



GUIDANCE

ICE Futures Europe Exchange Position, Expiry and Delivery Limits and Accountability Levels

July 2019

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ICE Futures Europe Guidance on Exchange Position, Expiry and Delivery Limits and Accountability Levels.

This Guidance contains details on the limits imposed by ICE Futures Europe (“the Exchange”) pursuant to the Order of Registration issued by the CFTC to the Exchange as a Foreign Board of Trade (Exchange Position Limits and Accountability Levels) and limits imposed unilaterally by the Exchange (Expiry and Delivery Limits), collectively referred to, for the purposes of this Guidance as “the Limits”.

1. Position Limits and Accountability levels imposed on Linked Contracts

Exchange Position Limits

There are mandatory Position Limits on certain oil and refined product Contracts (“the Linked Contracts”) – see Table 1, for the last three trading days prior to expiry (including Last Trading Day) or in the case of Soybean Oil Futures Contracts, on last trading day; in any single month and in all months combined (“the Position Limit Period”), according to what source Contract they aggregate into – as follows:

Source Contract	Contract Code	Exchange Position Limit Period
ICE WTI Futures	T	Last three trading days before expiry of ICE WTI Futures Contract (T)
ICE Heating Oil Futures	O	Last three trading days before expiry of ICE Heating Oil Futures Contract (O)
ICE RBOB Gasoline Futures	N	Last three trading days before expiry of ICE RBOB Gasoline Futures Contract (N)
ICE Soybean Penultimate Day 1 st Line Future	SOY	The Spot Month Limit shall apply as of the close of trading on Last Trading Day. The Single and All Month Limits shall apply to any one single month and in all months combined.

These Exchange Position Limits cannot be exceeded unless an exemption is obtained from the Exchange Compliance Department. Failure to observe Exchange Position Limits will be a breach of Exchange Rules and may lead to disciplinary action. Where positions are held across multiple Members, the Exchange Position Limits will apply to the aggregated net position.

Single Month Accountability Level

If a position exceeds the Single Month Accountability Level then the Exchange may require further information as to the nature and purpose of the position of that account (or, if appropriate, linked accounts as determined by the Exchange), and may direct that Members cannot accept further orders that increase the position, or direct that the position be reduced to a level below the Accountability Level.

All Month Accountability Level

If a position exceeds the All Month Accountability Level then the Exchange may require further information as to the nature and purpose of the position of that account (or, if appropriate, linked accounts as determined by the Exchange), and may direct that Members cannot accept further orders that increase the position, or direct that the position be reduced to a level below the accountability level.

Ratios

Ratios denote the relation between the specific listed contract and the source Contract into which it aggregates.

2. Expiry Limits imposed by the Exchange

Expiry Limits

The Exchange may unilaterally impose mandatory Expiry Limits on certain Contracts for the last five trading days prior to expiry (including Last Trading Day), or for such other period prior to expiry, as may be proposed by the Exchange (“the Expiry Limit period”).

The Exchange Expiry Limit periods are as follows:

Contract	Contract Code	Expiry Limit Period
ICE Brent Crude Futures	B	Last five trading days prior to expiry (including Last Trading Day)
ICE Dubai 1 st Line Futures	DBI	First to the final trading day of the expiry month

These Expiry Limits cannot be exceeded unless an exemption is obtained from the Exchange Compliance Department, and the conditions of the exemption observed. Failure to observe Expiry Limits will be a breach of Exchange Rules and may lead to disciplinary action. Where positions are held across multiple Members, the Expiry Limits will apply to the aggregated net position.

Accountability Levels are not imposed by the Exchange on those Contracts which have Expiry Limits. The Exchange may, however, request further information from participants should it have concerns about the size of a position held in any month or across a Contract.

3. Delivery Limits imposed by the Exchange

Delivery Limits

There are mandatory Delivery Limits imposed on the following contracts (collectively “the physically delivered energy contracts”):

- ICE Futures Europe Low Sulphur Gasoil Futures Contract (“G”);
- ICE Permian WTI Futures Contract (“HOU”);
- ICE Permian WTI Storage Futures Contract (“HOS”);
- ICE NYH Ultra Low Sulphur Heating Oil Futures Contract (“O67”)¹;
- ICE NYH Ultra Low Sulphur Diesel Futures Contract (“O62”)²

The mandatory Delivery Limit imposed on the ICE Futures Europe Low Sulphur Gasoil Contract shall take effect at 1pm (UK), following expiry of the Contract on the day of expiry i.e. it will apply to the final position (either Long or Short) after taking into account all EFPs permissibly posted in respect of the Delivery month.

