



ICE Futures Abu Dhabi Delivery Limits and Position Limits Guidance

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ICE Futures Abu Dhabi Guidance on Exchange Delivery Limits and Position Limits

This Guidance contains details on the Delivery Limits and Position Limits imposed unilaterally by ICE Futures Abu Dhabi (“IFAD” or “the Exchange”).

1. DELIVERY LIMITS IMPOSED BY THE EXCHANGE

Delivery Limits

There are mandatory Delivery Limits imposed on the IFAD Murban Crude Oil Futures Contract, see Table 1.

The mandatory Delivery Limit imposed shall take effect at 1:30pm (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.

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.

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.

2. POSITION LIMITS IMPOSED BY THE EXCHANGE

Position Limits

The Exchange is required by the Financial Services Regulatory Authority under MIR 3.3.7¹ to implement position limits in respect of a Commodity Derivative, or other relevant Derivative that is physically settled.

The Exchange will adopt one single position limit for the physically delivered energy contracts, to be applicable across the entirety of the curve of the contract.

¹ https://en.adgm.thomsonreuters.com/sites/default/files/net_file_store/ADGM1547_10111_VER06270922.pdf

The calculation of the position limit is based on a percentage of deliverable supply and also takes into account the Exchange's Delivery Limit regime and exemptions regime. This will allow participants to manage their positions across the full curve of the contract maturity months, whilst the Delivery Limit applies to the front month. Please see Table 1 for details of the position limits in place at IFAD.

3. APPLICATION OF DELIVERY LIMITS AND POSITION LIMITS

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 Delivery Limits and Position Limits.

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

Exemptions from Delivery Limits and Position Limits

All applications for exemptions from the Delivery Limits and Position Limits must follow the procedures laid down in Rule J.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 information as it believes necessary to make a fully informed decision to grant or refuse the application.

The Exchange may grant exemptions from the Delivery Limits and Position Limits, at its sole discretion, for participants who can demonstrate a commercial need and an ability to execute deliveries that are greater than the limit or if the nature and extent of the applicant's business necessitates it.

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 Delivery Limit but in the case of Delivery Limits, five days prior to the expiry of the previous contract month. Please find the link to the Exemption form: https://www.ice.com/publicdocs/futures/IFAD_Energy_Delivery_Limit_Exemption_Form.pdf

The determination of whether to approve an application for an exemption from the Delivery Limit and Position Limit 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 Delivery Limits or the Position 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) 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.

Table 1
ICE Futures Abu Dhabi Delivery and Position Limits

[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	Position Limit	Reporting Level	Exchange Code	
Oil and Refined products																			
Futures Contracts	ICE Murban Crude Oil Futures	ADM	-	-			-					-	-		7,000 lots	202,500 lots	All Positions	AD	

INSTRUCTIONS

1. Net Positions: The quantities referenced as reportable levels and Delivery Limits and Position Limits should be calculated and reported on the basis of the net position, long or short, in each Futures 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.

Delivery Limits and Position Limits shall apply to the physically delivered energy contracts.