
STATUTORY INSTRUMENTS

2017 No. 701

The Financial Services and Markets Act 2000 (Markets in Financial Instruments) Regulations 2017

PART 3

Position limits and position management controls in commodity derivatives

FCA duty to establish position limits

16.—(1) The FCA must, by giving directions, establish position limits in respect of commodity derivatives traded on trading venues in the United Kingdom and economically equivalent over the counter contracts.

(2) The FCA must establish position limits under paragraph (1) on the basis of all positions held by a person in the contract to which the limit relates and those held on the person's behalf at an aggregate group level in order to—

- (a) prevent market abuse; and
- (b) support orderly pricing and settlement conditions, which includes, but is not restricted to—
 - (i) preventing market distorting positions; and
 - (ii) ensuring convergence between prices of commodity derivatives in the delivery month and spot prices for the underlying commodity without prejudice to price discovery on the market for the underlying commodity.

(3) The FCA must determine if a position is held at an aggregate group level for the purpose of paragraph (2) in accordance with the relevant methods.

(4) Position limits established by the FCA under this regulation must be published in a manner the FCA considers appropriate.

(5) In this regulation—

[^{F1}“ group ” means a parent undertaking and all its subsidiary undertakings, and for these purposes, “parent undertaking” and “subsidiary undertaking” have the same meanings as in section 420 of the Act;]

“the relevant methods” means the methods determined by [^{F2}Article 4 of Regulation (EU) 2017/591.]

F1 Words in [reg. 16\(5\)](#) substituted (31.12.2020) by [The Markets in Financial Instruments \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1403\)](#), regs. 1(3), [8\(9\)\(a\)](#) (with savings in [S.I. 2019/680](#), reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

F2 Words in [reg. 16\(5\)](#) substituted (31.12.2020) by [The Markets in Financial Instruments \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1403\)](#), regs. 1(3), [8\(9\)\(b\)](#) (with savings in [S.I. 2019/680](#), reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

Changes to legislation:

The Financial Services and Markets Act 2000 (Markets in Financial Instruments) Regulations 2017, Section 16 is up to date with all changes known to be in force on or before 01 March 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations.

[View outstanding changes](#)

Changes and effects yet to be applied to :

- reg. 16 heading word substituted by [2023 c. 29 Sch. 2 para. 46\(2\)](#)
- reg. 16(1) word substituted by [2023 c. 29 Sch. 2 para. 46\(3\)\(a\)](#)
- reg. 16(1) words substituted by [2023 c. 29 Sch. 2 para. 46\(3\)\(b\)](#)
- reg. 16(2) omitted by [2023 c. 29 Sch. 2 para. 46\(5\)](#)
- reg. 16(3) omitted by [2023 c. 29 Sch. 2 para. 46\(5\)](#)
- reg. 16(5) omitted by [2023 c. 29 Sch. 2 para. 46\(5\)](#)

Changes and effects yet to be applied to the whole Instrument associated Parts and Chapters:

Whole provisions yet to be inserted into this Instrument (including any effects on those provisions):

- reg. 15A inserted by [2023 c. 29 Sch. 2 para. 45](#)
- reg. 16(1A)(1B) omitted by [2023 c. 29 Sch. 2 para. 46\(4\)](#)