

# Targeted consultation on the review of the functioning of commodity derivatives markets and certain aspects relating to spot energy markets

Fields marked with \* are mandatory.

## Introduction

---

Commodity derivatives are key instruments for market participants to hedge their exposures in the underlying commodity markets (energy, agricultural commodities, metals, etc.). Those markets are characterised by the participation of mainly non-financial entities. Such entities include physical commodity producers, utilities, large energy-intensive corporations, physical commodity traders, etc., that are directly dependent on those markets to mitigate the risks entailed by their commercial activity.

The proper functioning of commodity derivatives markets plays an important role for the stability and prosperity of the EU economy and, as regards energy derivatives markets, for the affordability of energy in the Union and the efficient functioning of the market. Markets for commodity derivatives in the EU are therefore subject to an extensive set of rules that cater for the specific nature and relevance of those instruments to the EU economy.

Akin to, but not strictly speaking considered to be commodities, emission allowances (EUAs) have been added to the financial rulebook upon the adoption of [MiFID II \(Markets in Financial Instruments Directive\)](#) as from January 2018. Since then, the majority of provisions applicable to commodity derivatives also apply to EUAs and/or derivatives thereof. For the sake of conciseness, readers of this consultation paper should consider EUAs and EUA derivatives to be included when referring to commodity derivatives. Stakeholders are however invited to outline specificities for trading of emission allowances and derivatives thereof, where relevant, in their answers throughout the questionnaire.

Article 90(5) of MiFID, as amended in February 2024, requires the Commission, after consulting the [European Securities and Markets Authority \(ESMA\)](#), the [European Banking Authority \(EBA\)](#) and the [Agency for the Cooperation of Energy Regulators \(ACER\)](#), to present a report to the European Parliament and the Council with a comprehensive assessment of the markets for commodity derivatives, EUAs or derivatives on EUAs. The report shall assess, for each of the following elements, their contribution to the liquidity and proper functioning of European markets for commodity derivatives, EUAs or derivatives on EUAs:

- a. the position limit and position management controls regimes relying on data provided by competent authorities to ESMA in accordance with Article 57(5) and (10) of MiFID

- b. the elements referred to in the second and third subparagraphs of Article 2(4) of MiFID and the criteria for establishing when an activity is to be considered to be ancillary to the main business at group level pursuant to the [Commission Delegated Regulation \(EU\) 2021/1833](#), taking into account the ability to enter into transactions for effectively reducing risks directly relating to the commercial activity or treasury financing activity, the application of requirements from 26 June 2026 for investment firms specialised in commodity derivatives or EUAs or derivatives thereof as set out in [Regulation \(EU\) 2019/2033](#) and requirements for financial counterparties as set out in [Regulation \(EU\) 648/2012](#)
- c. the key elements to obtain a harmonised data set for transactions by the commodity derivative market to a single collecting entity. The relevant information on transaction data to be made public and its most appropriate format.

Energy derivatives, which may be either physically or financially settled, are considered wholesale energy products under the [EU Regulation on wholesale energy market integrity and transparency \(REMIT\)](#). REMIT establishes rules prohibiting abusive practices affecting wholesale energy markets which are coherent with the rules applicable in financial markets and with the proper functioning of those wholesale energy markets, whilst taking into account their specific characteristics. REMIT also provides for the monitoring of wholesale energy markets by the Agency for the Cooperation of Energy Regulators (ACER) in close collaboration with national regulatory authorities (NRAs). For such monitoring, REMIT ensures that ACER also receives structural data on capacity and use of facilities for production, storage, consumption or transmission of energy.

The recent energy crisis peaking in the summer 2022 and the extreme volatility observed in energy markets over that period have sparked a renewed debate on the proper functioning of those markets and on the appropriateness of the applicable rulebooks.

In March 2023, as part of its response to the crisis, the Commission proposed, a reform of the REMIT framework, which entered into force in May 2024 (the [revised REMIT](#)). The reform makes market monitoring of wholesale energy markets more effective, enhances their transparency, and strengthens investigatory and sanctioning powers by regulators against market abuse.

The above-mentioned crisis was also discussed in the recent [report by Mario Draghi on The future of European competitiveness](#), published in September 2024. The report includes a significant number of recommendations linked to the functioning of energy spot and derivatives markets, as a means to ensure the European industry access to affordable energy and enhance its competitiveness (see section 6 for detail).

The outcome of this consultation serves several objectives

- Firstly, it will feed into the MiFID report exercise, with a view to making the EU commodity derivatives markets more efficient and resilient, ultimately delivering benefits to the real economy, and bearing in mind the Commission's general objective to reduce regulatory burden on EU firms
- Secondly, it will allow the Commission to collect evidence to feed into broader reflections on the wholesale energy and related financial markets that may inform future policy choices in this area
- Where appropriate, this may call for legislative amendments of the relevant legislation, including MiFID and REMIT
- The solutions under consideration may in some cases be specifically targeted at certain types of contracts or commodities. It could, for example, be possible to identify specific solutions as regards gas-related contracts (as opposed to other commodities)

This consultation is launched in conjunction with the action plan on affordable energy adopted by the Commission on [DATE + PLACEHOLDER TO ALIGN WITH WORDING OF THE APAE].

This consultation seeks stakeholders' feedback on a broad range of issues, including:

- data aspects relating to commodity derivatives
- the ancillary activity exemption (AAE)
- position management and position reporting
- position limits
- circuit breakers
- and other elements stemming from the Draghi report on EU competitiveness

## Who should respond to this consultation

**This consultation will be open for a duration of 8 weeks, until 23 April 2025.**

This consultation is addressed to commodity market participants in the European Union, regardless of where such market participants are domiciled or where they have established their principal place of business, securities markets supervisors and commodity regulators. Commodity exchanges, clearing counterparties (CCPs) active in the clearing of commodity futures and commodity clearing houses are also invited to participate, as well as trade repositories and registered reporting mechanisms.

---

**Please note:** In order to ensure a fair and transparent consultation process **only responses received through our online questionnaire will be taken into account** and included in the report summarising the responses. Should you have a problem completing this questionnaire or if you require particular assistance, please contact [fisma-commodities@ec.europa.eu](mailto:fisma-commodities@ec.europa.eu).

More information on

- [this consultation](#)
- [the consultation document](#)
- [Investment services and regulated markets](#)
- [the protection of personal data regime for this consultation](#)

## About you

---

\* Language of my contribution

- ☐ Bulgarian
- ☐ Croatian
- ☐ Czech
- ☐ Danish

- ☐ Dutch
- ☒ English
- ☐ Estonian
- ☐ Finnish
- ☐ French
- ☐ German
- ☐ Greek
- ☐ Hungarian
- ☐ Irish
- ☐ Italian
- ☐ Latvian
- ☐ Lithuanian
- ☐ Maltese
- ☐ Polish
- ☐ Portuguese
- ☐ Romanian
- ☐ Slovak
- ☐ Slovenian
- ☐ Spanish
- ☐ Swedish

\* I am giving my contribution as

- ☐ Academic/research institution
- ☐ Business association
- ☐ Company/business
- ☐ Consumer organisation
- ☐ EU citizen
- ☐ Environmental organisation
- ☐ Non-EU citizen
- ☐ Non-governmental organisation (NGO)
- ☒ Public authority
- ☐ Trade union
- ☐ Other

\* Scope

- ☐ International
- ☐ Local
- ☒ National
- ☐ Regional

\* Level of governance

- ☐ Parliament
- ☒ Authority
- ☐ Agency

\* Organisation name

*255 character(s) maximum*

French national energy regulator (Commission de Régulation de l'Energie)

\* Organisation size

- ☐ Micro (1 to 9 employees)
- ☐ Small (10 to 49 employees)
- ☒ Medium (50 to 249 employees)
- ☐ Large (250 or more)

Transparency register number

*255 character(s) maximum*

Check if your organisation is on the [transparency register](#). It's a voluntary database for organisations seeking to influence EU decision-making.

\* Country of origin

Please add your country of origin, or that of your organisation.

<input type="radio"/> Afghanistan	<input type="radio"/> Djibouti	<input type="radio"/> Libya	<input type="radio"/> Saint Martin
<input type="radio"/> Åland Islands	<input type="radio"/> Dominica	<input type="radio"/> Liechtenstein	<input type="radio"/> Saint Pierre and Miquelon
<input type="radio"/> Albania	<input type="radio"/> Dominican Republic	<input type="radio"/> Lithuania	<input type="radio"/> Saint Vincent and the Grenadines
<input type="radio"/> Algeria	<input type="radio"/> Ecuador	<input type="radio"/> Luxembourg	<input type="radio"/> Samoa
<input type="radio"/> American Samoa	<input type="radio"/> Egypt	<input type="radio"/> Macau	<input type="radio"/> San Marino
<input type="radio"/> Andorra	<input type="radio"/> El Salvador	<input type="radio"/> Madagascar	<input type="radio"/> São Tomé and Príncipe
<input type="radio"/> Angola	<input type="radio"/> Equatorial Guinea	<input type="radio"/> Malawi	<input type="radio"/> Saudi Arabia
<input type="radio"/> Anguilla	<input type="radio"/> Eritrea	<input type="radio"/> Malaysia	<input type="radio"/> Senegal
<input type="radio"/> Antarctica	<input type="radio"/> Estonia	<input type="radio"/> Maldives	<input type="radio"/> Serbia
<input type="radio"/> Antigua and Barbuda	<input type="radio"/> Eswatini	<input type="radio"/> Mali	<input type="radio"/> Seychelles
<input type="radio"/> Argentina	<input type="radio"/> Ethiopia	<input type="radio"/> Malta	<input type="radio"/> Sierra Leone
<input type="radio"/> Armenia	<input type="radio"/> Falkland Islands	<input type="radio"/> Marshall Islands	<input type="radio"/> Singapore
<input type="radio"/> Aruba	<input type="radio"/> Faroe Islands	<input type="radio"/> Martinique	<input type="radio"/> Sint Maarten
<input type="radio"/> Australia	<input type="radio"/> Fiji	<input type="radio"/> Mauritania	<input type="radio"/> Slovakia
<input type="radio"/> Austria	<input type="radio"/> Finland	<input type="radio"/> Mauritius	<input type="radio"/> Slovenia
<input type="radio"/> Azerbaijan	<input checked="" type="radio"/> France	<input type="radio"/> Mayotte	<input type="radio"/> Solomon Islands
<input type="radio"/> Bahamas	<input type="radio"/> French Guiana	<input type="radio"/> Mexico	<input type="radio"/> Somalia
<input type="radio"/> Bahrain	<input type="radio"/> French Polynesia	<input type="radio"/> Micronesia	<input type="radio"/> South Africa
<input type="radio"/> Bangladesh	<input type="radio"/> French Southern and Antarctic Lands	<input type="radio"/> Moldova	<input type="radio"/> South Georgia and the South Sandwich Islands
<input type="radio"/> Barbados	<input type="radio"/> Gabon	<input type="radio"/> Monaco	<input type="radio"/> South Korea
<input type="radio"/> Belarus	<input type="radio"/> Georgia	<input type="radio"/> Mongolia	<input type="radio"/> South Sudan
<input type="radio"/> Belgium	<input type="radio"/> Germany	<input type="radio"/> Montenegro	<input type="radio"/> Spain
<input type="radio"/> Belize	<input type="radio"/> Ghana	<input type="radio"/> Montserrat	<input type="radio"/> Sri Lanka
<input type="radio"/> Benin	<input type="radio"/> Gibraltar	<input type="radio"/> Morocco	<input type="radio"/> Sudan
<input type="radio"/> Bermuda	<input type="radio"/> Greece	<input type="radio"/> Mozambique	<input type="radio"/> Suriname
<input type="radio"/> Bhutan	<input type="radio"/> Greenland	<input type="radio"/> Myanmar/Burma	<input type="radio"/> Svalbard and Jan Mayen
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

