

Standardisation as Key Requirement for OTC Trading in Turkey

Turkish Delegation

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European Federation of Energy Traders

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advanced energy trading



actogas

ALPIQ

aspo



BARCLAYS



BG International



BKW
BKW FMB Energy Ltd.



BNP PARIBAS



ConocoPhillips



CREDIT SUISSE



DONG energy

ECONGAS



Electrabel

EnBW



enercity
positive energie



e-on Energy Trading



essent



ExxonMobil



GASELYS
GDF SUEZ & SOCIÉTÉ GÉNÉRALE

gasNatural

GasTerra



GETEC ENERGIE
Aktiengesellschaft

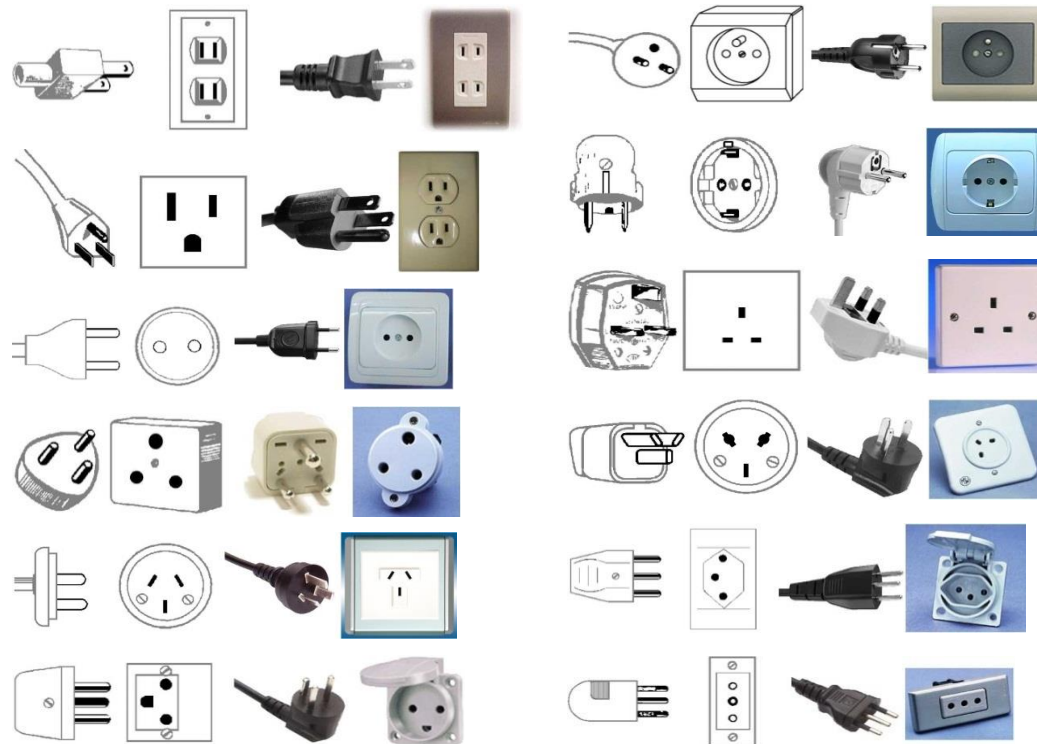




EFET

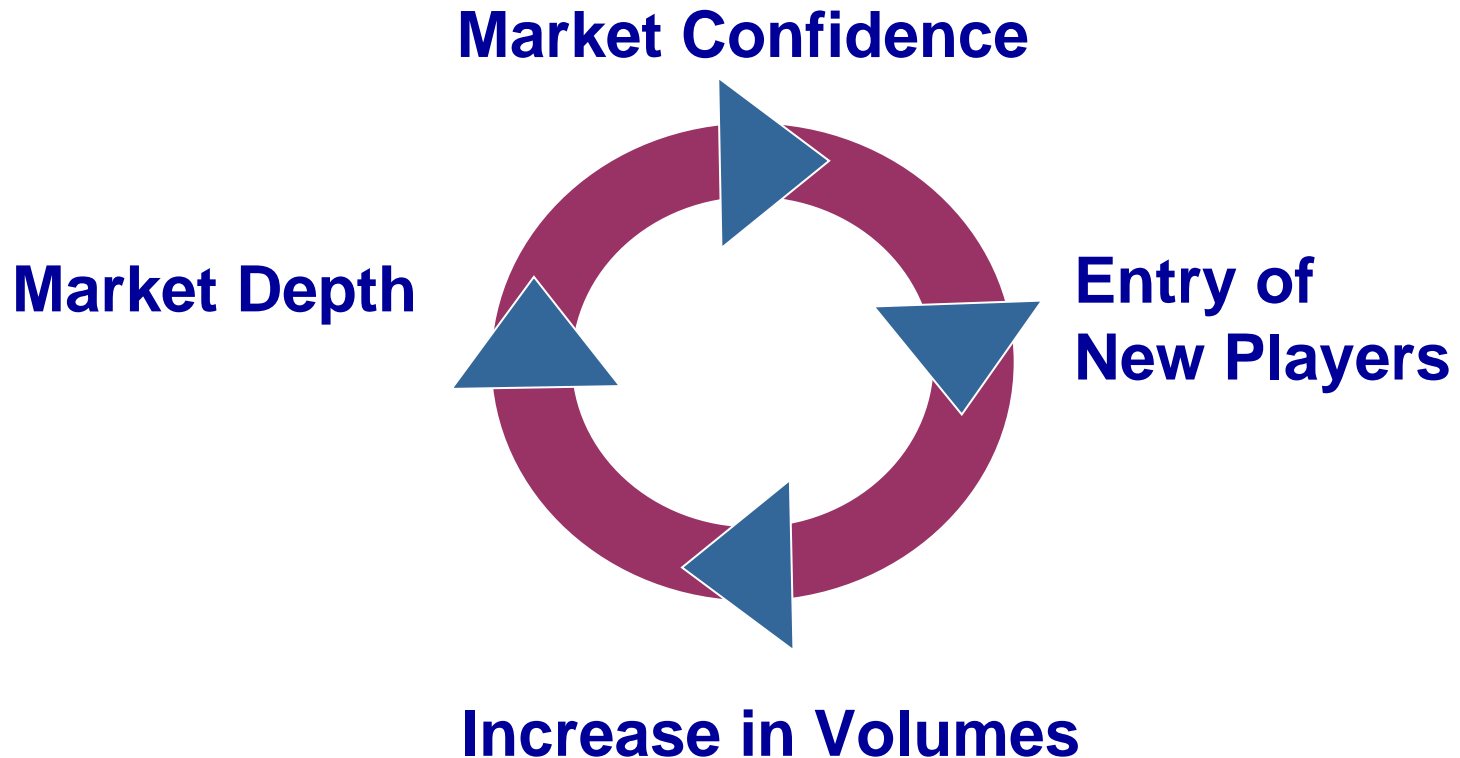
Why Contractual Standardisation?

- Or how things can go wrong ...



THE MAGIC CIRCLE TOWARDS A GAS MARKET

Standardisation fuels Magic Circle



- Energy Traders need One Agreement across many countries to effectively manage their legal risks
- EFET Agreement offers international proven (!) standard solution accross many jurisdictions
- Insular solutions lead to delay in product standardisation and create obstacles for market developments
- Standard products allow liquidity in trading and pricing is based on standard conditions

Standardisation = Engine for Liquidity



In a nutshell, it is all about standardization to increase market liquidity, lowering the thresholds to enter the market

- Electricity prices are driven by market fundamentals in liquid market and influenced by policy & regulation
- The role of liquid market is to provide market/price signals to market participants
- Liquid energy markets need different market participants with different views and positions
- Different traded products meet these different needs of market participants



