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15/12/2017

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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 reporting

Subject Matter

Position reporting

Question

How should clients of investment firms inform their intermediaries of the nature of each of their positions (hedge or speculation)? Should that information be provided for each position or could clients indicate to their intermediaries that, except if they explain otherwise, all their positions should be deemed for hedging or non-hedging purposes?

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Original language

[ESMA 70-872942901-36 Commodity derivatives Q&A, Q&A 4.18]

The obligation to report positions under Article 58 of MIFID rests with members or participants of regulated markets, MTFs and clients of OTFs or with investment firms when executing EEOTC transactions on behalf of their clients.

It is the client's responsibility to ensure that their position is accurately described in their position report, in particular regarding whether their positions are for hedging or speculative purposes. It is a matter for the individual client as to how they satisfy this obligation and they may provide an initial instruction that unless informed otherwise, the investment firm should report certain defined positions to be for hedging (or speculative) purposes providing that this is an accurate description at the time. There may, however, be circumstances where a client is able more accurately to assign new transactions to hedging or speculative positions only after the initial trade. In this case the client should ensure that their position report is adjusted accordingly to the hedging or non-hedging nature of their position. Some clients may find it useful to adopt the ITS 4 template for reporting to investment firms.