<input type="radio"/> Bolivia	<input type="radio"/> Grenada	<input type="radio"/> Namibia	<input type="radio"/> Sweden
<input type="radio"/> Bonaire Saint Eustatius and Saba	<input type="radio"/> Guadeloupe	<input type="radio"/> Nauru	<input type="radio"/> Switzerland
<input type="radio"/> Bosnia and Herzegovina	<input type="radio"/> Guam	<input type="radio"/> Nepal	<input type="radio"/> Syria
<input type="radio"/> Botswana	<input type="radio"/> Guatemala	<input type="radio"/> Netherlands	<input type="radio"/> Taiwan
<input type="radio"/> Bouvet Island	<input type="radio"/> Guernsey	<input type="radio"/> New Caledonia	<input type="radio"/> Tajikistan
<input type="radio"/> Brazil	<input type="radio"/> Guinea	<input type="radio"/> New Zealand	<input type="radio"/> Tanzania
<input type="radio"/> British Indian Ocean Territory	<input type="radio"/> Guinea-Bissau	<input type="radio"/> Nicaragua	<input type="radio"/> Thailand
<input type="radio"/> British Virgin Islands	<input type="radio"/> Guyana	<input type="radio"/> Niger	<input type="radio"/> The Gambia
<input type="radio"/> Brunei	<input type="radio"/> Haiti	<input type="radio"/> Nigeria	<input type="radio"/> Timor-Leste
<input type="radio"/> Bulgaria	<input type="radio"/> Heard Island and McDonald Islands	<input type="radio"/> Niue	<input type="radio"/> Togo
<input type="radio"/> Burkina Faso	<input type="radio"/> Honduras	<input type="radio"/> Norfolk Island	<input type="radio"/> Tokelau
<input type="radio"/> Burundi	<input type="radio"/> Hong Kong	<input type="radio"/> Northern Mariana Islands	<input type="radio"/> Tonga
<input type="radio"/> Cambodia	<input type="radio"/> Hungary	<input type="radio"/> North Korea	<input type="radio"/> Trinidad and Tobago
<input type="radio"/> Cameroon	<input type="radio"/> Iceland	<input type="radio"/> North Macedonia	<input type="radio"/> Tunisia
<input type="radio"/> Canada	<input type="radio"/> India	<input type="radio"/> Norway	<input type="radio"/> Turkey
<input type="radio"/> Cape Verde	<input type="radio"/> Indonesia	<input type="radio"/> Oman	<input type="radio"/> Turkmenistan
<input type="radio"/> Cayman Islands	<input type="radio"/> Iran	<input type="radio"/> Pakistan	<input type="radio"/> Turks and Caicos Islands
<input type="radio"/> Central African Republic	<input type="radio"/> Iraq	<input type="radio"/> Palau	<input type="radio"/> Tuvalu
<input type="radio"/> Chad	<input type="radio"/> Ireland	<input type="radio"/> Palestine	<input type="radio"/> Uganda
<input type="radio"/> Chile	<input type="radio"/> Isle of Man	<input type="radio"/> Panama	<input type="radio"/> Ukraine
<input type="radio"/> China	<input type="radio"/> Israel	<input type="radio"/> Papua New Guinea	<input type="radio"/> United Arab Emirates
<input type="radio"/> Christmas Island	<input type="radio"/> Italy	<input type="radio"/> Paraguay	<input type="radio"/> United Kingdom
<input type="radio"/> Clipperton	<input type="radio"/> Jamaica	<input type="radio"/> Peru	<input type="radio"/> United States
<input type="radio"/>	<input type="radio"/> Japan	<input type="radio"/> Philippines	<input type="radio"/>

Cocos (Keeling) Islands		United States Minor Outlying Islands	
<input type="radio"/> Colombia	<input type="radio"/> Jersey	<input type="radio"/> Pitcairn Islands	<input type="radio"/> Uruguay
<input type="radio"/> Comoros	<input type="radio"/> Jordan	<input type="radio"/> Poland	<input type="radio"/> US Virgin Islands
<input type="radio"/> Congo	<input type="radio"/> Kazakhstan	<input type="radio"/> Portugal	<input type="radio"/> Uzbekistan
<input type="radio"/> Cook Islands	<input type="radio"/> Kenya	<input type="radio"/> Puerto Rico	<input type="radio"/> Vanuatu
<input type="radio"/> Costa Rica	<input type="radio"/> Kiribati	<input type="radio"/> Qatar	<input type="radio"/> Vatican City
<input type="radio"/> Côte d'Ivoire	<input type="radio"/> Kosovo	<input type="radio"/> Réunion	<input type="radio"/> Venezuela
<input type="radio"/> Croatia	<input type="radio"/> Kuwait	<input type="radio"/> Romania	<input type="radio"/> Vietnam
<input type="radio"/> Cuba	<input type="radio"/> Kyrgyzstan	<input type="radio"/> Russia	<input type="radio"/> Wallis and Futuna
<input type="radio"/> Curaçao	<input type="radio"/> Laos	<input type="radio"/> Rwanda	<input type="radio"/> Western Sahara
<input type="radio"/> Cyprus	<input type="radio"/> Latvia	<input type="radio"/> Saint Barthélemy	<input type="radio"/> Yemen
<input type="radio"/> Czechia	<input type="radio"/> Lebanon	<input type="radio"/> Saint Helena Ascension and Tristan da Cunha	<input type="radio"/> Zambia
<input type="radio"/> Democratic Republic of the Congo	<input type="radio"/> Lesotho	<input type="radio"/> Saint Kitts and Nevis	<input type="radio"/> Zimbabwe
<input type="radio"/> Denmark	<input type="radio"/> Liberia	<input type="radio"/> Saint Lucia	

\* Field of activity or sector (if applicable)

- ☐ Accounting
- ☐ Agricultural cooperative/agricultural commodity production
- ☐ Auditing
- ☐ Banking
- ☐ Benchmark/index administration
- ☐ Credit rating agencies
- ☐ Energy utility (e.g. producer, supplier)
- ☐ Trading
- ☐ Insurance
- ☐ Market maker
- ☐ Pension provision
- ☐



Investment management (e.g. hedge funds, private equity funds, venture capital funds, money market funds, securities)

- ☐ Financial Market infrastructure operation (e.g. exchanges trading commodity derivatives, CCPs, CSDs)
- ☐ Spot energy exchange operation
- ☐ Trade-matching system
- ☐ Brokering service provider
- ☐ Commodity
- ☐ Transmission System Operator
- ☐ Distribution System Operator
- ☐ Other
- ☒ Not applicable

\* Is your entity active in commodity derivatives trading?

- ☐ Yes
- ☒ No
- ☐ Don't know / no opinion / not applicable

\* Is your entity active in spot/physical markets?

- ☐ Yes
- ☒ No
- ☐ Not applicable

The Commission will publish all contributions to this public consultation. You can choose whether you would prefer to have your details published or to remain anonymous when your contribution is published. **For the purpose of transparency, the type of respondent (for example, 'business association, 'consumer association', 'EU citizen') country of origin, organisation name and size, and its transparency register number, are always published. Your e-mail address will never be published.** Opt in to select the privacy option that best suits you. Privacy options default based on the type of respondent selected

### \* Contribution publication privacy settings

The Commission will publish the responses to this public consultation. You can choose whether you would like your details to be made public or to remain anonymous.

- ☒ **Anonymous**

Only the organisation type is published: The type of respondent that you responded to this consultation as, your field of activity and your contribution will be published as received. The name of the organisation on whose behalf you reply as well as its transparency number, its size, its country of origin and

your name will not be published. Please do not include any personal data in the contribution itself if you want to remain anonymous.

### **Public**

Organisation details and respondent details are published: The type of respondent that you responded to this consultation as, the name of the organisation on whose behalf you reply as well as its transparency number, its size, its country of origin and your contribution will be published. Your name will also be published.

☒ I agree with the [personal data protection provisions](#)

## 1. Data aspects

---

### 1.1 Commodity derivatives reporting and transparency under the financial rulebook

Commodity derivatives trading is subject, under the current financial rulebook, to three main pieces of legislation relating to transparency and reporting: the [Markets in Financial Instruments Directive \(Directive \(EU\) 2014/65, MiFID\)](#), the [Markets in Financial Instruments Regulation \(Regulation \(EU\) 600/2014, MiFIR\)](#) and the [European Infrastructure Market Regulation \(Regulation \(EU\) 648/2012, EMIR\)](#).

While reporting to trade repositories under EMIR captures all commodity derivatives transactions involving at least one EU counterparty, reporting requirements under MiFID/MiFIR differ depending on the type of data, the addressee and whether the trade takes place on a trading venue or not. MiFIR also contains details on the conditions under which transaction-related data in financial instruments is to be transparently disseminated to the public.

MiFID provides that information on positions is to be reported daily to National Competent Authorities (NCAs) by trading venues as regards market participants active on their venue (MiFID Article 58(1)). Market participants are in turn required to report daily to the trading venue on their positions in derivative contracts traded on that venue (MiFID Article 58(3)). Lastly, investment firms are due to report positions in economically equivalent over-the-counter (OTC) contracts to NCAs on a daily basis (MiFID Article 58(2)). All such position reporting requirements are further discussed under section 3.

MiFIR, in turn, provides that:

- all transactions in commodity derivatives taking place on a trading venue are to be reported by investment firms (or, if market participants are not investment firms, by the investment firm operating the venue on which the market participants executed the transaction) to NCAs pursuant to Article 26
- transactions in commodity derivatives carried out outside a trading venue are not subject to systematic transaction reporting to NCAs. However, investment firms are required to keep the relevant data relating to all orders and transactions in commodity derivatives which they have carried out at the disposal of the NCA for five years, pursuant to Article 25
- all transactions in commodity derivatives taking place on a regulated market are subject to publication of data on price, volume and time of transactions pursuant to Article 10 (post-trade transparency)
- regulated markets are required to disclose current bid and offer prices, as well as the depth of trading interests, relating to commodity derivatives traded on their venue (pre-trade transparency), pursuant to Article 8a(1)

- trading in commodity derivatives occurring on a Multilateral Trading Facility (MTF) or an Organised Trading Facility (OTF) is not subject to pre- nor post-trade transparency, pursuant to Article 8a(2). It is worth reminding that all physically-settled wholesale energy contracts traded on an OTF are subject to the 'C6 carve-out' (wholesale energy products that are (i) mandatorily physically settled and (ii) traded on an OTF are subject to a carve-out from MiFID and are not considered financial instruments. They are commonly referred to as 'C6 carve-out instruments'), which scopes those contracts out of the financial rulebook
- as regards the interaction between the upcoming consolidated tape and commodity derivatives, the consolidated tape does not include pre- nor post-trade information on commodity derivatives

## 1.2 Commodity derivatives reporting and transparency under REMIT

Energy commodity spot and derivatives trading is also subject, under the current energy rulebook, to two main pieces of legislation relating to transparency and reporting: the [Wholesale Energy Market Integrity and Transparency Regulation \(Regulation \(EU\) 1227/2011, REMIT\)](#) and [REMIT Implementing \(Regulation \(EU\) 1348/2014\)](#).

The reporting framework under REMIT and its implementing Regulation currently provides that:

- any transactions related to wholesale energy products, including matched and unmatched orders to trade, that are placed on an organised marketplace (OMP) should be reported to ACER. These are currently reported to ACER on a daily basis, with a delay of one day
- in addition, any transactions related to wholesale energy products that are concluded outside of an OMP, i.e., OTC, are also reportable under REMIT. Those transactions are currently reported with up to one month delay from the date they were concluded
- the aforementioned data reporting also relates to trading from non-EU market participants, who engage in the trading of wholesale energy products, as defined in Article 2(4) of REMIT

The information that is reported to ACER is also shared with the NRAs. The REMIT Implementing Regulation is currently under revision.