Standard Contracts
to foster liquidity



Forward Products
to address term needs



Market Transparency
to increase market confidence

The Challenge: “right” agreement for each type of transaction



EFET Gas and EFET Power caters for gas trade with physical settlement

EFET does not provide for cash settlement

EFET Agreement could be used for balancing markets

BOTAS and EPIAS require platform general terms

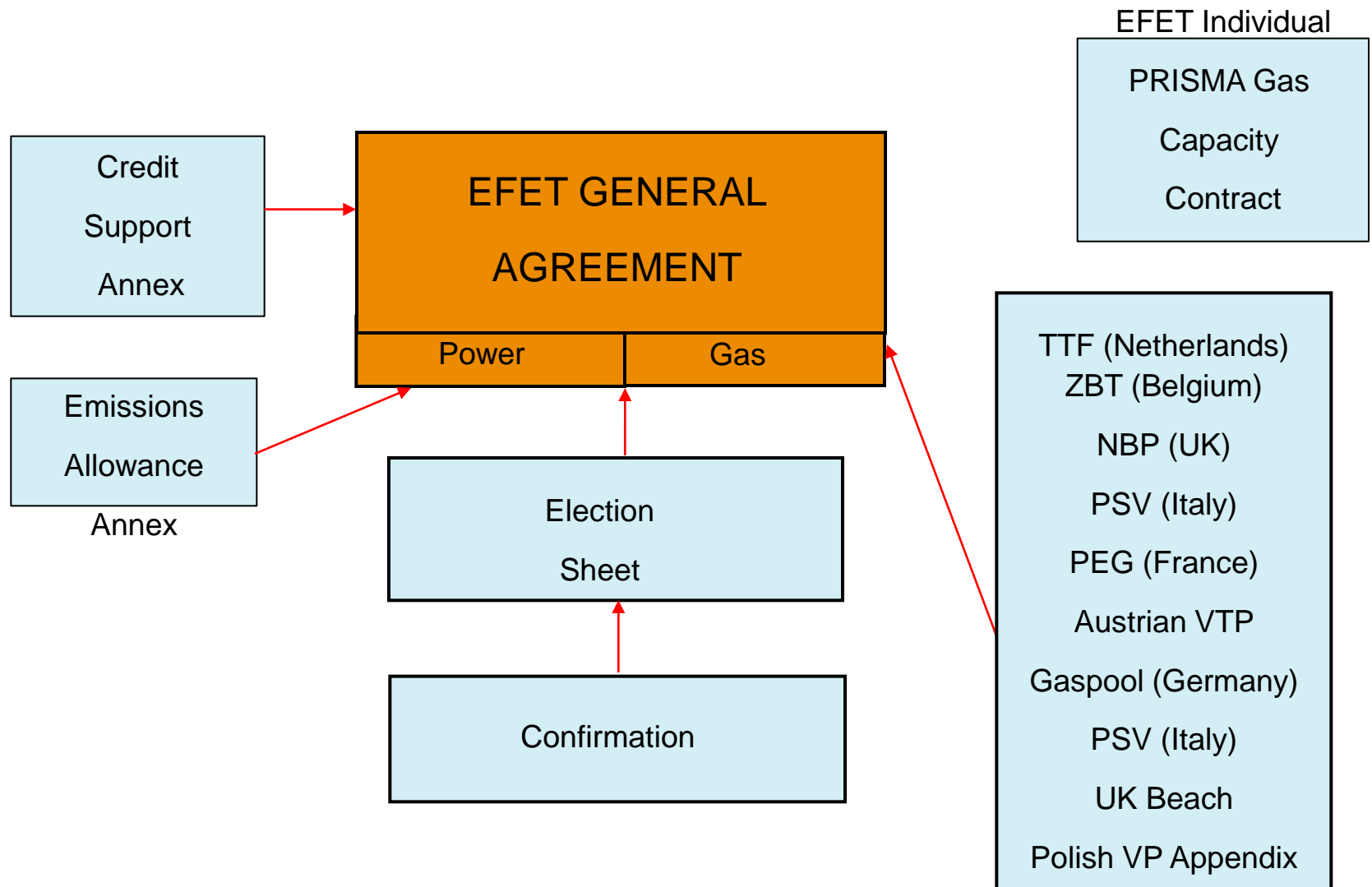
Standard Storage Contract

ISDA covers financial products should be used by Borsa Istanbul

IETA offers standard documentation for emissions trades



The EFET Master Agreement



Advantages of the EFET Master Agreement

Standardisation

Ensures smooth operational processes and avoids back to back risks; allows for speedy negotiations and high volume trading

Credit Protection

Credit clauses allow parties to monitor each other's creditworthiness over time

Insolvency Protection

Close-out netting and single agreement character to avoid cherry picking by liquidator

Legal certainty

Endorsed by EFET Legal Committee and supported by legal opinions in various jurisdictions

Thank you for your attention!



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