The mandatory Delivery Limit imposed on the ICE Permian WTI Futures Contract and the ICE Permian WTI Storage Futures Contract shall take effect after the cessation of trading i.e. it will apply to the final position (either Long or Short) after taking into account all EFPs permissibly posted in respect of the Delivery month.

The mandatory Delivery Limit imposed on the ICE NYH Ultra Low Sulphur Heating Oil Futures Contract and the ICE NYH Ultra Low Sulphur Diesel Futures Contract shall take effect after the cessation of trading i.e. it will apply to the final position (either Long or Short) after taking into account all EFPs permissibly posted in respect of the Delivery month.

The Delivery Limit cannot be exceeded unless an exemption is obtained from the Exchange Compliance Department. Failure to observe Delivery Limits will be a breach of Exchange Rules and may lead to disciplinary action. Where positions are held across multiple Members, the Delivery Limit will apply to the aggregated net Long or net Short position.

Accountability Levels are not imposed by the Exchange on the physically delivered energy contracts. The Exchange may, however, request further information from participants should it have concerns about the size of a position held in any month or across a Contract.

¹ Subject to the completion of all relevant regulatory processes.

² Subject to the completion of all relevant regulatory processes.

Members must ensure that they have performed all necessary position management in accordance with Rule G.17 prior to expiry to ensure that the open positions are accurate.

For the avoidance of doubt, this Guidance shall not apply to Soft Commodity Contracts. The position management regime, which includes the Delivery Limits and Accountability Levels, applicable to the Soft Commodity Contracts is dealt with under separate Guidance.³

4. Exchange Position Limits and MIFID II Position Limits

Members should be aware that the applicable limit on any given day will be the lower of

- the MIFID II position limit as published by the UK Financial Conduct Authority⁴; and
- any Exchange position, expiry, or delivery limit,

Application of Exchange Limits

Aggregation of Linked Contracts

Linked Contracts will aggregate into one or more source Contracts (“Combined Contracts”) and will contribute to the overall Exchange Position Limit for that source Contract.

Diminishing balance contracts

Where a contract is defined as a balance-of-month or average-of-month contract, the position it represents, for Exchange position limits purposes, is the *pro rata* balance during the expiry period of the source contract into which it aggregates.

Option positions

Options positions will be converted to Futures equivalents in the Exchange Market Surveillance Application (“MSA”) by applying Exchange-generated delta values to the position. The Futures equivalents will be applied to the Futures position to produce the net positions.

The Exchange shall not include an Options position in the calculation where the futures equivalent of such position held on the first day of the Exchange Position Limit Period for Linked Contracts, or on the first day of the Expiry Limit Period for Brent Crude Futures, when aggregated with a net Futures position, results in a position which is greater than the published Position or Expiry Limits or above allowable limits for approved exemptions where applicable.

At the close of business on the day that the Options expire, if the resulting Futures position exceeds Position or Expiry Limits or the allowable limits for approved exemptions due to the exercise of options, an additional business day shall be granted to enable such excess position to be reduced below the limit.⁵

This approach does not preclude the Exchange from making such enquiries of the Member holding the position if it thinks that the position is excessive.

The ICE Dubai 1st Line-related option positions, based on the Exchange’s published deltas, will count towards i.e. be added to, customers positions in ICE Dubai 1st Line Futures.

Aggregation of positions across multiple clearers

The Exchange will monitor positions held by Members or their clients across multiple Members. Where positions are held across multiple Members, the aggregated net position across those Members will count for the purposes of all Position and Expiry Limits and Accountability Levels.

For the avoidance of doubt, when referring to aggregation of positions with respect to Delivery Limits, the Exchange considers the aggregated net long and the aggregated net short position held across those

³ Soft Commodities: www.theice.com/publicdocs/futures/ICE_Position_Management_Regime_Soft_Commodities.pdf

⁴ See: <https://www.fca.org.uk/markets/mifid-ii/commodity-derivatives/position-limits>

⁵ Circular 11/041 dated 14 March 2011: www.theice.com/publicdocs/circulars/11041.pdf

Members. Please note that the Exchange expects positions to be managed and closed out as necessary prior to expiry. The Exchange shall make enquiries where participants are holding long and short positions in the expiring physically delivered energy contracts to confirm intentions. Members holding such positions will be expected to make and take delivery of the physically delivered energy contracts respectively.

Linked and independent accounts

In addition to aggregating positions held by the same account across multiple Members, the Exchange will also aggregate separate accounts or sub accounts under common ownership or control. This will mean that positions held by different business units within a client or Member, or positions held by affiliate companies of a client or Member, shall be aggregated and be subject to the normal Position, Expiry or Delivery Limits and Accountability levels. However, if such positions are independently controlled, then the positions will not be aggregated.