REMIT also provides that reporting obligations under REMIT are considered fulfilled when the abovementioned transactions have been reported under financial legislation by market participants, third parties acting on behalf of a market participant, trade reporting systems, or OMPs, trade-matching systems or other persons professionally arranging or executing transactions.

Lastly, the revised REMIT establishes an obligation to set data sharing mechanisms between various regulators, including ACER, ESMA, Eurofisc, the European Commission, NRAs, NCAs national competition authorities and other relevant authorities in the Union. That information exchange framework aims to ensure that the information ACER receives through the reporting requirements under REMIT can be used for the tasks of the other regulators mentioned above.

## 1.3 Data sharing between energy and securities markets supervisors

The current regulatory set up leads to a multiplication of reporting channels, to which only the relevant regulators have systematic access. ACER and consequently the (energy) NRAs are the recipients of data relating to wholesale energy products, while ESMA and the NCAs receive the data reported under the financial rulebook. This means that, currently, data reported under REMIT do not necessarily make their way to financial regulators and vice versa. For instance, NCAs and ESMA do not have systematic access to data relating to 'C6 carve-out' products and other spot market products, which is reported to ACER. This creates a data gap that may affect ESMA's and NCAs' ability to understand and therefore adequately supervise the markets that fall under financial legislation. Moreover, diverging reporting standards between products subject to REMIT reporting and those reported under MiFIR/EMIR, despite sometimes

being closely related (e.g., a futures contract traded on an exchange and subject to the financial rulebook reporting vs a physically-settled forward contract traded on an OTF reported under REMIT), add to further complexifying reporting procedures and the consolidation and analysis of data.

This section therefore seeks to identify areas where reporting should be streamlined and/or better harmonised, bearing in mind the Commission's burden reduction objective. It also seeks to explore whether the creation of a single reporting mechanism for spot and derivative energy products (i.e., not concerning other commodities nor EUAs) could improve the situation on access to relevant data for supervisors on both sides. In that regard, trade repositories, which already collect data on all derivatives transactions (whether OTC or venue-traded), and Registered Reporting Mechanisms (RRMs), which play a similar role under REMIT, could play the role of single access point for all reporting related to energy-related products, spot or derivatives. A third entity, consolidating the data from trade repositories and RRM's would be an alternative option. ESMA, ACER, NRAs, NCAs and, where relevant, the European Commission, would have equal access to such data. Access to such consolidated data by trading venues in the context of their position management controls mandate could also be explored – see section 2.3.

Lastly, this central data collection mechanism could also serve as a one-stop-shop for data reporting by market participants active on both types of markets, thus alleviating the reporting burden for energy traders (which often need to report under MiFID/MiFIR, EMIR and REMIT). This would also necessitate establishing common reporting standards based on harmonised data formats and protocols between products across the spot/derivatives spectrum, which would eliminate unnecessary diverging reporting requirements and simplify the data landscape for reporting market participants and supervisors alike.

---

## Questions related to section 1

**Question 1. Do you believe that REMIT reporting, on the one hand, and MiFID /MiFIR/EMIR reporting, on the other hand, should be streamlined and/or more harmonised?**

- ☐ Yes
- ☒ No
- ☐ Don't know / no opinion / not applicable

**Why do you believe they should not be streamlined and/or more harmonised?**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The primary focus of energy market monitoring is the price, with wholesale energy products and financial instruments both contributing to its formation. It is crucial for energy regulators to have access to comprehensive data in order to effectively oversee market dynamics and ensure fair price formation and to maintain market integrity.

In the light of this, REMIT reporting covers all transactions and orders in wholesale energy products, spot and derivatives, regardless of where the transaction took place. The bulk of reported data already fits under one single reporting schema, used by all market participants to report data to ACER through Registered Reporting Mechanisms (RRMs), and further to share the reported data by ACER with the NRAs. As a result, it can be considered already quite streamlined.

The provisions from REMIT aimed at avoiding double reporting can result in some transactions not being reported under REMIT, if they were already reported under the financial rulebook. This would in theory be the case for some transactions on wholesale energy products which are also financial instruments, occurring

on trading venues. However, regarding orders and transactions occurring on organized market places (OMPs), REMIT revision would shift the reporting obligations from the market participants to the OMPs, in a centralized manner for all market participants. Therefore, OMPs, and not market participants, would incur the burden of potential double reporting, if any. It is not likely to be costly for OMPs, as they would report all activity, without having to implement filtering rules to avoid reporting orders or transactions already reported under the financial regulation, based on market participants or instruments, for example.

---

**Question 2. Reporting under MiFID/MiFIR/EMIR, on the one hand, and REMIT, on the other hand, can vary in terms of format and transmission protocols.**

**In your view, which reporting standards and protocols should be used as reference (REMIT or MiFID/MiFIR/EMIR) if formats and reporting protocols were to be made uniform?**

**Please also provide, if possible, information on one-off costs and long-term savings from such harmonisation.**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

REMIT reporting is extensive and in a format which allows reporting almost all transactions on wholesale energy products. By its specialized nature, it is very much fit for purpose. Therefore, it should be used as a starting point for any harmonization efforts as regards the reporting of individual transactions and orders. reporting obligations under financial regulation can pursue other goals, such as monitoring positions on energy derivatives, and thus differ in their format, and could not easily harmonized with the disaggregated report of trades and orders under REMIT.

---

**Question 3. Do you believe that a centralised data collection mechanism for collecting data related to REMIT and MiFID/MiFIR/EMIR reporting would alleviate the current reporting burden on market participants?**

- ☐ Yes
- ☒ No
- ☐ Don't know / no opinion / not applicable

**Please explain your answer to question 3:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

It is likely that a centralized data collection mechanism would alleviate the current reporting burden on market participants regarding the running costs. However, the cost of the transition would be high for all parties. Market participants in particular value the stability of the reporting framework. For REMIT, the reporting schema has evolved marginally 2 times since its implementation in 2015 and is due to evolve more significantly with the revision of the implementing regulation of REMIT this year. For these changes, market participants and RRM had some time to adjust, and ACER and NRAs had to handle simultaneously different versions of the reporting schema (complexifying market monitoring).

The data collection mechanism under REMIT is already quite centralized as regards both data collection, dissemination and access. ACER centralizes all the data reported through RRM and disseminates this data to NRAs in a very efficient manner. NRAs can also access ACER's database through a business intelligence tool provided by ACER, which allows querying and visualizing the data. In that regard, this setup can be considered very efficient and could be used as a reference in its definition and organization to implement a centralized data collection mechanism under REMIT and financial regulation.

---

**Question 4. Do you believe that data sharing through the abovementioned centralised mechanism consolidating the data would improve supervision by NCAs, NRAs, ESMA and ACER?**

- ☐ Yes
- ☒ No
- ☐ Don't know / no opinion / not applicable

**Please explain your answer to question 4:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

For financial authorities, accessing REMIT data through the centralized mechanism would certainly enhance their ability to monitor these markets, as they would gain a consolidated view of market participants activity on energy products, spot and derivatives. For energy regulators which already have access to REMIT data, gaining access to data reported under the financial regulation would less likely make a significant difference, as REMIT reporting already enables a broad supervision of energy markets. In order to improve supervision by financial authorities, it could be worthwhile to focus on sharing REMIT data from ACER to financial authorities and ESMA.

---

**Question 5. In the event that the centralised reporting mechanism is deemed an appropriate measure, by what entity should energy spot and derivatives markets data be consolidated?**

Please select as many answers as you like

- ☐ by trade repositories
- ☐ by RRM
- ☐ by a new type of entity in charge of consolidating data collected by trade repositories and RRM

☒ some other entity

**Please specify to what other entity(ies) you refer in your answer to question 5:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

ACER

**Please explain your answer to question 5:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Trade repositories and RRM could not be regarded as a centralized reporting mechanism, as they are in fact multiple entities. REMIT data being currently the most extensive dataset on trades and orders on energy products, and already centralized efficiently by ACER, it is likely that ACER would be the best placed entity to consolidate all the data concerning energy products reported under REMIT and the financial regulation. In support of this, it is relevant to remind that under the revised REMIT, ACER is already considered as a centralized data entity and for this reason is required to act as a data Reference Centre offering a public, common platform for access to wholesale energy market data.

---

**Question 6. Do you believe there is a better alternative to a central data collection mechanism for improving collection and sharing of data collected under REMIT and MiFID/MiFIR/EMIR?**

- ☒ Yes
- ☐ No
- ☐ Don't know / no opinion / not applicable

**Please describe this better alternative:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

As an alternative solution, improving sharing of data between ACER and financial authorities could be efficient. REMIT contains provisions relating to data sharing with other authorities, among which ESMA and NCAs, that should likely be implemented at a lower cost than revamping completely the data collection process.

**Question 7. In the event that the centralised reporting mechanism is deemed inappropriate, should an alternative approach be considered whereby NCAs have systematic access to the ACER central REMIT database, and vice-versa?**

- ☒ Yes
- ☐ No
- ☐ Don't know / no opinion / not applicable

**Please explain your answer to question 7:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Yes, this would likely be a cost-effective solution and would not by itself entail any changes nor costs for market participants.

---

**Question 8. Do you believe that the rules on pre- and/or post-trade transparency (i.e., public dissemination of information on quotes and transactions) of commodity derivatives under MiFID/MiFIR should be amended, notably to include commodity derivatives traded on an MTF or an OTF**

**It is worth noting that making commodity derivatives subject to pre-trade transparency would imply that commodity derivatives would be included in the consolidated tape for OTC derivatives.**

- ☐ Yes
- ☒ No
- ☐ Don't know / no opinion / not applicable

**Please explain why you think these rules should not be amended:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Market participants active in energy markets are in general very specialized companies, with a focus on hedging physical activity. Pre-trade and post-trade transparency do exist in continuous energy derivatives markets through commercial services which aggregate interests and allow market participant publishing their transactions, such as the Trayport platform. Due to the type of market participants in the wholesale energy markets, it is debatable that enhancing pre-trade and post-trade transparency towards a broader audience would be useful, considering that this kind of service is already available to the market participants on a commercial basis and seems widely used.



---

**Question 9. Do you believe that the consolidated tape should include pre- and /or post-trade data on exchange-traded commodity derivatives (i.e. commodity derivatives traded on regulated markets)?**

- ☐ Yes
- ☒ No
- ☐ Don't know / no opinion / not applicable

**Please explain your answer to question 9:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

See answer to question 8

---

**Question 10. The recent MiFIR review has extended reporting requirements for transactions in some OTC derivatives that are executed outside of a trading venue. This extension does not concern commodity derivatives.**

**Do you believe that transactions in OTC commodity derivatives that are executed outside of a trading venue should be subject to systematic reporting to NCAs under MiFIR?**

- ☐ Yes
- ☒ No
- ☐ Don't know / no opinion / not applicable

**Please explain why you think these transactions should not be subject to systematic reporting to NCAs under MiFIR:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Provided that sharing of REMIT data from ACER to financial authorities is improved, extending the MiFIR reporting requirements for transactions in some OTC derivatives that are executed outside of a trading venue would be inefficient. It would result then in double reporting or will make some market participants stop the reporting of these transactions under REMIT, due to the current exemption from double reporting. It would then make the REMIT reporting less extensive and useful, while the MiFIR reporting would still lack some other market segments (spot markets). As a consequence, no reported dataset, neither under REMIT nor under financial regulation, would be complete to allow an exhaustive view on wholesale energy markets.

