Member of the European Commission
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The Draghi Report: One Year On – Safeguarding Europe's Energy Market Competitiveness

[redacted]

One year has passed since the publication of the Draghi report. In his recent anniversary speech[1], Mr. Draghi rightly underlined the urgency of strengthening Europe's competitiveness by reducing regulatory burdens and bureaucracy and, hence, ensuring policy objectives are achieved in the most pragmatic, effective, and least burdensome way.

We welcome that the European Commission has repeatedly committed itself to these principles. However, it is imperative that these principles are put into practice, not least when it comes to financial market regulations for energy trading. Europe's competitiveness depends on affordable, reliable, and well-functioning energy trading markets. To safeguard this, we call on you to:

Deliver on the commitment to simplify rules and reduce the regulatory burden: We are fully supportive of the recent European Council Conclusion "to drastically reduce, as a matter of urgency, administrative, regulatory and reporting burdens for businesses"[2]. The EU Commission can achieve this objective, inter alia, by streamlining and harmonising regulatory reporting requirements, thereby ensuring consistency across regulations and eliminating unnecessary overlaps and hence lowering costs and increasing transparency.

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[1] Link
[2] Conclusion 33 of European Council meeting of 23 October 2025

Acknowledge that the existing regulatory framework for energy trading markets, including the Markets in Financial Instruments Directive II (MiFID II), ensures market transparency, integrity, and stability: Energy trading does not drive up costs - it enables efficient price discovery, promotes competition, and facilitates risk management, thereby helping to stabilise energy prices.

Admit that stricter financial market regulation for energy trading markets is unnecessary and could have the unintended consequence of driving up the cost of energy: As highlighted in the recent European Council Conclusions, the EU Commission "need[s] to avoid over-regulation and the introduction of new administrative burdens"[3]. The imposition of market interventionist measures such as costly investment firm licences for energy traders, tighter position limits, or price caps - are counterproductive. Such measures neither address the root causes of the energy crisis nor lower energy costs.

The main concern raised in the Draghi report is high energy prices and the effect on Europe's competitiveness. However, more rules, more obligations and less predictability in the regulatory regime will only lead to more costs and risk, ultimately resulting in higher prices for the end users and thereby contradicting the objectives of the Clean Industrial Deal and the Action Plan for Affordable Energy.

In particular, the call for the **Gas Market Task Force to deliver stronger supervision and a stricter rulebook for energy trading does not address the true causes of high energy prices, but could have significant adverse consequences**, including reduced liquidity and weakened forward markets, making it harder for industrial consumers to hedge against price volatility. The EU is competing for natural gas with other markets around the world, and making the EU the most regulated market in the world risks deterring potential suppliers, thereby putting security of supply at risk and keeping prices high.

The energy crisis was driven by supply shocks - not by shortcomings in the regulation of energy trading markets. Europe's energy trading framework is already among the most transparent and tightly regulated in the world. Throughout the crisis, energy markets functioned as intended: providing liquidity, reliable price signals, and risk management tools for industrial and household consumers alike.

With substantial reforms in the area of market integrity and transparency and financial market stability (such as REMIT II, MAR and EMIR 3.0) only recently enacted, we believe there is no justification for a fundamental overhaul of the commodity derivatives regime in MiFID II before the current measures have been fully implemented and assessed. Only by assessing the impact of these substantive changes can any additional change be analysed to understand if it would have a beneficial result for European markets. In

[3] Conclusion 36 of European Council meeting of 23 October 2025

this respect, we look forward to the publication of the result of the targeted consultation on the review of the functioning of commodity derivatives markets.

We stand ready to engage constructively in this important debate, to contribute our expertise to the Commission's work, and would welcome the opportunity to meet with you in person or online.

Yours sincerely,

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