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| Reply form to the Consultation Paper on the amendments to certain technical standards for commodity derivatives  |
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**Responding to this paper**

ESMA invites comments on all matters in this consultation paper and in particular on the specific questions. Comments are most helpful if they:

* respond to the question stated;
* indicate the specific question to which the comment relates;
* contain a clear rationale; and
* describe any alternatives ESMA should consider.

ESMA will consider all comments received by **23 August 2023.**

**Instructions**

In order to facilitate analysis of responses to the Consultation Paper, respondents are requested to follow the below steps when preparing and submitting their response:

1. Insert your responses to the questions in the Consultation Paper in the present response form.
2. Use this form and send your responses in Word format (**pdf documents will not be considered except for annexes**);
3. Please do not remove tags of the type <ESMA\_QUESTION \_PMPR\_1>. Your response to each question has to be framed by the two tags corresponding to the question.
4. If you do not wish to respond to a given question, please do not delete it but simply leave the text “TYPE YOUR TEXT HERE” between the tags.
5. When you have drafted your response, name your response form according to the following convention: ESMA\_PMPR\_nameofrespondent\_RESPONSEFORM. For example, for a respondent named ‘ABCD’, the response form would be entitled ESMA\_PMPR\_ABCD\_RESPONSEFORM.
6. Upload the form containing your responses, **in Word format**, to ESMA’s website (www.esma.europa.eu under the heading “Your input – Open Consultations” -> “Consultation Paper on the amendments to certain technical standards for commodity derivatives”).

**Publication of responses**

All contributions received will be published following the close of the consultation, unless you request otherwise. Please clearly and prominently indicate in your submission any part you do not wish to be publically disclosed. A standard confidentiality statement in an email message will not be treated as a request for non-disclosure. A confidential response may be requested from us in accordance with ESMA’s rules on access to documents. We may consult you if we receive such a request. Any decision we make not to disclose the response is reviewable by ESMA’s Board of Appeal and the European Ombudsman.

**Data protection**

Information on data protection can be found at [www.esma.europa.eu](http://www.esma.europa.eu) under the heading [Legal Notice](http://www.esma.europa.eu/legal-notice).

**Who should read this paper**

# This consultation paper is primarily of interest to trading venues, investment firms and non-financial counterparties trading in commodity derivatives, but responses are also sought from any other market participant including trade associations, industry bodies and investors.

**General information about respondent**

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| Name of the company / organisation | Euronext |
| Activity | Regulated markets/Exchanges/Trading Systems |
| Are you representing an association? |[ ]
| Country/Region | Europe |

**Questions**

1. Do you agree with ESMA’s proposal to extend the requirements to set, review and report accountability levels to trading venues trading derivatives on emission allowances? Do you have any other comments on ESMA’s proposed amendments? Please elaborate.

<ESMA\_QUESTION\_PMPR\_1>

Euronext does not have specific comments on ESMA’s proposal to extend the requirements to set, review and report accountability levels to trading venues trading derivatives on emission allowances.

As a general comment, we wish to stress that we supported the conclusions from the 2020 ESMA report on the MiFID II Review on position limits and position management, which reinforced the changes that were subsequently introduced in the MiFID “quick fix”. These changes made commodity derivative markets much more efficient and flexible. As such, we do not see a need for bigger changes in the future in the way position limits and position management controls work, apart from those included in this ESMA consultation paper. The system is currently working as intended.

<ESMA\_QUESTION\_PMPR\_1>

1. Do you foresee any challenges with the use of JSON format comparing to XML? Please provide estimates of the costs and benefits (short- and long term) related to potential transition to JSON?

<ESMA\_QUESTION\_PMPR\_2>

Euronext notes that ESMA is considering the use of JSON format for reporting in a number of areas (i.e. RTS3, RTS21, RTS23). It is critical that any approach ESMA decides to take in relation to reporting formats must be holistic and seek to progressively extend to all areas and reporting layers; otherwise, it will not produce benefits and instead would lead to additional complexity and unnecessary cost. Fundamentally, any evolution towards the JSON format must as a prerequisite receive full endorsement from all NCAs and commitment that they will all also adjust their practices and requirements in favour of a new unique format.

Euronext has experienced inefficiencies linked to NCAs that currently sometimes require and request different reporting formats for operational reasons for the same reporting purposes. A broader evolution towards JSON can only be meaningful and successful if such discrepancies are dismantled in favour of a unique format that is used by all. Lastly, given that this would be a significant structural change, it is important that sufficient implementation time be provided for any transition (between 6 – 12 months at a minimum) and it is necessary that any evolutions towards this only be taken in a context where it can be confirmed to the industry by ESMA that JSON would be the go-to format for the foreseeable future and that at a minimum no new reporting format would be introduced or required in the coming 5 to 8 years.

<ESMA\_QUESTION\_PMPR\_2>

1. Do you agree with the other proposals to change ITS 4? Please use the reference number in the table above to provide comments on a specific proposal. In relation to the proposed change 5, are there other units of underlying to be added to the existing list including for reporting the information on emission allowances? In relation to the proposed change 7, are there other position types that should be added to provide more granular reporting, beyond the existing (futures, options and other)? In relation to the proposed change 8, do you foresee any scenarios in which the possibility to use the National ID should be retained?

<ESMA\_QUESTION\_PMPR\_3>

Regarding change 5, we note that it is proposed that the field regarding the “notation of the position quantity” is to be amended to specify that positions in derivatives on electricity and natural gas should be expressed in units of underlying and that positions in other derivatives should be expressed in lots. We would like to underline, however, that there appears to be a discrepancy between the language and explanations provided in the table on page 16 and article 83 as the maximum threshold expressed in point (b) only refers to lots. We would suggest that this discrepancy be clarified and consider that it would be most appropriate for thresholds also to be expressed in MWHO, MBTU and THMS in point b.

<ESMA\_QUESTION\_PMPR\_3>

1. Do you support the draft Technical Advice related to Article 83 of CDR 2017/5654?

<ESMA\_QUESTION\_PMPR\_4>

Yes, Euronext generally supports ESMA but would like to seek clarification on article 83 and the related thresholds for the weekly reports.

It is our understanding that for the first weekly report relating to both futures and options combined the obligation to make such a report public will apply when both of the two following thresholds are met: 1) 20 open positions exist futures and options combined, and 2) the absolute amount exceeds 10 000 lots of futures and options combined.

It is our understanding that for the second weekly reports which excludes options the obligation to make such a report public will apply when both of the two following thresholds are met: 1) 20 open positions exist for futures; 2) the absolute amount exceeds 10 000 lots of futures.

We propose that this point to be clarified explicitly in the final report.

<ESMA\_QUESTION\_PMPR\_4>