---

**Question 11. Do you believe ESMA has sufficient access to transaction data from trading venues and from market participants reported to NCAs?**

- ☐ Yes
- ☐ No
- ☒ Don't know / no opinion / not applicable

## 2. Ancillary activity exemption

---

Commodity derivatives markets are characterised by the prominent participation of 'commercial entities' (i.e., entities whose main business does not involve engaging in the provision of financial services), who rely on derivative markets to hedge their positions in the underlying physical markets or, in some cases, take advantage of market moves to generate profit. Those non-financial entities represent around two-thirds of natural gas futures markets participants ([see ESMA's preliminary data report on the introduction of the market correction mechanism](#)), and around 60% on wheat futures markets ([see the analysis of MiFID II position data on commodity derivatives: who are the market participants and what is their weight in the matif grain derivatives segment](#)), in terms of positions in the respective markets. Some non-financial entities also act as market makers, and are also usually active on both physical/spot and derivatives markets.

The so-called Ancillary Activity Exemption (AAE) set out in Article 2(1), point (j), of MiFID currently exempts certain non-financial market participants that engage in commodity derivatives trading from obtaining a MiFID authorisation if this trading activity is done on own account and not linked to the execution of client orders, or if it provides investment services in commodity derivatives or emission allowances or derivatives thereof to customers or suppliers of their main business. Such exemption is also only granted provided that the activity is considered "ancillary" to their main business, individually and on an aggregate basis.

Three alternative tests allow to determine whether a firm's activity is ancillary to its main business:

- the *de minimis test*, for entities whose net outstanding notional exposure in commodity derivatives or emission allowances or derivatives thereof for cash settlement traded in the Union, excluding commodity derivatives or emission allowances or derivatives thereof traded on a trading venue, is below an annual threshold of EUR 3 billion
- the *trading test*, for entities whose size of activities relating to commodity derivatives accounts for 50% or less of the total size of the other trading activities of the group
- the *capital employed test*, for entities whose estimated capital employed for carrying out their activities relating to commodity derivatives accounts for not more than 50% of the capital employed at group level for carrying out the main business

The qualification as investment firm under MiFID has broad implications, as it does not only imply the application of the MiFID organisational and operational requirements (and the associated supervisory role and sanctioning powers of NCAs), but also entails a qualification as financial counterparty under Regulation (EU) 648/2012 (EMIR), notably with the associated requirements in terms of exchange of bilateral margins when engaging in derivatives trading, and the application of the prudential regime under [Regulation \(EU\) 2019/2033 \(Regulation on the prudential requirements of investment firms, IFR\)](#) and [Directive \(EU\) 2019/2034 \(Directive on the prudential requirements of investment firms, IFD\)](#), including the associated capital and liquidity requirements. It is however noteworthy that a number of key requirements under the financial rulebook are applicable to all persons, regardless of whether they qualify as investment firms. This includes requirements relating to market abuse and position limits.

In 2021, the [Capital Markets Recovery Package \(CMRP\)](#) introduced a number of changes in order to reduce some of the administrative burdens that experienced investors face in their business-to-business relationships, and to provide opportunities to nascent commodities markets to further develop, deepen, and improve their liquidity. Regulation (EU) 2021/338 has simplified the test for the AAE, through the introduction of the abovementioned exposure-based *de minimis* threshold. The obligation for market participants to notify every year their fulfilment of the AAE criteria has also been removed, and replaced by a possibility for NCAs to require information on an ad-hoc basis.

---

## Questions related to section 2

In providing your answers under this section, please specify, to the extent relevant, **whether your assessment would differ depending on the type of commodity concerned** (agricultural, gas, electricity) or when considering EUA markets specifically.

**Question 12. The exception under Article 2(1), point (d), of MiFID sets out the conditions under which entities that deal on own account in financial instruments *other* than commodity derivatives are exempted from a MiFID license. In particular, this exemption does not require that this activity is ancillary to the entity's main business, unlike what is required for entities dealing on own account in commodity derivatives under point (j) of the same Article. However, the exemption under Article 2(1), point (d), is subject to different limitations.**

**Do you believe persons dealing on own account in commodity derivatives should be treated the same way, with a view to benefit from a MiFID exemption, as persons dealing on own account in other financial instruments, in particular in not requiring that trading activities are ancillary to a main business?**

- ☐ Yes
  - ☐ No
  - ☒ Don't know / no opinion / not applicable
- 

**Question 13. Under Article 2(1), point j of MiFID, an entity can provide investment services other than dealing on own account in commodity derivatives or emission allowances or derivatives thereof to its customers or suppliers of its main business without a MiFID authorisation, provided that the provision of such investment services is ancillary to its main activity.**

**Do you believe that this exemption as regards the provision of investment services to customers or suppliers is fit for purpose?**

- ☐ Yes
  - ☐ No
  - ☒ Don't know / no opinion / not applicable
- 

**Question 14. Do you currently benefit from the AAE?**

- ☐ Yes
  - ☐ No
  - ☒ Don't know / no opinion / not applicable
- 

**Question 15. More generally, how do you assess the impact of the CMRP amendments and their application by NCAs on your activity, if any?**

**Could you provide estimates of any cost savings and clarify their sources?**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

No opinion

---

**Question 16. What impact do you believe the alleviations brought to the AAE by the CMRP had on the liquidity and depth of EU commodities markets, if any?**

**Could you provide any order of magnitude, for instance in terms of open interest, volumes, number and diversity of participants, bid/ask spreads, etc.?**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

No opinion

**Question 17. What is the most effective and efficient method to ensure that supervisors can monitor compliance with the requirements of the AAE?**

**In particular, do you believe the abolishment of systematic (annual) notification from beneficiaries of the AAE to NCAs should be maintained or should these notifications be re-introduced? Please explain. Could you quantify costs if they were to be reintroduced?**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

No opinion

---

**Question 18. In general, do you believe that the existing AAE criteria are fit for purpose and allow to adequately identify when a trading activity in the commodity derivatives markets is ancillary to another activity (i.e., allows to bring the right type of entities into the MiFID regulatory perimeter)?**

- ☐ Yes
- ☐ No
- ☒ Don't know / no opinion / not applicable

---

**Question 19. In which of the following aspects – if any – does the current scope of the AAE raise issues?**

Please select as many answers as you like

- ☐ adequate conduct supervision of firms active in commodity derivatives markets and enforcement of the financial rulebook (e.g., for the purpose of monitoring market abuse)
- ☐ fair competition between market participants
- ☐ impact on energy prices
- ☐ liquidity of the commodities derivatives market
- ☐ safeguarding prudential and resilience aspects of firms benefitting from the AAE
- ☐ ability to monitor and identify future risks to financial stability (e.g., related to interconnectedness and contagion)

**Please explain your answer to question 19:**

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

No opinion

---

**Question 20. Do you believe the *de minimis* test should be broadened by counting the following towards the EUR 3 billion threshold?**

	Yes	No	Don't know - No opinion - Not applicable
trading activity in derivatives traded on a trading venue?	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
trading activity in physically-settled derivatives?	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

---

**Question 21. The *de minimis* test threshold is based on exposure in commodity derivatives ‘traded in the Union’. Is this criterion on the location of trades fit-for-purpose?**

- ☐ Yes
- ☐ No
- ☒ Don't know / no opinion / not applicable

**Please explain your answer to question 21:**

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Question 22.** Currently, the *de minimis* test threshold under MiFID is calculated on a net basis (i.e., by averaging the aggregated month-end net outstanding notional values for the previous 12 months resulting from all contracts). However, other jurisdictions use a gross trading activity threshold instead.

**Do you believe that it would be more appropriate for the *de minimis* test threshold under MiFID to be calculated on a gross basis, so as to measure absolute trading activity?**

- ☐ Yes
  - ☐ No
  - ☒ Don't know / no opinion / not applicable
- 

**Question 23.** Currently, MiFID contains a single *de minimis* test threshold for all types of commodities derivatives.

**Do you believe the *de minimis* test threshold should differ depending on the type of commodity derivative market considered (e.g., energy derivatives vs agricultural derivatives)?**

- ☐ Yes
  - ☐ No
  - ☒ Don't know / no opinion / not applicable
- 

**Question 24.** Currently the *de minimis* test threshold under MiFID is calculated including trading in commodity derivatives for an entity's own account. However, other jurisdictions exclude those transactions, and focus on dealing for the benefit of a third-party.

**Do you believe the *de minimis* test should continue to include, or instead exclude, all trading activity carried out for an entity's own benefit (proprietary trading), so as to only rely on dealing activities for the benefit of a third party /client?**

- ☐ Yes
- ☐ No
- ☒

Don't know / no opinion / not applicable

**Question 25. Considering the introduction of the *de minimis* test following the CMRP, and with a view to further simplifying the AAE, do you believe that the AAE could be made less complex by:**

	Yes	No	Don't know - No opinion - Not applicable
abolishing the trading test	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
abolishing the capital employed test	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
through other types of amendments	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

**Question 26. If your entity currently benefits from the AAE, and should your entity not be in a position to benefit from the AAE following a review of the criteria, could you please provide an assessment of the impact of being qualified as investment firm on your operations, and on your ability to maintain active participation in commodity derivatives markets?**

**If possible, please include a quantitative assessment of the costs incurred by such a qualification and all its implications.**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

No opinion



---

**Question 27. To what extent do you believe the application of IFR/IFD prudential requirements, including those resulting from relevant Level 2 measures, as well as dedicated prudential supervision on all energy commodity derivatives traders, would have avoided or at least partially avoided the liquidity squeeze that such market participants suffered from during the 2022 energy crisis?**

**To what extent would it have limited the need for public intervention providing some of them with the necessary liquidity to meet requirements on margin calls?**

**Please substantiate your answer with quantitative elements, to the extent possible.**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

No opinion

Question 28. If a review of the AAE were to lead to more entities being in scope of MiFID (and also thereby in scope of IFR/IFD):

**Question 28.1 Do you believe that the current categorisation in IFR/IFD (i.e., three categories of investment firms) should apply to those entities? Should instead a *sui generis* category be created for those entities newly covered by prudential requirements?**

- ☐ Yes
- ☐ No
- ☒ Don't know / no opinion / not applicable

**Question 28.2 Do you see merit in a decoupling, such that it triggers the application of MiFID (including its relevant provisions on supervision), without bringing those firms directly in scope of IFR/IFD (i.e. prudential regulation)?**

- ☐ Yes
- ☐ No
- ☒ Don't know / no opinion / not applicable

**Question 28.3 Do you consider that all or only some MiFID requirements should apply?**

- ☐ Yes
- ☐ No
- ☒ Don't know / no opinion / not applicable

---

**Question 29. Assuming a review of the AAE that would tighten the access to the exemption, what would you expect to see in terms of effects on trading and liquidity?**

**What about the opposite scenario (meaning a widening of the exemption)?**

**Please explain, providing if possible quantitative analysis (in terms of impact on open interest, volumes, number and diversity of participants, bid/ask spreads.):**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

No opinion

**Question 30. What do you believe would be the expected effect(s) of a reviewed AAE on commodities prices (e.g., energy, agricultural commodities), depending on the changes implemented (tightening or loosening of the AAE)?**

**Please explain:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

No opinion

### 3. Position management and position reporting

Position management and position reporting are two key features of the MiFID framework that allow trading venues to maintain orderly trading, and NCAs to monitor market trends and prevent potential market manipulation. They are also instrumental in the enforcement of position limits, for those contracts that are subject to them.

#### 3.1 Position management

Article 57(8) of MiFID requires that exchanges and other trading venues trading in commodity derivatives have arrangements in place to monitor the open interest positions of persons trading on their venue.

