

"Hedge exemption – application process for position limit exemptions"

How to submit and complete applications

Context and information

Further information about hedge exemptions from position limits for commodity derivatives and position limit exemption applications can be found on the BaFin [website](#) under "Supervision" » "Stock exchanges & markets" » "Position limits for commodity derivatives" » "Hedge exemption – application process for position limit exemptions".

In particular, the following aspects are explained there:

- How are hedge positions counted towards the position limit?
- Who can apply for a position limit exemption?
- Which transactions are for hedging purposes?
- What are the requirements for applying for a hedge exemption?
- How is a position flagged as a hedging transaction?
- In which cases should a non-financial entity apply for a position limit exemption for positions in commodity derivatives?
- To which authority should applications be submitted for a position limit exemption for positions in commodity derivatives?
- What does the application process at BaFin involve?

Application form

Please use the application form provided by BaFin. You can find it on the BaFin [website](#) using the path mentioned above.

The application is to be filed in German language. Thus, you should only use the German language version of the application form. There is an English language version of the application form available for information purposes.

In order to clearly identify the product for which an exemption is being applied for, a unique and unambiguous alphanumeric identifier has to be specified, which the trading venue uses for grouping multiple contracts with different maturities and different strike prices that

underlie the same product ("venue product code"). Please do not state any digits or characters in the venue product code if they only refer to different maturities or different strike prices. A separate hedge exemption application has to be filed for every commodity derivative that is subject to a particular limit. This also means that digits and characters that symbolise different product categories (e.g. base or peak loads in electricity contracts) have to be stated as well since this involves different products that are each subject to different limits. You can find the venue product codes for traded commodity derivatives on the websites of the corresponding trading venues. BaFin publishes the venue product codes of liquid commodity derivatives relating to the corresponding position limits.

How to submit

MVP Portal:

For the sake of data security, application forms should be submitted by using BaFin's reporting and publishing platform (MVP Portal). You can also gain access to the MVP Portal via the BaFin [website](#). To do this, please select "MVP Portal", which you can find under "BaFin" » "Service". A link to the "MVP Portal User Manual" can also be found here.

To use the MVP Portal, you must register as a user.

If you would like to submit an application for a position limit exemption to BaFin, you have to be granted access to the specialised procedure "Position limits in commodity derivatives and reporting" as an MVP user. Access can only be granted upon request. You can generate the necessary request by using your MVP Portal user account. Further information can be found in the [document](#) "Information sheet on the specialised procedure for position limits in commodity derivatives and reporting". The request, along with other annexes, has to be sent to BaFin by post. More detailed information on the required annexes can be found in the information sheet on the specialised procedure for position limits in commodity derivatives and reporting.

Once you have been granted access as an MVP user to the specialised procedure "Position limits in commodity derivatives and reporting", you can select what you would like to submit as part of the specialised procedure. If you would like to submit an application for a position limit exemption, please select "Hedge exemption from position limits". "Daily reports by investment firms" and "Daily reports by trading venues" are not relevant here.

Email:

Alternatively, applicants can submit their applications via email to Positionslimits-MIFID@bafin.de. However, as this is an unsecure tool to send data, applicants act on their own risk.

Scope of documentation

Applications are made up of at least three different documents:

- BaFin application form
- Excerpt from the commercial register
- Senior management's confirmation that the information provided is accurate

The application form and a template document for senior management's confirmation can be found on the BaFin website under "Supervision » Stock exchanges & markets » Position limits for commodity derivatives" under "Forms".

For the use of the MVP Portal, please note the requirements outlined in the information sheet on the specialised procedure for position limits in commodity derivatives and reporting regarding naming conventions for naming files and the container file (zip).

Excerpt from the information sheet:

- *Including the extension, the file name may have a maximum length of 70 characters and may contain only letters (a-z, A-Z), digits (0-9), dots, dashes and underscores. Umlaut characters (ä, ö, ü), spaces, control and special characters are not allowed.*
- *The name of the file to be uploaded must be: "Hedge_<freetext>.xls(x)/.zip". This means that Excel files and zip file archives are permitted. The container file (zip) may not include directory structures.*
- *The names of the files contained in the zip file archives must be: "Hedge_<freetext>.xls(x)/.doc(x)/.pdf". This means that Excel files, Word files and PDF files are permitted.*

Please note that the application may be approved – irrespective of the examination of the application's content – only if the application form has been completed and the required annexes (excerpt from the commercial register and senior management's confirmation) have been enclosed.