

**Mr Valdis Dombrovskis
Executive Vice-President for an
Economy that Works for People
European Commission
1049 Brussels**

**Ref: MIFID Report on whether C6 energy derivative contracts should be made
subject to certain EMIR requirements**

Dear Vice President Dombrovskis,

DEAR VALDIS,

Directive 2014/65/EU (MiFID II) and Regulation No 600/2014 (MiFIR) require the Commission, after consulting ESMA, to present a number of review reports on the functioning of MiFID II/MiFIR to the European Parliament and the Council.

With this letter, ESMA is submitting its report to the Commission on C6 energy derivative contracts (related to coal and oil). ESMA has liaised with ACER when preparing this report.

The ESMA report focuses on the current temporary regime for C6 energy derivative contracts. Until 3 January 2021 these contracts are temporarily exempted from the clearing obligation and from the requirement to exchange collateral for contracts entered into by non-financial counterparties that are above the clearing threshold (NFC+) or by investment firms authorised for the first time as of 3 January 2018. In addition, this temporary regime also excludes C6 energy derivative contracts from the calculation for the purpose of the clearing thresholds.

Overall, the analysis undertaken by ESMA leads to the conclusion that changing the regime now for C6 energy derivatives is not expected to have an immediate major impact. Furthermore, the report highlights that in the current context of uncertainty with the withdrawal of the United Kingdom from the Union, where an important share of the C6 energy derivatives contracts are either traded or cleared, it would be more prudent to wait before considering a change to the current regime.

ESMA is working on further review reports that we will submit to the Commission in the upcoming months.

In case you have any questions or comments regarding the report, please contact me or Fabrizio Planta, Head of the Markets and Data Reporting Department.

Yours sincerely,

A handwritten signature in blue ink, appearing to be "S. Maijor".

Steven Maijor

CC: Mr John Berrigan, Director General, DG Financial Stability, Financial Services and Capital Markets Union, European Commission