

ESMA Publishes Opinion on Position Limits on UK Natural Gas Contracts Proposed by the FCA

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On October 5, the European Securities and Markets Authority (ESMA) published an opinion, dated September 24, on position limits on UK natural gas commodity futures and options contracts proposed by the UK Financial Conduct Authority (FCA).

ESMA received a notification from the FCA on February 7, under Article 57 of the revised Markets in Financial Instruments Directive (MiFID II), regarding the exact position limits the FCA intended to set for UK natural gas commodity futures and options contracts, in accordance with the methodology for calculation established in Delegated Regulation 2017/591 (RTS 21) and taking into account the factors set out in Article 57(3) of MiFID II.

In its opinion, ESMA concluded that the spot month position limit and the other months' position limits comply with the methodology established in RTS 21 and are consistent with the objectives under Article 57 of MiFID II. Additionally, ESMA notes that the position limits set for the spot month and the other months "appear to achieve a reasonable balance between the need to prevent market abuse and to ensure an orderly market and orderly settlement, while ensuring that the development of commercial activities in the underlying market and the liquidity of the ICE Natural Gas contracts are not hampered."

ESMA's opinion is available [here](#).

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