



ICE Futures Europe Position Limits and Accountability Levels Policy

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ICE Futures Europe Position Limits and Accountability Levels

1. Introduction

This Policy supplements [Section P](#) of the ICE Futures Europe (“IFEU” or the “Exchange”) Regulations, which sets out the provisions applicable to Clearing Members and their Clients¹ in respect of position reporting, management, accountability and limits² for the Exchange.

This Policy provides additional detail on those provisions, including express requirements and obligations as well as guidance, to assist market participants in understanding and complying with the Exchange Regulations. Any breach of a requirement or obligation set out in this Policy shall constitute a breach of the Exchange Regulations and may result in the Exchange taking disciplinary action.³

Without prejudice to Rules P.1 to P.7 which apply to all IFEU contracts unless stated otherwise, certain IFEU contracts are subject to specific position reporting and position limit requirements. There are three categories of contract in this regard: FCA Regime Contracts; CFTC Regime Contracts; and Exchange Regime Contracts.

FCA Regime Contracts are IFEU contracts which are subject to position reporting and position limit requirements imposed by the Exchange or the FCA pursuant to the FCA’s Market Conduct Sourcebook (MAR 10).⁴ FCA Regime Contracts encompass all IFEU commodity and emission allowance derivative contracts. Whereas all FCA Regime Contracts are subject to position reporting, only a subset of FCA Regime Contracts - Critical Contracts and Related Contracts - are subject to position limits (see Section 2.1 below).

CFTC Regime Contracts are IFEU contracts which are subject to position reporting and position limit requirements pursuant to CFTC Regulations. CFTC Regime Contracts encompass all IFEU contracts which meet the criteria at Section 2.2 below.

Exchange Regime Contracts are IFEU contracts which the Exchange has designated as subject to the same position reporting requirements imposed on CFTC Regime Contracts.⁵ Certain Exchange Regime Contracts are also subject to position limit requirements imposed by the Exchange at its discretion.

The Exchange also imposes delivery limits on certain FCA Regime Contracts, CFTC Regime Contracts and Exchange Regime Contracts at its discretion.

Details of all position limits, delivery limits and accountability levels imposed by the Exchange from 6 July 2026 are available in the [Table of Position and Delivery Limits and Accountability Levels \(July 2026\)](#).⁶

2. Regulations

2.1. FCA

IFEU is a Recognised Investment Exchange, regulated by the Financial Conduct Authority. Effective from 06 July 2026, the Exchange is responsible for setting and enforcing position limits and accountability levels on certain commodity derivative contracts in accordance with MAR 10, in addition to its existing obligations to operate position reporting for commodity and emission allowance derivative contracts.

MAR 10.2 states that a trading venue operator must establish position limits for ‘Critical Contracts’. The Exchange must also establish position limits on any ‘Related Contract’, which is one that:

- offers a comparable economic exposure to that provided by the Critical Contract;
- the settlement price of which is linked to the settlement price of a Critical Contract; or

¹ As defined in Section P and who may or may not be other Persons Subject to the Regulations

² Encompassing position limits and delivery limits

³ In accordance with [Section E](#) of the Exchange Regulations

⁴ [MAR 10 \(Commodity derivative position limits and controls, and position reporting\)](#) - version effective from 6 July 2026

⁵ The Exchange’s [Position Reporting and Large Trader Report Submission Guidance](#) contains details of which IFEU contracts are subject to such requirements

⁶ Please note that the limits are currently subject to regulatory approval

- may influence the pricing or settlement of a Critical Contract (including options, minis and disaggregated legs of a spread contract).

2.2. CFTC

As a Foreign Board of Trade (FBOT), registered with the CFTC, the Exchange has an obligation under Part 48 of the CFTC Regulations⁷ to operate position reporting and position limits for certain commodity derivative contracts. Part 150⁸ specifies that position limits must be applied to a 'core referenced futures contract' and any contract that is:

- directly or indirectly linked, including being partially or fully settled on, or priced at a fixed differential to, the price of a particular core referenced futures contract; or
- directly or indirectly linked, including being partially or fully settled on, or priced at a fixed differential to, the price of the same commodity underlying a particular core referenced futures contract for delivery at the same location or locations as specified in that core referenced futures contract.

