

Marex Spectron Europe Limited OTF Position Management Controls

MIC: MSEL

Competent authority: Central Bank of Ireland

1. Powers that the trading venue has to monitor the open interest positions of persons.

Rule 8.6 provides that MSEL OTF will monitor Clients' open interest positions in each of the OTF Products admitted to trading on MSEL OTF in order to ensure that Clients open interest positions do not exceed the relevant position limit. MSEL OTF will monitor all Client's open interest positions in OTF Products on a real-time basis and will automatically generate a notification to the Client and MSEL OTF back office if the Client's open interest positions exceed 75% of the relevant position limit(s). MSEL OTF will maintain a list of the applicable position limits on the Website.

2. Powers the trading venue has to access information, including all relevant documentation, from persons about the size and purpose of a position or exposure entered into, information about beneficial or underlying owners, any concert arrangements and any related assets or liabilities in the underlying market.

Rule 8.6(d)(iv) provides that MSEL OTF may request from a information relating to either; (i) the size of a position entered into by the Client on MSEL OTF; (ii) the beneficial or underlying owners of the position; (iii) any concert arrangements; and (iv) any related assets or liabilities in the underlying market. A failure by a Client to provide such information on request would be an Event of Default for the purposes of Rule 10.1.

3. Powers the trading venue has to require reduction or termination of positions, on a temporary or permanent basis, as the specific case may require and to unilaterally take appropriate action to ensure the termination or reduction if the person does not comply.

Rule 8.6(d)(vii) and (viii) provide the following:

(vii) "Client shall, upon direction from MSEL OTF, reduce their open position in any OTF Product by executing Transactions on MSEL OTF to the extent necessary to ensure that the relevant position limit is not exceeded, within such time as MSEL OTF may prescribe."

(viii) "If Client fails to reduce their position following such direction from MSEL OTF within the prescribed timeframe under Rule 8.6(d)(vii), in addition to its rights under Rule 10.1, MSEL OTF shall be entitled, in its absolute discretion, to reduce the Client's open position to the level required by MSEL OTF to ensure that the relevant position limit is not exceeded by executing Transactions on MSEL OTF on behalf of the Client."

4. Powers the trading venue has to require a person to provide liquidity into the market at an agreed price and volume on a temporary basis with the express intent of mitigating the effects of a large or dominant position, where appropriate.

Rule 8.6(d)(ix) provides the following:

(ix) “Where appropriate, MSEL OTF may require a Client to provide liquidity back into MSEL OTF at an agreed price and volume on a temporary basis with the express intent of mitigating the effects of a large or dominant position.”

5. Any other powers the trading venue has in relation to position management, if applicable

Rule 8.6(d)(v) and (vi) provide the following:

(v) “MSEL OTF reserves the right, in its absolute discretion, to reject all or part of any Order placed on MSEL OTF where such Order would result in the Client breaching the relevant position limit.”

(vi) “MSEL OTF reserves the right, in its absolute discretion, to direct that only Orders reducing the size of a Client’s open position in an OTF Product will be accepted by MSEL OTF in order to ensure a relevant position limit is not exceeded.”

6. How position management controls apply to persons and take account of the nature and composition of market participants and the use they make of the contracts submitted to trading.

The MSEL OTF Rulebook is available on the Website and provided to all Clients during their on-boarding to MSEL OTF. The Rules relating to position management controls are applied uniformly across all Clients and all relevant OTF Products, using position limits mandated by ESMA. No distinction is made between Clients based on subjective characteristics, or the use they make of the OTF Products they trade on MSEL OTF.

MSEL OTF clients are predominantly wholesale gas and power producers or consumers, trading on MSEL OTF for hedging purposes. In the absence of an exemption in accordance with Article 57(12)(f) of MiFID II (as mentioned in Rule 8.6(d)(ii) of the MSEL OTF Rulebook), these clients will be subject to the commodity position limit regime, as well as those clients that trade speculatively (e.g. hedge funds and investment banks), in products admitted to trading on MSEL OTF.

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