

Chapter 5

Concentration risk

5.11 Exemption for commodity and emission allowance dealers

5.11.1 **R** A *commodity and emission allowance dealer* is not required to comply with ■ MIFIDPRU 5.2 to ■ 5.10 where all of the following conditions are met:

- (1) the other counterparty is a non-financial counterparty;
- (2) both counterparties are subject to appropriate centralised risk evaluation, measurement and control procedures;
- (3) the transaction can be assessed as reducing risks directly relating to the commercial activity or treasury financing activity of the non-financial counterparty or of that group; and
- (4) the *firm* complies with ■ MIFIDPRU 5.11.2R.

5.11.2 **R**

- (1) Before relying on the exemption in ■ MIFIDPRU 5.11.1R, a *firm* must notify the *FCA*.
- (2) A *firm* must notify the *FCA* annually thereafter in order to continue to rely on the exemption in ■ MIFIDPRU 5.11.1R.
- (3) The notification must explain how the *firm* expects to meet or continue to meet the conditions in ■ MIFIDPRU 5.11.1R.
- (4) If there is a material change to the information provided in (1) or (2), a *firm* must notify the *FCA* without delay.
- (5) The notifications in (1), (2) and (4) must be made using the form in ■ MIFIDPRU 5 Annex 2R, and must be submitted using the *online notification and application system*.