It notably allows trading venues:

- to request information from market participants on positions held in commodity derivatives that are based on the same underlying and that share the same characteristics on other trading venues and in economically equivalent OTC contracts
- to request a person to terminate or reduce positions, or to take direct action in case the person does not comply with said request
- to request a person to provide liquidity back into the market to mitigate the impact of a large or dominant position

#### 3.2 Position reporting under MiFID

##### 3.2.1 Reporting from market participants to trading venues

Position management controls are complemented by position reporting requirements included in Article 58(3) of MiFID which aim, among others, at providing trading venues with the necessary information to implement their position management mandate. Market participants are thereby required to submit to the trading venues they are trading on the details of their positions held in the contracts traded on that venue.

However, currently trading venues do not have access to a full set of information on the positions that their market participants build in OTC derivative instruments related to the same market/underlying. Notably, they do not get information on positions in OTC or C6 carve-out contracts that are connected to the venue-traded contract considered, despite the fact that market participants can build significant positions through OTC transactions. Currently, positions in the OTC derivatives are obtained on an ad hoc basis<sup>[1]</sup>. However, the recent events that occurred at the London Metal Exchange (LME) suggest that positions obtained through OTC contracts can have a significant and direct impact on orderly trading on trading venues and on the functioning of markets in general.

Trading venues also do not receive any position reporting from market participants on positions in the same contract opened through trading on a different venue (in situations where the same contract is traded on different venues, as is the case for Dutch Title Transfer Facility (TTF) gas futures). This can notably cause difficulties in enforcing position limits, as positions in the same and economically equivalent OTC contracts are to be aggregated regardless of where the positions have been built (all venues + economically equivalent OTC contracts), to effectively assess whether an entity breaches the position limit or not.

This section therefore explores whether it is necessary, for the effective enforcement of position management controls by trading venues, that operators of such venues gather comprehensive and more systematic data on positions of market participants, beyond those traded on their venue, including those traded OTC. Potential solutions could be specific to certain types of contracts or commodities (e.g., gas).

---

<sup>1</sup> According to MiFID Article 57(8), point (c), in the context of their position management controls, venues are entitled to 'obtain information, including all relevant documentation, from persons about the size and purpose of a position or exposure entered into, information about beneficial or underlying owners, any concert arrangements, and any related assets or liabilities in the underlying market, including, where appropriate, positions held in commodity derivatives that are based on the same underlying and that share the same characteristics on other trading venues and in economically equivalent OTC contracts through members and participants'. Moreover, according to MiFID Article 58(3), market participants are required to report to the trading venue, at least on a daily basis, their positions held through contracts traded on that trading venue.

### 3.2.2 Reporting from market participants and trading venues to NCAs

Similarly, securities markets supervisors do not receive exhaustive information over all positions of market participants. Currently, pursuant to Articles 58(1) and (2) of MiFID, securities markets supervisors only gather information on venue-traded instruments (via the trading venues) and in economically equivalent OTC contracts (via investment firms directly). Currently, position reporting to NCAs does not comprise positions in the spot underlying market, nor positions in physically-settled wholesale energy contracts traded on an OTF (i.e., C6 carve-out products).

## 3.3 Exposure reporting under REMIT

The revised REMIT introduced for the first time an obligation for market participants to report their exposures, detailed by product, including the transactions that occur OTC.

The Commission is currently in the process of detailing such reporting obligations in the REMIT Implementing Regulation.

---

## Questions related to section 3

In providing your answers under this section, please specify, to the extent relevant, **whether your assessment would differ depending on the type of commodity concerned** (agricultural, gas, electricity) or when considering EUA markets specifically.

**Question 31. Currently, under MiFID, reporting from market participants to trading venues on the positions held in instruments traded on those venues is performed by market participants themselves.**

**Do you believe that this reporting could be carried out by clearing members, as it is the case in other jurisdictions, so as to reduce the burden on individual market participants and to enhance accuracy and completeness of reporting?**

- ☐ Yes
- ☐ No
- ☒ Don't know / no opinion / not applicable

---

**Question 32. In which of the following cases should venues trading in commodity derivatives receive the full set of information on positions of market participants trading on their venues?**

Please select as many answers as you like

- ☒ positions held in critical or significant contracts based on the same underlying and sharing the same characteristics, traded on other trading venues
- ☐ OTC contracts that relate to the same underlying
- ☐ related C6-carve-out contracts
- ☐ positions in the underlying spot market

**Please explain how the information can be collected by trading venues and reported in the most cost-efficient way:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Box is ticked only to be able to provide the following comment.

**Please specify what your preferred option would be:**



imposing additional reporting requirements on market participants (to trading venues)

- ☐ achieving this through alternative means, such as by leveraging on the existing supervisory reporting channels (e.g., reporting to trade repositories or RRM)s)
- ☐ resorting to the single data collection mechanism as referred to in section 1
- ☐ don't know / no opinion / not applicable

**Please clarify how your favourite option could be achieved and, if possible, please estimate the cost of additional data collection/reporting, to the extent relevant, for reporting entities.**

**Please identify whether this could lead to any double reporting under the (revised) REMIT (and as will be further detailed in the revised REMIT Implementing Regulation)?**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Companies active in energy derivatives markets are often physical players, which use the derivative markets to hedge complex physical positions linked with a portfolio of generation, consumption, physical transmission rights for electricity or gas, storage capacity contracts or storage assets, LNG contracts, etc. Based solely on their positions in wholesale energy markets, even covering the whole scope (i.e. including C6 carve-out contracts and spot markets), it is not possible to distinguish between risk-reducing positions related to hedging physical activity and speculative positions.

Therefore, for physical market participants, improving the reporting of positions to trading venues by extending the scope of reportable positions to other similar products, including C6-carve-out instruments, will not likely improve the significance and usefulness of reported positions.

For non-physical players, extending the scope of position reporting could be useful, to be able to monitor large speculative positions in all related energy instruments, be it traded on trading venue or OTC. However, it is difficult to distinguish between purely speculative market participants and market participants hedging physical positions: for instance, pure commodity trading companies can also be active in gas storage, transportation of power or gas and LNG, even if they do not act as generators or suppliers.

Therefore, it is probably not worth extending the position reporting to trading venues, as it would increase the burden on market participants and rise confidentiality issues, while it is not likely to improve the significance of reported position, if physical positions to be hedged cannot be accounted for.

**Question 33. With a view to enhancing the supervision of commodity derivatives markets, do you believe that both energy (where relevant) and**

**securities markets supervisors (ACER, NRAs, ESMA, NCAs, collectively competent authorities) should have access to information on market participants active in derivatives markets as regards their positions in:**

	Yes	No	Don't know - No opinion - Not applicable
C6-carve-out contracts	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
the underlying spot market	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

**Please explain whether your reply differs depending on the type of underlying commodity considered:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Revised REMIT contains provisions regarding the reporting of exposures, detailed by product, which is yet to be further specified by the REMIT implementing regulation. This reporting addresses the need to consider the physical positions that market participants need to hedge, be it generation, consumption or other physical intake or outtake (to be defined in the implementing regulation). Computing open positions including physical positions is a complex matter that depends on conventions and risk management policies specific to each company, thus it does not seem possible to normalize this computation for all market participants active in European energy markets. Yet, the reporting of exposures defined in REMIT revision represents the best attempt to date to capture significant values regarding positions in the energy markets, by including all market instruments, and some insights into physical positions.

In order to enhance the supervision of derivatives markets, both energy regulators and financial authorities should have access to this data on exposures reported under revised REMIT.

Sharing of REMIT data by ACER to interested parties should be favored, as a cost-efficient solution that do not impose extra burden on market participants.

**Question 34. With a view to enhancing the supervision of wholesale energy markets, do you believe that energy markets supervisors (ACER, NRAs) should have access to information on market participants active in wholesale energy markets as regards their positions in instruments subject to position reporting under MiFID?**

- ☒ Yes
- ☐ No
- ☐ Don't know / no opinion / not applicable

**Please explain whether your reply differs depending on the type of underlying commodity considered:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Sharing MiFID position reporting with energy regulators regarding electricity and gas positions could be appealing, but is not likely to be very useful while its implementation risks being burdensome. Indeed, revised REMIT exposures reporting or even REMIT transactions reporting can be used to achieve this goal probably more efficiently, being more exhaustive. However, sharing MiFID positions on EU ETS derivatives could be useful, as it is also strongly linked to energy markets and not covered by REMIT.

**Please specify what your preferred option would be:**

- ☐ imposing additional reporting requirements on market participants (to trading venues)
- ☐ achieving this through alternative means, such as by leveraging on the existing supervisory reporting channels (e.g., reporting to trade repositories or RRM)s)
- ☐ by resorting to the single data collection mechanism as referred to in section 1
- ☒ don't know / no opinion / not applicable

**Please explain how the information can be collected by ACER/NRAs and reported in the most cost-efficient way:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Sharing MiFID reporting data to ACER is likely to be the most cost-effective solution. ACER would then be able to share this data further with NRAs.

**Please explain your answer to question 34:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Sharing MiFID reporting data to ACER is likely to be the most cost-effective solution. ACER would then be able to share this data further with NRAs.



---

**Question 35. The reporting of positions in economically equivalent OTC contracts under Article 58(2) of MiFID applies to investment firms only.**

**Do you believe this requirement should be extended to all persons (like the position limit regime)?**

- ☐ Yes
- ☒ No
- ☐ Don't know / no opinion / not applicable

**Please explain your answer to question 35:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

For electricity and gas, extending the MiFID reporting of positions would not likely be useful if financial authorities could access REMIT data, which could supersede MiFID reporting for that matter.

---

**Question 36. In your view, is the current definition of 'economically equivalent OTC derivatives' under MiFID fit for purpose?**

- ☐ Yes
  - ☐ No
  - ☒ Don't know / no opinion / not applicable
-

**Question 37. MiFID requires that position reporting specifies the end-client associated to the positions reported. However, the legal construction of the current position reporting framework entails that, for positions held by third-country firms, such third-country firms are to be considered the end-client. This prevents the disaggregation of positions held by those third-country firms, and therefore the identification of the end-clients related to those positions.**

**Does the lack of visibility by NCAs and/or by trading venues of the positions held by the beneficial owner (end client) when that position is acquired via a**

**third-country firm raise issues in terms of proper enforcement of position limits and, in the case of trading venues, of their position management mandate?**

- ☒ Yes
- ☐ No
- ☐ Don't know / no opinion / not applicable

**Please explain your answer to question 37:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

It is possible that EU firms would hold positions as beneficiaries of non-EU institutions, which would place them outside the scope of the supervision and enforcement of positions limits. It would likely improve the positions reporting if all firms had to report the trading beneficiaries till the end clients.

REMIT already provides that all beneficiaries of transactions should be reported, regardless of the location of the company actually trading on the market. REMIT revision and its implementing regulation should strengthen these provisions by adding requirements for “chains” of beneficiaries. However, even in this new enhanced framework the reporting of end client raises practical concerns (granting access to the information on end client to the subsidiary company reporting the transactions) and lacks complete enforcement, making it an ongoing challenge. Ad-hoc requests to receive information on beneficiaries is not practical, and would be too time-consuming and ineffective for the needs of ongoing and close to real-time market monitoring. It is strongly recommended to strengthen the reporting obligations of information on end client, otherwise market monitoring lacks a complete view.

**Should the position reporting framework be amended to specify that non EU-country firms also have to report who is the end-client linked to the position they hold in venue-traded commodity derivatives and/or economically equivalent OTC derivatives?**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

## 4. Position limits

---

Article 57 of MiFID contains a number of rules that constrain the size of a net position which a person can hold at all times in certain commodity derivatives contracts. Position limits in MiFID do not apply to EUAs nor to derivatives on EUAs.

