
[ESMA Publishes Draft Commodity Derivative Technical Standards Under MIFID II Recovery Package](#)

ESMA has published the draft Regulatory Technical Standards (RTS) and final report that implement the changes to the position limits rules [proposed in the MIFID II “Quick fix.”](#)

The draft RTS include proposals on the application procedure for position limit exemptions, a methodology to determine position limits and position management tools for trading venues, which will contribute to stable and orderly commodity derivative markets at a time of heightened scrutiny.

The final report and draft RTS can be found [here](#). The quick fix reduces the number of limits in the regime, adds new exemptions and also provides for new position management controls by venues.

Under the MiFID II Recovery Package, position limits will only continue to apply to agricultural commodity derivatives and to critical or significant commodity derivatives defined in Level 1 as commodity derivatives with a net open interest above 300,000 lots over a one-year period. As part of the implementation measures of the new framework, ESMA and the national competent authorities have also separately agreed on a procedure to ensure convergence in the calculation of the open interest and the determination of whether a commodity derivative qualifies as critical or significant.

The changes will officially take effect at the end of February 2022, although some have already been effectively implemented by National Competent Authorities (see [here](#)). The European Commission has three months to decide whether to endorse the report.

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