Members may request that the Exchange treat accounts or groups of accounts as independently controlled, and therefore not contributing to the same Position, Expiry or Delivery Limit and Accountability Levels. Such requests must be supported with sufficient information to satisfy the Exchange that this is the case. The Exchange's decision as to whether to aggregate or treat positions as independent will be final.

Treatment of omnibus accounts

Where Members or Reporting Firms use 'omnibus' accounts to represent a summary of the positions in one or many underlying accounts held by:

- a) an affiliate organisation of the Member, or
- b) a client of the Member

It is important to note that the individual underlying accounts must be identified, and their positions reported.

Where the underlying accounts' positions of the Member's client are reported under the same Firm Code as the Member's main reporting it is not necessary to report the positions in the omnibus account.

Where the underlying accounts' positions are reported directly under a different Firm Code, either by an affiliate or client of the Member, it is necessary to report both those positions and the position held in the omnibus account.

Reportable positions within omnibus accounts must be fully disclosed to the Exchange. Failure to do so will result in the Exchange treating all positions in the account as if they were under common ownership or control, and therefore aggregated for the purposes of Position, Expiry and Delivery Limit and Accountability Level calculations.

Exemptions from Position, Expiry and Delivery Limits

All applications for exemptions must follow the procedures laid down in Rule P.3 and, as a minimum, will include a description of the size and nature of the exemption, an explanation of the nature and extent of the applicant's business, and an undertaking that the applicant will comply with any limitations imposed by the Exchange in regard to the positions. The Exchange may require additional such information as it believes necessary to make a fully informed decision to grant or refuse the application.

The Exchange may grant exemptions from the Exchange Position Limits for positions qualifying as *bona fide* hedge position. For the purpose of this Guidance and at the discretion of the Exchange, this may include arbitrage, risk management or spread positions.

The Exchange may grant exemptions from the Expiry Limits, at its sole discretion, for participants who provide and document a commercial rationale for their requirement.

The Exchange may grant exemptions from the Delivery Limit, at its sole discretion, for participants who can demonstrate a commercial need and an ability to execute deliveries that are greater than the limit.

Applications for exemption must be made in writing to the Exchange Compliance department as soon as the applicant believes that it is likely to exceed the Position, Expiry or Delivery Limits but in any case five days prior to the commencement of relevant Limit period, or in the case of Delivery Limits, five days prior to the expiry of the previous contract month. Please find links to the relevant Exemption forms:

Position Limit Exemption Form:

https://www.theice.com/publicdocs/futures/Position_Limit_Exemption_Form.pdf

Expiry Limit Exemption Form:

https://www.theice.com/publicdocs/futures/expiry_limit_exemption_application.pdf

Delivery Limit Exemption Form:

https://www.theice.com/publicdocs/futures/Energy_Delivery_Limit_Exemption_Form.pdf

The determination of whether to approve an application for an exemption from Position; Expiry; or Delivery Limits is solely that of the Exchange and is final and binding.

A Member acting on behalf of a client, a Member or the client itself may submit an application for an exemption to the Exchange. Market participants may apply to the Exchange for an exemption through their clearer or directly, but in the latter case should advise their clearer that they have done so. If this is not done at the application stage, the Exchange will disclose the fact and size of exemptions to clearers. Members who have clients with positions that exceed the Limits who have not applied for an exemption on behalf of that client should confirm with the Exchange whether or not an exemption has been granted to that client. It will not be necessary for a client with positions across multiple Members to make multiple applications.

Where the application is on behalf of a client, the exemption, if granted, will be in respect of the client's net Futures equivalent position as aggregated across all Members.

LGTR Position reporting

Positions above the required LGTR thresholds (see Reportable Thresholds document⁶ for details) or subject to enhanced reporting requirements triggered by the Single Month or All Month Accountability levels must be reported on a daily basis. If the position is in respect of a new account then an account identification form must be submitted which will require:

- Unique and consistent account identification code;
- Unique and consistent account ownership/controller identification;
- Commercial/non-commercial classification of account owner which, where appropriate, must be consistent with the classification notified to the CFTC.

Client identification and classification

The Exchange requires the submission of Ownership and Control ("OCR") information by Reporting Firms providing details of the Reporting Position Accounts. It is particularly important that any omnibus accounts are noted as such. To identify any Reportable Position Account, reporting Firms must comply with the Exchange's OCR requirements.

Confidentiality

Access to data pertaining to Member and client positions is normally restricted to the Exchange Compliance department; however certain information may be disclosed to senior Exchange management for regulatory purposes if necessary. Additionally composite statistics on Open Interest held by sector or other user classification may be compiled and made available either internally or externally if appropriate. Position data is also forwarded to the FCA on a daily basis and that data specific to US Linked Contracts is shared with the CFTC under a formal information sharing agreement between the FCA and the CFTC.