As the initially introduced position limit regime under MiFID had proved to be overly restrictive, negatively affecting the development of in particular new commodity derivatives markets, notably energy derivatives, the CMRP adopted in 2021 introduced significant alleviations to that regime. In particular, it reduced the scope of contracts subject to position limits only to agricultural commodity derivatives and to significant or critical commodity derivatives. Contracts are considered significant or critical when the size of their open interest is at a minimum 300,000 lots on average over one year.

Position limits for each of those contracts are set by NCAs, following principles set out in [MiFID Level 2 legislation \(Delegated Regulation \(EU\) 2022/1302\)](#), and following an opinion by ESMA. Positions in venue-traded and in economically equivalent OTC contracts are aggregated.

Position limits do not apply to contracts entered into for hedging purposes by non-financial entities (so-called 'hedging exemption'). The CMRP extended the hedging exemption to positions taken by financial entities that are part of a predominantly commercial (i.e., non-financial) group, where the positions taken by those financial entities seek to reduce risks linked to the operations of commercial activities of the non-financial entity in the group. The CMRP also extended the exemption on position limits resulting from transactions entered into to fulfil obligations to provide liquidity on a trading venue (the 'liquidity provision exemption'). Those two extensions were introduced with a view to further support the deepening of commodity – notably energy – derivatives markets in the Union.

Persons holding qualifying positions that wish to benefit from one of the abovementioned exemptions need to submit a formal request to the NCA that sets the position relevant for the considered commodity derivative contract.

The position limits regime also only applies to contracts that fall within the realm of the financial rulebook, and therefore excludes 'C6 carve-out' products.

This should be assessed against the background that, in other jurisdictions, trading venues play an overall greater role in the tailoring, application and monitoring of position limits. For instance, for those contracts not subject to federal position limits set by the [Commodities and Futures Trading Commission \(CFTC\)](#), trading venues are free to set the position limits they see fit. Similarly, exchanges play a greater role in granting hedging and other exemptions to market participants, applying the conditions set out in the CFTC order.

### 4.1 Particular case of natural gas derivatives

In the Union, TTF natural gas futures are currently the only listed non-agricultural futures contract subject to position limits. The TTF contract currently has a position limit of 25 050 960 MWh for the spot month and 153 017 049 MWh for other months ([see ESMA's opinion of 1 July 2024 on position limits on ICE Endex Dutch TTF and EEX gas contracts](#)). The position limits are expressed in MWh as the contracts available for trading, and covered by these limits, have different lot sizes ([see ESMA's opinion of 20 December 2022 on position limits on ICE Endex Dutch TTF gas contracts](#)).

The position limits apply irrespective of whether the contract is held to delivery or offset or settled prior to delivery. The position limit for TTF futures corresponds to 15% of the deliverable supply of natural gas to the Netherlands for the spot month, and 12.5% for other months.

In contrast, the laws governing the Henry Hub futures in the US have different position limits for physically settled and cash-settled derivatives. There is an initial 2000 contract limit for physically settled contracts, which can be combined with up to 8000 cash-settled contracts (2000 per exchange (cash-settled Henry Hub contracts are traded on three exchanges in the US) + 2000 in the OTC market). 2000 contracts at Henry Hub amounts to 25% of the deliverable supply at the Henry Hub. The differing limits for physically settled and cash-settled contracts are justified by the need to protect the physical delivery in the delivery month by avoiding that players take too large positions into the physical market. On the other hand, market participants that hold no physically settled contracts at all are allowed to increase their positions in cash-settled contracts. This is a specific rule for natural gas contracts called the “conditional spot month limit exemption” that increases the position limit for cash-settled contracts to 10 000 contracts.

Currently, there are no position limits in REMIT. However, as mentioned above, the position limit framework as set out in MiFID currently applies to TTF natural gas futures, as for the moment this is the only derivative contract that falls into the category of “significant” or “critical” commodity derivative.

In providing your answers under this section, please specify, to the extent relevant, whether your assessment would differ depending on the type of commodity concerned (agricultural, gas, electricity) or when considering EUA markets specifically.

---

## Questions related to section 4

In providing your answers under this section, please specify, to the extent relevant, **whether your assessment would differ depending on the type of commodity concerned** (agricultural, gas, electricity) or when considering EUA markets specifically.

### Question 38. What is your general assessment of the impact of position limits on the liquidity of commodity derivatives contract that are subject to them?

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

No opinion

---

### Question 39. What is your general assessment of the impact of position limits on the ability of commercial (non-financial) entities to hedge themselves?

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

No opinion

---

**Question 40. Do you believe that position limits under MiFID, as amended by the CMRP, have achieved their purpose of preventing market abuse and maintaining orderly trading?**

- ☐ Yes
- ☐ No
- ☒ Don't know / no opinion / not applicable

**Please explain your answer to question 40:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

---

**Question 41. In your view, what was the impact of the reforms introduced by the CMRP (reduction of the scope of contracts subject to position limits, broadening of the hedging exemption to some financial entities, introduction of the liquidity provision exemption) on the liquidity and reliability of EU energy derivatives markets?**

**Please include any quantified impact in terms of open interest, volumes, number and diversity of participants, bid/ask spreads, etc.**

**In particular, do you believe that the extra flexibility introduced had an impact on market participants' ability to access hedging tools in smaller, less liquid markets (e.g., local electricity or gas hubs):**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

No opinion

---

**Question 42. Do you believe that the current criterion to determine whether a contract is a ‘significant or critical contract’ is fit for purpose, and why?**

- ☐ Yes
- ☐ No
- ☒ Don't know / no opinion / not applicable

---

**Question 43. In your view, under the current position limit regime, could there still be scope for traders of some commodity contracts (spot or derivative) to use their positions in commodity derivatives with a view to unfairly influence prices or secure the price at an artificial level?**

- ☐ Yes
- ☐ No
- ☒ Don't know / no opinion / not applicable

---

**Question 44. Contracts with the same underlying and same characteristics subject to position limits are sometimes traded on several trading venues.**

**Do you believe that the level of the position limit for those contracts should be set at European level (e.g., by ESMA), as opposed to the NCA responsible for the supervision of the main trading venue for that contract?**

- ☐ Yes
- ☐ No
- ☒ Don't know / no opinion / not applicable

**Do you believe ESMA should be in charge of monitoring and enforcing the position limits for those contracts?**

- ☐ Yes
- ☐ No
- ☒ Don't know / no opinion / not applicable

**Please explain your answers to question 44:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

---

**Question 45. Some jurisdictions only apply position limits to physically-settled futures. Once captured by the position limits, cash-settled versions of those contracts however also count towards the position limits. This means that futures that are not physically-settled (e.g., futures on power) cannot be captured by the position limit regime in those jurisdictions.**

**Do you believe that position limits in the EU should only apply to futures contracts that are physically-settled?**

- ☐ Yes
- ☐ No
- ☒ Don't know / no opinion / not applicable

**Please explain what would be the benefits or risks linked to the implementation of such an approach in the EU?**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

---

**Question 46. Do you perceive an advantage or disadvantage of having separate position limits for physically and cash settled futures contracts for natural gas contracts, as is the case for Henry Hub futures in the US?**

- ☐

- Yes
- ☐ No
- ☒ Don't know / no opinion / not applicable

**Do you perceive an advantage or disadvantage of having separate position limits for physically and cash settled futures contracts for other contracts?**

- ☐ Yes
- ☐ No
- ☒ Don't know / no opinion / not applicable

**Please explain your answer to question 46:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

---

**Question 47. Do you believe that the methodology and the level of the limits set by NCAs, for contracts subject to position limits, is adequate?**

- ☐ Yes
- ☐ No
- ☒ Don't know / no opinion / not applicable

---

**Question 48. The Draghi report refers to the possibility to set stricter position limits, including by differentiating them by types of traders.**

**Do you believe that position limits should be differentiated, depending on the type of traders/trading activity involved?**

- ☐ Yes
- ☐ No
- ☒ Don't know / no opinion / not applicable

---

**Question 49. Do you believe that the current exemptions from position limits as set out in MiFID, notably the hedging exemption, are fit-for-purpose?**

☐



- Yes
- ☐ No
- ☒ Don't know / no opinion / not applicable

**What changes to such exemptions would you propose?**

**Are there certain markets where such exemption from position limits are more /less justified and is there merit to differentiate between types of commodity markets?**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

---

**Question 50. Do you believe that the hedging exemption is sufficiently monitored by the competent supervisors?**

- ☐ Yes
- ☐ No
- ☒ Don't know / no opinion / not applicable

---

**Question 51. Do you believe that trading venues should play a greater role in granting hedging or liquidity provision exemptions from position limits to market participants?**

- ☐ Yes
- ☐ No
- ☒ Don't know / no opinion / not applicable

**Please explain your answer to question 51:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

---

**Question 52. Some jurisdictions allow supervisors and/or trading venues to grant ad hoc exemptions outside of the legally enumerated cases for exemptions for some contracts, if they perceive that the request is legitimate.**

**Do you believe the EU should also introduce such a flexibility for supervisors and/or trading venues?**

- ☐ Yes
- ☐ No
- ☒ Don't know / no opinion / not applicable

---

**Question 53. Do you believe that trading venues:**

	Yes	No	Don't know - No opinion - Not applicable
a) should be given more responsibility in setting position limits in general, for those contracts that are by law subject to position limits (i.e., commodity derivative contracts that qualify as significant and critical or are not agricultural derivative contracts), instead of competent authorities?	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
b) should be in charge of setting position limits for non-spot month versions of contracts subject to position limits, thereby applying regulator-set position limits only to spot month contracts, as seen in other jurisdictions?	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
c) should be required or rather given a possibility to set their own position limits for contracts that are not subject to position limits by law?	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

**Please explain the potential advantages or disadvantages of option a):**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Please explain the potential advantages or disadvantages of option b):**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Please explain the potential advantages or disadvantages of option c):**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

---

**Question 54. Do you believe that the current regulatory set-up sufficiently allows to enforce position limits on non EU-country market participants?**

- ☐ Yes
- ☐ No
- ☒ Don't know / no opinion / not applicable

**Please explain your answer to question 54:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

---

**Question 55. Do you believe that the position limits regime should also apply to 'C6 carve-out' products?**

- ☐ Yes
- ☐ No
- ☒ Don't know / no opinion / not applicable

**Question 56. Do you believe that energy and financial regulators should cooperate in the process of setting position limits for wholesale energy products?**

- ☒ Yes
- ☐ No
- ☐ Don't know / no opinion / not applicable

**Please explain your answer to question 56:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Consulting ACER, and to the extent of possible, energy regulators, in the establishment of position limits for wholesale energy products which are also financial instruments will help create a more tailored regulatory regime.

## 5. Circuit breakers

---

Circuit breakers aim to avoid excessive volatility, maintain orderly trading and ensure a sound price discovery mechanism. The Union's regulatory framework (Article 48 of MiFID) requires that trading venues have arrangements in place that allow them to temporarily halt or constrain derivatives trading. Those "circuit breakers" can take the form of either price collars, which are a mechanism to reject orders outside certain price bands, or temporary trading halts. The MiFID circuit breakers apply to the trading of any financial instrument, including energy derivatives.

Circuit breakers can be defined as specific instruments on futures markets which restrict the maximum price fluctuation of a commodity in a given amount of time. A price limit is enacted when the price of a futures contract moves a certain predefined amount (expressed in absolute or relative terms) above or below the reference price. Dynamic circuit breakers are based on a dynamic reference price which evolves very frequently (e.g., less than a second) during the trading day, and are especially useful in avoiding erroneous orders from affecting price formation. Static circuit breakers are circuit breakers using a static reference price, intended as a price that is updated less often compared to the dynamic one but at least on a daily basis. When the futures price moves beyond the upper price limit, the market is "limit up" and market participants can only trade at the limit price or below. When the price moves below the lower price limit, the market is "limit down" and market participants can only trade at the limit price or above.

