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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 management controls

Subject Matter

Position management controls

Question

Are position management controls required to play a role in the application of position limits applied by NCAs according to Article 57(1) MiFID II?

ESMA Answer

04-10-2017

Original language

[ESMA 70-872942901-36 Commodity derivatives Q&A, Q&A 5.1]

No. NCAs are responsible for the application of position limits established under Article 57(1). Recital (128) MiFID further specifies that the powers to require the reduction or termination of a position or to provide back liquidity should “mitigate the effects of a large or dominant position”.

However, the controls listed in Article 57(8) are not exhaustive and shall not prevent trading venues from developing their own position limits as a mean to control positions held on commodity derivatives traded on their trading venues.