3. Position and Delivery Limits

The Exchange utilises limits alongside robust position monitoring controls to mitigate the risk that large positions held by market participants could have an adverse impact on the market. The Exchange imposes limits that are required by Applicable Law and where it has determined it appropriate in the interest of operating a fair and orderly market. Market participants must not exceed a limit unless they have been provided with an exemption by the Exchange.

For each applicable contract, the Exchange implements one or more of the following types of limit:

- Spot month position limit
 - Sets a limit on the number of lots that can be held by a market participant in the spot contract (i.e. the nearest dated contract). This may apply for the entire duration of the spot period or for a specified number of days prior to expiry.
 - The Exchange may impose one or more lower 'step down' limits as the contract approaches expiry.
- Single month position limit
 - Sets a limit on the number of lots that can be held by a market participant in a single contract month.
- Other months position limit
 - Sets a limit on the number of lots that can be held by a market participant across all contract months other than spot, on an aggregated/net basis.
- All months position limit
 - Sets a limit on the number of lots that can be held by a market participant across all contract months, including spot, on an aggregated/net basis.
- Delivery limit
 - Sets a limit on the number of lots that can be taken to expiry in a physically delivered contract, i.e. the maximum amount of the relevant commodity that can be delivered or received by a market participant.

4. Accountability Levels

Accountability levels (also known as accountability thresholds) are utilised alongside position limits and are set at a lower level to act as an indicator of growing positions that may require investigation. Market participants may exceed an accountability level; however, doing so may result in further engagement with the Exchange. This engagement may involve:

- Requests for information relating to the position, including its economic rationale, future intentions, and whether the market participant holds positions in similar contracts on other exchanges or as part of OTC agreements.
- The application of additional monitoring or reporting for a period of time and/or directions from the Exchange not to increase the position further or to reduce the position.⁹

⁷ [eCFR :: 17 CFR Part 48 -- Registration of Foreign Boards of Trade](#)

⁸ [eCFR :: 17 CFR Part 150 -- Limits on Positions](#)

⁹ See Rules P.3, P.4 and P.5

The Exchange implements the following types of accountability level:

- Spot month accountability level
 - Sets a threshold on the number of lots held by a market participant during the period of the spot contract month beyond which may trigger further engagement by IFEU.
- Other months accountability level
 - Sets a threshold on the number of lots held by a market participant across all contract months other than spot, on an aggregated/net basis, beyond which may trigger further engagement by IFEU.

5. Applicable Contracts

The complete list of limits and levels imposed by the Exchange is provided in the [Table of Position and Delivery Limits and Accountability Levels \(July 2026\)](#).¹⁰ The limits are set out in the “Limits” tab and the effective periods are detailed in the “Limit effective periods” tab. Positions in contracts listed as a “related contract” in the spreadsheet will be aggregated with those positions in the parent contract using the stated conversion ratio.¹¹ For example, positions held in Brent Bullet Futures (BNB) will be aggregated with positions held in Brent Crude Futures (B).

As specified in Section P, position limit requirements apply to three categories of contracts:

- FCA Regime Contracts
 - Specifically, FCA Regime Contracts which are Critical Contracts and Related Contracts subject to position limits imposed by the Exchange or the FCA pursuant to MAR 10. These contracts are identified with “FCA” in the Regime column of the table.
- CFTC Regime Contracts
 - Referenced and linked contracts pursuant to CFTC Regulations. These contracts are identified with “CFTC” in the Regime column of the table.
- Exchange Regime Contracts
 - Other contracts in respect of which the Exchange determines to impose position limit requirements. These contracts are identified with “Exchange” in the Regime column of the table.

Delivery limits are also applied to certain FCA, CFTC and Exchange Regime Contracts.

Contracts can be subject to more than one regime. For example, WTI Crude Futures is subject to position limits under both the FCA and CFTC regimes.