In December 2022, as part of the emergency measures taken to address the energy crisis, an intra-day volatility management mechanism (IVM) was introduced in the Union framework. [Council Regulation \(EU\) 2022/2576](#), which applied until 31 December 2024, required that trading venues ensure that the intra-day price volatility management mechanism prevents excessive movements of prices within a trading day for energy-related commodity derivatives, without preventing the formation of reliable end-of-day closing prices. The setting of the exact parameters (breadth of the price bands, frequency at which price boundaries are renewed, etc.) of the IVMs are left to trading venues, taking due account of the liquidity and volatility profiles and other specificities of the considered energy-related commodity derivatives. Trading venues have been given the option to either implement new circuit breakers, or integrate IVMs in existing circuit breakers.

The MiFID/MiFIR review concluded in 2023 further strengthened the EU framework applicable to circuit breakers, notably by requiring that ESMA further details the principles underpinning the setting up of those circuit breakers, and by specifying that those circuit breakers should also apply in emergency situations – as opposed to only in cases of significant price movements. New transparency requirements have also been inserted. Those rules ensure that trading

venues maintain discretion on the design of the circuit breakers, which are expected to be tailored to the specificities of the instruments considered and their liquidity profile. Those provisions apply across asset classes, and do not concern commodity derivatives markets only. ESMA is expected to submit regulatory technical standards (RTSs) to the Commission on this matter by 29 March 2025, further specifying the technical requirements for those circuit breakers (e.g., use of static and/or dynamic circuit breakers, transparency requirements, etc.).

Trading venues in other jurisdictions have introduced circuit breakers on energy markets that are akin to more static circuit breakers (rolling 60-minute lookback window), while circuit breakers for certain agricultural commodities take the shape of price limits set for the entire trading day. Those circuit breakers in those same jurisdictions, however, generally do not seem to apply to spot month contracts, in order not to affect orderly price discovery.

---

## Questions related to section 5

In providing your answers under this section, please specify, to the extent relevant, **whether your assessment would differ depending on the type of commodity concerned** (agricultural, gas, electricity) or when considering EUA markets specifically.

**Question 57. What is your assessment of the effectiveness of IVMs and of their enforcement by NCAs (or the adaptation of existing circuit breakers following the adoption of Council Regulation (EU) 2022/2576) in avoiding excessive price volatility of energy-related derivatives during a trading day?**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

No opinion

---

**Question 58. Do you believe trading venues should be permanently required to implement static circuit breakers to further restrain excessive daily volatility for commodity derivatives specifically, as a complement to circuit breakers already implemented?**

- ☐ Yes
- ☐ No
- ☒ Don't know / no opinion / not applicable

**What would be the associated advantages and disadvantages?**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

---

**Question 59. What should be the effect of hitting those static price bands (should this trigger for instance trading halts or order rejection mechanisms)?**

**In your view, what are the pros and cons of each mechanism?**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

No opinion

**Question 59.1 If you favour trading halts, what duration do you recommend for an appropriate trading halt that is long enough for market participants to assess the situation and their position in the derivatives market and for the market to ‘cool off’?**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

No opinion

**Question 59.2 Would your assessment differ according to the type of underlying commodity considered?**

- ☐ Yes
- ☐ No
- ☒ Don't know / no opinion / not applicable

**Please explain your answer to question 59.2:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

---

**Question 60. Do you see any risk in static circuit breakers applying to spot month contracts, considering possible implications on physical delivery, as well as possible valuation challenges and divergences between spot and futures prices?**

- ☐ Yes
- ☐ No
- ☒ Don't know / no opinion / not applicable

**Please explain your answer to question 60:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

---

**Question 61. Do you perceive that implementing static price bands would risk moving trading to OTC markets?**

- ☐ Yes
- ☐ No
- ☒ Don't know / no opinion / not applicable

**What would be possible mitigants to prevent such migration?**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

---

**Question 62. Do you believe the dynamic static breakers implemented by trading venues in general function adequately?**

- ☐ Yes
- ☐ No
- ☒ Don't know / no opinion / not applicable

---

**Question 63. Do you believe energy exchanges trading in spot energy products or C6 carve-out products should also implement mechanisms similar to circuit breakers?**

- ☐ Yes
- ☐ No
- ☒ Don't know / no opinion / not applicable

## 6. Elements covered by the Draghi report

---

This section proposes to explore the measures set out in the [Draghi report](#) which are not otherwise covered by the review items in the review clause under Article 90(5) of MiFID. This section focuses on energy commodities (thereby not concerning derivatives on other commodities, EUAs and derivatives on EUAs), so as to reflect the specific focus of the Draghi report.

### 6.1. Obligation to trade in the EU

The Draghi report calls for trading activities in energy derivatives to 'be undertaken by companies trading in the EU'. This recommendation can be understood as requiring that energy derivatives trading relevant to the EU/for EU delivery should occur in the EU only.

The report however also widens its recommendation to a fall-back scenario whereby "as a minimum, all market participants (irrespective of domicile) need to report their trades (and positions) to the regulators in the EU" ([see page 30 of the report](#)). The report does not clarify what instruments should be subject to such reporting. Questions relating to potential data gaps are addressed under section 1.

---

### Questions related to section 6.1

In providing your answers under this section, please specify, to the extent relevant, **whether your assessment would differ depending on whether natural gas or electricity is concerned**.

**Question 64. Do you believe a general obligation to trade in the EU should be introduced?**

- ☐ Yes
- ☒ No
- ☐ Don't know / no opinion / not applicable

**Please explain your answer to question 64:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.



It should be noted that wholesale energy products under REMIT are defined regardless of where they are traded, so all trading activity on these products falls under REMIT.

Revised REMIT foresees the obligation for market participants established or residents in third countries who trade wholesale energy products to designate a representative in the EU, who must register with the NRA in the Member State in which they are active on the wholesale energy markets. This designated representative can be addressed with requests for information from the energy regulators and on issues necessary for the receipt of, compliance with and enforcement of decisions.

This setup is a significant step forward in leveling the responsibility of EU companies and third countries companies. It does not seem necessary to extend it as a general obligation to trade in the EU. Moreover, such an obligation would be harder to define and enforce for OTC trading.

---

**Question 65. If such a general obligation were to be introduced, please set out any possible impact on EU market participants' ability to hedge, notably with non-EU counterparties:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Intuitively we consider that such a measure may discourage non-EU market participants from participating in EU-markets and affect the market liquidity as well as hedging offers (non-EU market participants are mainly financial institutions or hedging funds). This does not seem beneficial for an efficient functioning of the markets. Should any similar measure be envisaged, it is absolutely necessary to conduct an impact analysis.

---

**Question 66. If such an obligation were to be introduced, please set out any possible impact on market participants and the functioning, depth and liquidity of the markets concerned:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

See answer on question 66.

## **6.2. The Market Correction Mechanism and other dynamic caps**

The Market Correction Mechanism (MCM) was introduced by [Council Regulation \(EU\) 2022/2578](#) in the context of the 2022 energy crisis. It aimed at limiting excessive energy prices in contexts where TTF natural gas derivative prices (i) exceed EUR 180 per MWh, and (ii) exceed by more than EUR 35 a representative price for global LNG. Under those circumstances, the MCM required that regulated markets on which TTF futures are traded to reject orders that are above the specified limits. The MCM differs from traditional circuit breakers to the extent that the bidding limits are not set by reference to prices/bids observed on venue, but by reference to external prices (in the case of the MCM, by reference to a basket of prices reflecting global natural gas prices).

Following the adoption of the MCM, both ACER and ESMA have issued reports setting out the effects of the MCM:

- [ESMA's preliminary data report on the introduction of the market correction mechanism - 23 January 2023](#)
- [ESMA's effects assessment of the impact of the market correction mechanism on financial markets - 1 March 2023](#)
- [ACER's preliminary data report on market correction mechanism - 23 January 2023](#)
- [ACER's effects assessment report on market correction mechanism - 1 March 2023](#)

Those reports indicated that the MCM did not have a discernible gas market impact, owing to gas prices being significantly below MCM trigger levels. Both agencies' reports however point to a number of risks, for instance in terms of a shift to less transparent and uncleared OTC trading, in terms of challenges linked to the adaptation of risk models and margin calls by Central Counterparties (CCPs), and in terms of potential hikes in margin calls, in terms of physical flow developments. Some stakeholders however claim that the MCM provided a helpful shield against extremely high prices.

As of 1 May 2023, the MCM applied to all gas virtual trading points. The MCM then expired on 31 January 2025.

The Draghi report suggests that dynamic caps, building on the experience of the MCM, are made a permanent feature of the EU rulebook on energy spot and derivatives trading (spot and derivatives), to ensure that derivatives prices do not significantly diverge from global energy prices, as has been seen during the 2022 energy crisis.

---

## Questions related to section 6.2

In providing your answers under this section, please specify, to the extent relevant, **whether your assessment would differ depending on whether natural gas or electricity is concerned**.

**Question 67. Do you believe that MCM is a useful tool to limit the episodes of excessive – and significantly diverging from global markets – prices in the EU?**

- ☐ Yes
- ☐ No
- ☒ Don't know / no opinion / not applicable

**Please explain your answer to question 67:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Question 68. Building on the experience of the MCM, do you think dynamic caps based on external prices (whether in the shape of the MCM or in another shape) would help avoid situations where EU energy spot or derivatives prices significantly diverge from global energy prices, and should therefore be codified in legislation?**

- ☐ Yes
  - ☐ No
  - ☒ Don't know / no opinion / not applicable
- 

**Question 69. Do you believe that the MCM or other dynamic caps could have an impact on the attractiveness and/or stability of EU commodity derivatives markets?**

- ☐ Yes
  - ☐ No
  - ☒ Don't know / no opinion / not applicable
- 

**Question 70. What is your assessment of the impact of a triggering of the MCM on trading conditions and financial stability?**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

No opinion

---

**Question 71. Are you aware of any impact on margins (or other trading costs) of the mere existence of the MCM, notwithstanding the fact that the mechanism has never been triggered?**

- ☐ Yes
- ☐ No
- ☒ Don't know / no opinion / not applicable

## 6.3. Application of organisational and operational requirements to the spot market

The 2022 gas market events showed the strong interconnectedness of spot/physical and futures markets in the energy realm – as is the case for other markets. The market for energy derivative contracts is subject to stringent MiFID rules. However, unlike other derivatives markets, the market for underlying spot energy products is subject to a less expansive rulebook, despite many similarities between markets for spot and future contracts. The Draghi report suggests that the alignment between the two sets of rulebooks governing the spot and derivatives markets would help prevent the contagion of systemic risks from spot to financial markets.

More concretely, the Draghi report mentions that some basic requirements of the MiFID ‘trading rule book’ could be extended to spot markets. This could in particular entail two types of measures:

- a. rules imposed on trading venues
- b. and rules imposed on market participants themselves

Spot energy exchanges and actors active on those exchanges are mainly governed by REMIT. Currently, REMIT does not provide for organisational and operational requirements on OMPs (akin to MiFID trading venues) and market participants similar to those included in MiFID. This consultation seeks to obtain information on whether the introduction of such requirements in the REMIT framework would be useful.

### 6.3.1. Organisational requirements at trading venue level

Article 53 of MiFID on access to regulated markets requires exchanges to establish, implement and maintain transparent and non-discriminatory rules, based on objective criteria, governing access to or membership of the regulated market. In particular, such exchange rules should ensure that market participants trading on the venue satisfy certain organisational requirements and are competent traders. Those provisions are currently not part of the rulebook governing the functioning of spot energy trading venues.

