

Commission Delegated Regulation (EU) 2017/591 of 1 December 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards for the application of position limits to commodity derivatives (Text with EEA relevance)

CHAPTER III

METHODOLOGY FOR COMPETENT AUTHORITIES TO CALCULATE POSITION LIMITS

SECTION I

Determination of baseline figures

Article 9

Methodology for determining the baseline figure for spot month limits(Article 57(4) of Directive 2014/65/EU)

- 1 Competent authorities shall determine a baseline figure for the spot month position limit in a commodity derivative by calculating 25 % of the deliverable supply for that commodity derivative.
- 2 The baseline figure shall be specified in lots which shall be the unit of trading used by the trading venue on which the commodity derivative trades representing a standardised quantity of the underlying commodity.
- 3 Where a competent authority establishes different position limits for different times within the spot month period, those position limits shall decrease on an incremental basis towards the maturity of the commodity derivative and shall take into account the position management arrangements of the trading venue.
- 4 By way of derogation to paragraph 1, competent authorities shall determine the baseline figure for the spot month position limit for any derivative contract with an underlying that qualifies as food intended for human consumption with a total combined open interest in spot and other months' contracts exceeding 50 000 lots over a consecutive three month period by calculating 20 % of the deliverable supply in that commodity derivative.

Article 10

Deliverable supply(Article 57(3) of Directive 2014/65/EU)

- 1 Competent authorities shall calculate the deliverable supply for a commodity derivative by identifying the quantity of the underlying commodity that can be used to fulfil the delivery requirements of the commodity derivative.
- 2 Competent authorities shall determine the deliverable supply for a commodity derivative referred to in paragraph 1 by reference to the average monthly amount of the

Changes to legislation: There are outstanding changes not yet made to Commission Delegated Regulation (EU) 2017/591. Any changes that have already been made to the legislation appear in the content and are referenced with annotations. (See end of Document for details) EUR 2017 No. 591 may be subject to amendment by EU Exit Instruments made by the Financial Conduct Authority under powers set out in The Financial Regulators' Powers (Technical Standards etc.) (Amendment etc.) (EU Exit) Regulations 2018 (S.I. 2018/1115), regs. 2, 3, Sch. Pt. 1. These amendments are not currently available on legislation.gov.uk. Details of relevant amending instruments can be found on the UK Government's website: <https://www.gov.uk/government/collections/eu-exit-instruments>. The Commission is also aware of amendments to the underlying commodity available for delivery over the one year period immediately preceding the determination.

3 In order to identify the quantity of the underlying commodity meeting the conditions of paragraph 1, competent authorities shall take into account the following criteria:

- a the storage arrangements for the underlying commodity;
- b the factors that may affect the supply of the underlying commodity.

Article 11

Methodology for determining the baseline figure for other months' limits (Article 57(4) of Directive 2014/65/EU)

1 Competent authorities shall determine a baseline figure for the other months' position limit in a commodity derivative by calculating 25 % of the open interest in that commodity derivative.

2 The baseline figure shall be specified in lots which shall be the unit of trading used by the trading venue on which the commodity derivative trades representing a standardised quantity of the underlying commodity.

Article 12

Open interest (Article 57(3) of Directive 2014/65/EU)

Competent authorities shall calculate the open interest in a commodity derivative by aggregating the number of lots of that commodity derivative that are outstanding on trading venues at a point in time.

Article 13

Methodology for determining the baseline figure in respect of certain contracts (Article 57(4) of Directive 2014/65/EU)

1 By way of derogation to Article 9, competent authorities shall determine the baseline figure for the spot month position limits for cash settled spot month contracts which are under C(10) of Annex I to Directive 2014/65/EU and which have no measurable deliverable supply of their underlying commodities by calculating 25 % of the open interest in those commodity derivative contracts.

2 By way of derogation to Articles 9 and 11, competent authorities shall determine the baseline figure for the position limits for commodity derivatives defined under point (c) of Article 4(1)(44) of Directive 2014/65/EU by calculating 25 % of the number of securities issued. The baseline figure shall be specified in number of securities.

3 By way of derogation to Articles 9 and 11, where a commodity derivative provides that the underlying is delivered constantly over a specified period of time, the baseline figures calculated pursuant to Articles 9 and 11 shall apply to related commodity derivatives for the same underlying to the extent that their delivery periods overlap. The baseline figure shall be specified in units of the underlying.

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[View outstanding changes](#)

Changes and effects yet to be applied to :

- Regulation power to amend conferred by [S.I. 2018/1115 Sch. Pt. 1 para. 39](#)
- Regulation power to modify conferred by [2023 c. 29 s. 3 Sch. 1 Pt. 3](#)
- Regulation revoked by [2023 c. 29 Sch. 1 Pt. 3](#)
- Regulation revoked by [2023 c. 29 Sch. 2 para. 50\(d\)](#)