

Chapter 31

Commission Delegated Regulation (EU) 2017/591

Article 20 Characteristics of the underlying
commodity market(Article 57(3)(f) of
Directive 2014/65/EU)

(1) The competent authority shall take into account how the characteristics of the underlying market impact on the functioning and trading of the commodity derivative and on the size of the positions held by market participants, including having regard to the ease and speed of access which market participants have to the underlying commodity.

(2) The assessment of the underlying commodity market referred to in paragraph 1 shall take into account:

(a) whether there are restrictions on the supply of the commodity, including the perishability of the deliverable commodity;

(b) the method of transportation and delivery of the physical commodity, including the following:

(i) whether the commodity can be delivered to specified delivery points only;

(ii) the capacity constraints of specified delivery points.

(c) the structure, organisation and the operation of the market, including the seasonality present in extractive and agricultural commodity markets whereby physical supply fluctuates over the calendar year;

(d) the composition and role of market participants in the underlying commodity market, including consideration of the number of market participants which provide specific services that enable the functioning of the underlying commodity market such as risk management, delivery, storage, or settlement services;

(e) macroeconomic or other related factors that influence the operation of the underlying commodity market including the delivery, storage, and settlement of the commodity;

(f) the characteristics, physical properties and lifecycles of the underlying commodity.