

**ESMA\_QA\_1520** 

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#### **Additional Information**

#### **Level 1 Regulation**

Markets in Financial Instruments Directive II (MiFID II) Directive 2014/65/EU- Secondary Markets

#### **Topic**

Position limits

## **Subject Matter**

NFE application of a trading venue for position limit exemption

## Question

Is it necessary for a Non-Financial Entity (NFE) to apply to the relevant NCA of a trading venue for a position limit exemption in all contracts in which that NFE holds positions?

## **ESMA** Answer

07-07-2017

# Original language

[ESMA 70-872942901-36 Commodity derivatives Q&A, Q&A 2.14]

No. It is necessary only for an NFE to apply for an exemption when it expects that one is necessary to permit it to hold a position that is risk-reducing for its commercial activities which would be in excess of the position limit for that commodity derivative which has been set by the NCA.

There is no requirement under MIFID II to apply for a position limit exemption if an NFE does not expect to need one for its normal level of activities.