Risk manager, Business/Fin. controller)</i> - Support functions at trading department <i>(e.g. Back office, IT, HR)</i> - Functions at Sales dep. <i>(e.g. Account manager)</i> 	<ul style="list-style-type: none"> - Management functions <i>(e.g. Executive, Manager)</i> - Function relating to physical assets <i>(e.g. Operator, Dispatcher, Asset/Plant manager, Manager at/of facility)</i> - Any pro who is ought to know what is inside info 	<ul style="list-style-type: none"> - Business functions at front office of trading firm or brokerage firm <i>(e.g. Trader, Originator, Broker)</i> - Balancing function at TSO <i>(e.g. market operator)</i> 	<ul style="list-style-type: none"> - Market monitoring <i>(e.g. Surveillance officer, Regulator)</i> - Trade compliance <i>(e.g. Compliance officer)</i>
WHAT? <i>(Content)</i>	<ul style="list-style-type: none"> - Being aware of regulations. - Understand that firms have to comply, but also individuals. - Know that prohibitions & obligations may apply. - Understand the relevance of compliance. - Consciousness about sanctioning. - Familiarise with relevant institutions & supervisor - Eliminate ethical blindness 	<p><i>All elements mentioned to the left, plus these:</i></p> <ul style="list-style-type: none"> - Master the commodity value chain. - Being able to identify inside information. - Handling inside information carefully. - Master the publication of inside information. - Master the data reporting obligation. - Familiarize with the obligation to register. 	<p><i>All elements mentioned to the left, plus these:</i></p> <ul style="list-style-type: none"> - Prohibition of insider dealing. - Prohibition of market manipulation. - Forms of market manipulation. - Abusive schemes + criteria of relevance - Practical cases - Jurisprudence 	<p><i>All elements mentioned to the left, plus these:</i></p> <ul style="list-style-type: none"> - Master fundamentals & essentials of markets, products, pricing & trading. - Master related concepts processes & terminology - Best practices - Trading strategies & technicalities - Master futures, swaps & options price formation
HOW? <i>(Tools)</i>	<ul style="list-style-type: none"> - Training, examination & certification re the above stated content. - Periodic updates. - Raising awareness. 	<ul style="list-style-type: none"> - Training, examination & certification re the above stated content. - Periodic updates. - Raising awareness. 	<ul style="list-style-type: none"> - Training, examination & certification re the above stated content. - Periodic updates. - Raising awareness. 	<ul style="list-style-type: none"> - Training, examination & certification re the above stated content. - Periodic updates. - Raising awareness.
WHERE?	- ENTRIMA learning platform	- ENTRIMA platform	- ENTRIMA platform	- ENTRIMA platform

Further to the knowledge requirements, learning requirements have been set. Based thereon, MAC provides training courses. On this basis, a professional and its employer can proof awareness.

TRAINING STRUCTURE – CREATING AWARENESS

Any professional in the (financial, commodity and energy) markets should be aware of the relevant legislation. Each professional needs to know what prohibitions and obligations apply and one has to familiarise with enforcement, supervision and sanctioning. Awareness training is of utmost importance to minimise compliance risk. Increasing complexity in markets also requires more attention to behaviour. Market integrity is a must. It is the market participants' responsibility to contribute to the desirable culture and an ethical attitude. Based on this, online training courses are provided.

Certified professionals have proven awareness

Successfully taking an exam via ENTRIMA's learning platform leads to certification. Certification allows for charting professionals with a registry (as chartered pro).

1. Certified Market professional
2. Certified Inside Information professional
3. Certified Market Access professional
4. Certified Surveillance professional

OTHER (LEARNING) SERVICES

Besides awareness courses, various other (learning) services are provided via the ENTRIMA's Learning Platform - "Trade Compliance & Surveillance". These services take into account that training is mandatory and periodic updates are required.

▪ Annual update & exam

- Annual update (repetition & new information) provided to alumni, to assure maintenance of knowledge base.
- Annual exam, to proof that knowledge base is maintained, including certification.
- To prepare for the exam a candidate is provided access to the learning environment.
- Available for alumni (i.e. certified professionals); under an annual licence.

- *This meets the requirement to train periodically.*
- *This meets the requirement to keep staff up-to-date.*
- *This fosters learning by continuous development; it reinforces the mastered contents and assures embedding of competencies.*

Community for Alumni

- Platform to exchange practical experiences, address questions and/or answer them.
- Participation for alumni (i.e. certified professionals).
- Available under company licence.

- *Interactivity and supportive debates contribute to raising awareness.*
- *This contributes to cross-learning (cross-company, cross-sector, cross-regulations, et al).*
- *Sharing solutions contribute to best practice creation.*

REPORTING

ENTRIMA provides exclusive and comprehensive report on course proceedings, exam results and certification of your employees.

Features:

- ENTRIMA's reporting is compatible with your corporate learning management system (LMS).

LEARNING LICENCES – FOR YOUR EMPLOYEES

The Market Abuse Training Standard (MATS) is available at ENTRIMA's Learning Platform – "Trade Compliance & Surveillance". A multi-user company licence is a cost-effective training solution for your entire organisation.

CONTACT

Email : info@entrime.org
Web : www.entrime.org