Furthermore, regulated markets under MiFID are required to set up and implement rules on professional standards on the staff of the investment firms or credit institutions that are operating on the market, which includes checking that market participants, inter alia (Article 53(3)):

- are of sufficient good repute
- have a sufficient level of trading ability, competence and experience
- have, where applicable, adequate organisational arrangements
- have sufficient resources for the role they are to perform, taking into account the different financial arrangements that the regulated market may have established in order to guarantee the adequate settlement of transactions

### 6.3.2. Organisational requirements at market participant level

MiFID contains a number of safeguards, in the shape of organisational requirements, ensuring that investment firms actually manage their operations in a professional manner (namely, so-called ‘fit-and-proper’ requirement). They ensure that the firm has a proper understanding of the activities it engages in and the market it interacts with, and that this is reflected in the way the firm is managed. This includes, for instance:

- the obligation for investment firms to have a management body that oversees and is accountable for the implementation of the governance arrangements that ensure an effective and prudent management of the investment firm in a manner that promotes the integrity of the market and the interest of potential clients (Article 9

(3) of MiFID). This includes approving and overseeing the knowledge and expertise required by the personnel, and the procedures and arrangements for the provision of services and activities, taking due account of the nature of the firm's activities (Article 9(3), point a). The management body is also in charge of carrying out appropriate stress testing, if appropriate (Article 9(3), point b)

- competent authorities are required to refuse or withdraw authorisation from an investment firm whose management body is not of sufficient good repute, or does not possess sufficient knowledge, skills and experience, or if there are objective and demonstrable grounds for believing that the management body of the firm may pose a threat to its effective, sound and prudent management and to the adequate consideration of the interest of its clients and the integrity of the market (Article 9(4))
- investment firms should have sound administrative and accounting procedures, internal control mechanisms, effective procedures for risk assessment (Article 16(5))

### 6.3.3. Other relevant rules governing market integrity and transparency

Beyond those organisational requirements, other aspects of the financial rulebook covering market transparency (e.g., pre- and post-trade transparency) and market integrity (circuit breakers, position management controls, emergency intervention powers by trading venues to ensure orderly trading) could potentially be of relevance to the operation of spot markets. Those items have been covered under the relevant sections above.

---

## Questions related to section 6.3

In providing your answers under this section, please specify, to the extent relevant, **whether your assessment would differ depending on whether natural gas or electricity is concerned**.

**Question 72. Do you believe that requirements similar to some/all organisational requirements imposed on MiFID firms as market participants should also be imposed on market participants in spot energy markets, without requalifying those entities as investment firms?**

- ☐ Yes
- ☒ No
- ☐ Don't know / no opinion / not applicable

**Please explain your answer to question 72:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We would like to provide a general answer on questions (72) to (75), applicable to electricity and gas markets. Market participants in energy products are typically physical players with risk management procedures adapted to their size and the risk level associated with their hedging needs. At exchanges level, procedures are already in place to ensure that members admitted to trade, and persons authorized to trade within these companies, have the professional knowledge to act orderly in the market. As an energy regulator, we have not witnessed many cases where undesirable behavior could be imputed to a lack of professional competence that an exchange could have identified before admitting the member to their market. Therefore, it seems that the level of rules set by exchanges can be deemed as sufficient, that there is no need to impose additional requirements from MiFID.

---

**Question 73. Do you believe that key rules similar to those applicable to MiFID trading venues should also apply to spot energy exchanges, and why?**

- ☐ Yes
- ☒ No
- ☐ Don't know / no opinion / not applicable

**Please explain your answer to question 73:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

See answer on question (72)

---

**Question 74. Do you believe that the application of rules similar to the ones included in MiFID to spot energy market participants could have helped preventing at least some atypical trading behaviours (e.g., lack of forward hedging, trading on weekends) during the energy crisis, and limited repercussions on derivative markets?**

- ☐ Yes
- ☒ No
- ☐ Don't know / no opinion / not applicable

**Please substantiate your answer to question 72:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

See answer on question (72)

**Question 75. The revised REMIT clarified that benchmarks used in wholesale energy products are captured by the market abuse-related provisions in that Regulation.**

**Do you believe that this is sufficient to ensure the integrity of such benchmarks, and avoid risks of manipulation?**

- ☐ Yes
- ☒ No
- ☐ Don't know / no opinion / not applicable

**If you think this is not sufficient, please explain whether you would see merit in establishing rules similar to those imposed on benchmarks used in financial instruments and financial products under Regulation (EU) 2016 /1011, and why:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

See answer on question (72)

## **6.4. Enhanced supervisory cooperation in the energy area**

The events of summer 2022 on energy spot and derivatives markets have shown the close interconnectedness of the two markets. This interlinkage is however not reflected in the fragmented supervision of these markets. Instead, supervision is split at national level between NRAs and NCAs (if not, in certain cases, regional authorities), as well as between ACER and ESMA at European level. The interlinkages between spot and derivatives markets suggest that more enforcement cooperation could be warranted.

The Draghi Report recommends to further integrate regulatory and supervision frameworks, notably through a deepening of the cooperation between ACER and ESMA building on exchanges of information. To achieve this, the report suggests the creation of a coordination body comprised of energy and derivative markets regulators at the European level (ACER and ESMA), which should coordinate the supervision of spot and derivatives markets. The supervisory college would remove possible overlap, duplication or potential conflicts of supervision between energy and financial regulators. The report also suggests that this college could help remove layers of intermediate supervision at the national and sometimes regional levels. This supervisory college would have both the investigative and policy powers necessary to prevent, detect and prosecute anticompetitive conduct, market abuse and other practices which disrupt orderly trading in energy ([see page 30 of the report](#)).

One of the main objectives of the revised REMIT is to enhance cooperation in the energy area, as recommended by the Draghi Report. As mentioned above, the revised REMIT includes numerous provisions that not only enhance cooperation and information exchanges between EU bodies and national regulators in the field of energy, financial and competition in the context of potential REMIT breaches, but also provide for the possibility of general information exchanges among the aforementioned authorities ([see Article 10, paragraphs \(1\) and \(2\) of revised REMIT](#)).

---

## Questions related to section 6.4

In providing your answers under this section, please specify, to the extent relevant, **whether your assessment would differ depending on whether natural gas or electricity is concerned**.

**Question 76. Do you agree that the current situation leads to a complex supervisory scenario between various national and sometimes regional supervisors which may slow down reactions in times of crisis?**

- ☐ Yes
- ☒ No
- ☐ Don't know / no opinion / not applicable

**Please explain your answer to question 76:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Recent reforms have introduced mechanisms to further enhance cooperation on market abuse behaviors occurring (or suspected) on wholesale energy markets. CRE believes that the changes already introduced in the revised REMIT are sufficient, and no further modifications are necessary. The current framework enables promptly addressing emerging issues. CRE supports the implementation of these mechanisms and cautions against adding another layer of supervisory cooperation without a clear view of its benefits.

There is no need to complicate the regulatory landscape by establishing new administrative entities. The existing structures of NRAs, ACER, NCAs, and ESMA are sufficient to handle current challenges effectively, thanks to an enhanced framework of cooperation. The coexistence of two types of authorities monitoring the market is not a problem per se. It is important to recognize that energy and financial markets are supervised from distinct perspectives. Therefore, market monitoring by different authorities should be seen as providing more comprehensive oversight rather than as an overlap.

As a national regulator for energy, CRE has full powers to supervise electricity and gas markets, to investigate and, if needed, to sanction market abuse behaviors of market participants. To do that, CRE has access to data, orders and transactions, regarding physical products as well as derivative products. This capacity to analyze markets and cases with a full view on all market's products concurring to price formation is essential.

CRE's experience with cooperation on suspected REMIT/MAR breaches has been positive, demonstrating that existing frameworks facilitate efficient and effective collaboration among authorities when wholesale energy products and financial instruments are involved. The current framework also includes, on the other hand, mechanisms for authorities to conduct coordinated investigations to address cross-border issues. ACER, in accordance with the principle of subsidiarity, may also conduct such investigations (however, the newly granted investigative power to ACER is still being implemented and requires time to prove its effectiveness). This collaborative approach ensures comprehensive oversight without adding potentially costly and time-consuming administrative layers.

CRE has long considered the oversight of derivative markets as an integral component of the energy sector. Given the essential role energy derivatives play within wholesale energy markets and in energy price formation, separating their oversight from physical market components would undermine the effectiveness of



market monitoring due to their close interlinkage in price formation. In this context, it is important to underline the primary role of NRAs and ACER in energy market oversight. Preserving the knowledge held by NRAs on national market functioning is crucial. This national expertise is invaluable for understanding specific energy market dynamics and ensuring effective regulation.

In light of this, the Draghi Report does not appear to fully consider the implications of the revised REMIT. It is vital to allow adequate time for the implementation of the revised REMIT before pursuing further changes. By focusing on these points, CRE advocates for a period of stability, allowing existing systems and ongoing reforms to be fully implemented without introducing unnecessary changes.

Therefore, CRE supports all initiatives that enhance cooperation between energy regulators and financial authorities, without adding centralized administrative layers, while preserving the principles of subsidiarity and sector specificity.

---

**Question 77. The [Benchmark Regulation \(Regulation \(EU\) 2016/1011\)](#) sets the regulatory and supervisory regime for commodity benchmarks used in financial instruments or financial products. Those benchmarks usually at least partially refer to market dynamics in the underlying physical commodity market.**

**Do you believe that, when it comes to energy benchmarks, there is adequate cooperation between energy markets supervisors and securities markets supervisors?**

- ☐ Yes
- ☐ No
- ☒ Don't know / no opinion / not applicable

## **Additional information**

---

Should you wish to provide additional information (e.g. a position paper, report) or raise specific points not covered by the questionnaire, you can upload your additional document(s) below. **Please make sure you do not include any personal data in the file you upload if you want to remain anonymous.**

The maximum file size is 1 MB.

You can upload several files.

Only files of the type pdf,txt,doc,docx,odt,rtf are allowed

## Useful links

More on this consultation ([https://finance.ec.europa.eu/regulation-and-supervision/consultations-0/targeted-consultation-review-functioning-commodity-derivatives-markets-and-certain-aspects-relating\\_en](https://finance.ec.europa.eu/regulation-and-supervision/consultations-0/targeted-consultation-review-functioning-commodity-derivatives-markets-and-certain-aspects-relating_en))

Consultation document ([https://finance.ec.europa.eu/document/download/1f0a18f3-b3dd-4a0f-9ddd-4838645d3a86\\_en?filename=2025-commodity-derivatives-markets-consultation-document\\_en.pdf](https://finance.ec.europa.eu/document/download/1f0a18f3-b3dd-4a0f-9ddd-4838645d3a86_en?filename=2025-commodity-derivatives-markets-consultation-document_en.pdf))

More on investment services and regulated markets ([https://finance.ec.europa.eu/capital-markets-union-and-financial-markets/financial-markets/securities-markets/investment-services-and-regulated-markets\\_en](https://finance.ec.europa.eu/capital-markets-union-and-financial-markets/financial-markets/securities-markets/investment-services-and-regulated-markets_en))

Specific privacy statement ([https://finance.ec.europa.eu/document/download/80808b0f-93bd-4a5a-bfb8-3fcf47226e15\\_en?filename=2025-commodity-derivatives-markets-specific-privacy-statement\\_en.pdf](https://finance.ec.europa.eu/document/download/80808b0f-93bd-4a5a-bfb8-3fcf47226e15_en?filename=2025-commodity-derivatives-markets-specific-privacy-statement_en.pdf))

## Contact

fisma-commodities@ec.europa.eu