⁶ https://www.theice.com/publicdocs/futures/ICE_Futures_Europe_Threshold.pdf

**Table 1
ICE Futures Europe Exchange Position and Accountability levels**

[Click HERE for Excel Version](#)

Rule	Contract Name	Commodity Code	Diminishing Balance Contract	Spot Month Limit	Spot month (Ratio)	Single Month Position Limit	Single Month Accountability Level	Single Month Accountability Level Ratio	All Month Position Limit	All Month Accountability Level	All Month Accountability Level Ratio	Aggregate 1 (Positive Correlation)	Aggregate 2 (Negative Correlation)	Expiry Limit	Delivery Limit	Reporting Level	Exchange Code	
<i>Oil and Refined</i>																		
Futures Contracts	ICE Brent Futures	B	-	-	-	-	-	-	-	-	-	-	-	6000	-	All Positions	41	
	Brent Physical 1- Month Calendar Spread Option	BS1	-	-	-	-	-	-	-	-	-	B	-	-	-	All Positions	41	
	ICE Permian WTI Futures	HOU	-	-	-	-	-	-	-	-	-	-	-	6000	-	All Positions	41	
	ICE Permian WTI Storage Futures	HOS	-	-	-	-	-	-	-	-	-	-	-	-	1200	All Positions	41	
	ICE NYH Ultra Low Sulphur Heating Oil Futures*	O67	-	-	-	-	-	-	-	-	-	-	-	-	1500	All Positions	41	
	ICE NYH Ultra Low Sulphur Diesel Futures*	O62	-	-	-	-	-	-	-	-	-	-	-	-	1500	All Positions	41	
	ICE Dubai 1st Line Futures	DBI	-	-	-	-	-	-	-	-	-	-	-	6000	-	All Positions	41	
	ICE Low Sulphur Gasoil Futures	G	-	-	-	-	-	-	-	-	-	-	-	-	2500	All Positions	41	
	ICE NYH (RBOB) Gasoline Futures	N	-	-	1000	-	5000	-	7000	-	7000	-	N	-	-	-	All Positions	41
	RBOB Gasoline American-Style Option	N	-	-	1000	-	5000	-	7000	-	7000	-	N	-	-	-	All Positions	41
	Heating Oil American-Style Option	O	-	-	1000	-	5000	-	7000	-	7000	-	O	-	-	-	All Positions	41
	ICE Heating Oil Futures	O	-	-	1000	-	5000	-	7000	-	7000	-	O	-	-	-	All Positions	41
ICE WTI Crude Futures	T	-	-	3000	-	10000	-	20000	-	20000	-	T	-	-	-	All Positions	41	
ICE WTI, American-Style Options	T	-	-	3000	-	10000	-	20000	-	20000	-	T	-	-	-	All Positions	41	
ICE WTI Crude Weekly American-Style Option	WAW	-	-	3000	-	10000	-	20000	-	20000	-	T	-	-	-	All Positions	41	
WTI Physical 1-Month Calendar Spread Option	TS1	-	-	3000	-	10000	-	20000	-	20000	-	T	-	-	-	25	41	
Linked Contracts	Soybean Oil Penultimate Day 1 st line Future	SOY	-	-	147	-	2177	-	2177	-	2177	-	SOY	-	-	-	All Positions	41
	Soybean Oil Penultimate Day 1st Line Balmo Future	SOW	Y	147	-	2177	-	2177	-	2177	-	SOY	-	-	-	-	All Positions	41
*Subject to the completion of all relevant regulatory processes																		

INSTRUCTIONS

- 1- *Net Positions*: The quantities referenced as reportable levels, Accountability Levels, Expiry Limits, Exchange Position Limits and Delivery Limits should be calculated and reported on the basis of the net position, long or short, in each Futures contract month and each strike price of a put or call option for each Option contract month, except as specified below;
- 2- *Gross Positions*: In the following cases, the gross long and short position shall be reported:
 - (a) Positions in accounts owned or held jointly with another person;
 - (b) Positions held in multiple accounts subject to trading control by the same trader; and
 - (c) Positions in omnibus accounts.

If the total open long positions or the total open short positions for any Futures contract month carried in an omnibus account is a reportable position, the omnibus account must be reported.

Positions reported to the Exchange by Clearing Members must be equivalent to the Open Interest calculated for that Clearing Member for that Business Day.

Please be advised that the Exchange Position Limits set out in the above table relate to the Limit for the source Contract, NOT each individual Contract.

Contracts to which Expiry Limits apply will be advised by the Exchange from time to time.

Delivery Limits shall apply to the physically delivered energy contracts.