

## Customer Information

# Customer Information 2017-12-18

## Complementary information on MiFID II position limits that will apply to PEGAS Derivatives from 3 January 2018

Paris, 15<sup>th</sup> of December, 2017

**Disclaimer:** *The aim of the present document is to provide support to Powernext's members to apply MiFID II position limits published by AMF on 6 December 2017. The views expressed in this document shall be regarded as Powernext's interpretation of the MiFID II position limits, as they shall be applied on Powernext markets. The document does not necessarily reflect the position of the AMF. Powernext is fully committed to the rightful implementation of MiFID II position limits, and will in any case comply with any rule or interpretation issued by AMF. Powernext cannot be held responsible for any damage occurring to any person from incorrect or incomplete information provided in this document or from a wrong interpretation of the position limits by Powernext as provided in this document.*

Dear Trading Members,

Autorité des Marchés Financiers (AMF) published on 6 December 2017 the positions limits that will be applied to financial instruments traded on the PEGAS platform from the 3 January 2018 onwards ([link to AMF's website](#)).

The limits concern all the financial instruments traded on the regulated market ("Powernext Derivatives" rules ([link to market rules](#))). In addition, contracts on Powernext's OTF ([link to market rules](#)) that relate to the Belgium hubs ZEE and ZTP are financial instruments and thus are concerned by the limits. Please note that all other contracts listed on the Powernext OTF are not financial instruments and thus not concerned by the limits. Lastly, OTC contracts that are considered to be economically equivalent to those contracts traded in the RM and OTF are concerned by the limits as well.

The table below contains in column 3 “associated products” the codes of all products that are concerned by the limits and listed on either Powernext’s regulated market or Powernext’s OTF. Powernext does not possess information regarding economically equivalent contracts.

The limits will be applied at the hub level and not at the contract level. Therefore, the positions with different maturities on a same hub should be netted. Technically, the identifier that is grouping contracts is called “VenueProductCode” (column 2 of the table below), which for convenience has been chosen by Powernext to be equal to the product code of the month future on the respective hub. The limit regime defines two limits, which apply like the following to Powernext’s markets:

- **Spot month limit:** This limit applies to the open interest that a person holds for delivery in the upcoming month.
- **Other months limit:** This limit applies to the aggregated position that is held in all maturities which are not the front month.

To determine the position, a person shall cascade the Quarter, Season and Calendar contracts into months. Then, the net position is calculated for each month. The Spot month position corresponds to the net position in the upcoming month and the other months position is calculated by summing up the net positions of the rest of the months.

The limits are expressed in terms of lots. The lot size that shall be used for calculating the positions in terms of lots corresponds to the reference lot size (in MWh) of a month contract for the corresponding hub (based on a standard of 30 days of delivery, see Question 2 of ESMA's Q&A). The reference lot size can be found for each hub in the table below.

Non-investment firms may benefit from an exemption applied to their positions taken for the purpose of managing the risk inherent to their commercial activities. Members who want to benefit from this exemption shall fill the application form available in AMF’s website ([link to AMF website](#)). Please note however that there is no requirement under MIFID II to apply for a position limit exemption if a non-investment firm does not expect to be in excess of the position limits (see question 14 of ESMA's Q&A).

Powernext is internally verifying the positions of its members based on the data that is available to Powernext (excluding data on positions held by members in economically equivalent OTC contracts and information relating to the hedging exemption). Powernext may warn its members in case our alert system indicates they are approaching the limit. Please be advised that every member is responsible for monitoring its open interest and that Powernext does not have this responsibility. Please also note that Powernext’s alert system might not be sufficient to detect breaches of position limits.

Hub	Venue Product Code	Associated products	Is liquid	Reference lot size for limits calculation (MWh)	Open interest (lots)	Deliverable supply (lots)	Spot month limit (lots)	Other months limits (lots)
PEG Nord	G5BM	G5BM G5BQ G5BS G5BY	Yes	30	763 283	4 021 964	1 000 000	265 000
TTF	G3BM	G3BM G3BQ G3BS G3BY	Yes	720	525 368	328 967	85 000	130 000
NCG	G0BM	G0BM G0BQ G0BS G0BY	Yes	720	68 240	303 458	75 000	23 500
GPL	G2BM	G2BM G2BQ G2BS G2BY	Yes	720	22 314	381 958	100 000	7 800
PSV	GCBM	GCBM GCBQ GCBS GCBY	Yes	720	12 645	278 230	70 000	4 400
TRS	G6BM	G6BM	No	300			2 500	2 500
PSV Fin	GIBM	GIBM GIBQ GIBS GIBY	No	720			2 500	2 500
CEGH VTP	G8BM	G8BM G8BQ G8BS G8BY	No	720			2 500	2 500
ZEE	GABM	GABM GABQ GABS GABY	No	879			2 500	2 500
NBP	G9BM	G9BM G9BQ G9BS G9BY	No	879			2 500	2 500
ZTP	GBBM	GBBM GBBQ GBBS GBBY	No	720			2 500	2 500
ETF	GDBM	GDBM GDBQ GDBS GDBY	No	720			2 500	2 500
CZ VTP	G1BM	G1BM G1BQ G1BS G1BY	No	720			2 500	2 500
ZTP OTF	HBBM	HBBM HBBQ HBBS HBBY	No	720			2 500	2 500
ZEE OTF	HABM	HABM HABQ HABS HABY	No	879			2 500	2 500

Source: Own data / based on AMF's publication as of 08/12/17 (link to AMF's website)

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