The Exchange provides a number of different pricing mechanisms for participants to achieve executions in a contract such as: outright markets; spread markets; Trade at Settlement (TAS) markets; Trade at Platts Settlement (TAPS) markets; and Minute Marker (MM) markets. All such executions will result in homogenous positions in the relevant underlying contract, and the Exchange therefore aggregates the activity into a single position in the contract.

The addition, removal or amendment of a limit or accountability level will be announced by the Exchange via Circular.¹² The Exchange will consult with market participants prior to implementing new or amended limits unless it is not reasonably practicable to do so. The Exchange may be required to enact changes promptly and without consultation in order to protect the orderly functioning of the market.

6. Calculation and Aggregation of Positions

As set out in Rule P.6, Clearing Members and their Clients must calculate net positions (i.e. the sum of long and short positions) held on an individual basis and as set out further below.

6.1. FCA Regime Contracts: Critical Contracts and Related Contracts

- (i) A parent undertaking shall determine its net position by aggregating its own net position and the net positions of each of its subsidiary undertakings (except that the parent undertaking of a

¹⁰ Please note that the limits are currently subject to regulatory approval

¹¹ Except in circumstances where the Exchange considers and communicates that doing so in respect of a Related Contract would increase the likelihood of disorderly pricing or settlement conditions, pursuant to Rule P.6.1(b)

¹² <https://www.ice.com/futures-europe/circulars>

manager of a collective investment undertaking shall not aggregate the positions in Critical Contracts or Related Contracts in any collective investment undertaking where it does not in any way influence the investment decisions in respect of opening, holding or closing those positions).

- (ii) A position for which an exemption from positions limits has been granted by the Exchange shall be excluded from aggregation calculations.

6.2. CFTC Regime Contracts and Exchange Regime Contracts

- (i) All positions in accounts for which a Person, by power of attorney, agency, DEA, customer relationship or otherwise, directly or indirectly controls trading or holds a 10 percent or greater ownership or equity interest, shall be aggregated with the positions held and trading done by such Person.
- (ii) For the purposes of determining positions in accounts under (i) above, positions or ownership or equity interests held by and trading done or controlled by, two or more Persons acting pursuant to an expressed or implied agreement or understanding, or as concert parties, shall be treated as if held, done or controlled by a single Person.
- (iii) Positions in more than one account with substantially identical trading strategies, which are held by or whose trading is controlled by, the same Person by power of attorney, agency, DEA, customer relationship, or otherwise, shall be aggregated (determined on a pro rata basis) with all other positions held and trading done by that Person, together with positions in accounts that shall be aggregated under (i) and (ii) above.
- (iv) Clearing Members and Clients must notify the Exchange (and provide such other information as may be specified by the Exchange from time to time in this regard) where positions they hold for themselves or a Client are to be aggregated or disaggregated (in accordance with CFTC rules on disaggregation¹³).

6.3. Options

A position in an options contract shall be converted to a futures equivalent by applying the Exchange's calculated delta value to the position, and this futures equivalent shall be aggregated with the related position in the underlying futures contract, where applicable, to produce the net position.

If a position that includes options exceeds the relevant position limit as a result of an option assignment, an additional business day shall be granted to enable the position to be reduced below the limit. Similarly, if a position exceeds the relevant position limit when the options position is evaluated using the end of day Exchange delta value, an additional business day shall be granted to enable the position to be reduced below the limit, provided that the futures equivalent position does not exceed the position limit when evaluated using the previous day's delta value.

7. **Information Requests**

Pursuant to Rule P.5, the Exchange may, at its discretion and at any time, request information, supporting documents and records from a Clearing Member or Client (either directly or indirectly through the Clearing Member). Without limitation, the requests may be in respect of:

- (i) information or documentation regarding the size and purpose of any position;
- (ii) information regarding the beneficial or underlying ownership of any position;
- (iii) positions or contracts held or cleared at or with other firms, other markets or venues, other clearing houses, custodians or settlement facilities;
- (iv) information regarding any related assets or liabilities in the underlying market, trades in the underlying commodity, inventories, balancing system or grid entitlements, delivery location or infrastructure rights, physical cargoes, warehouse assets, buy or sell contracts, commercial off-take contracts, storage contracts or arrangements or holdings, cash positions, trades used to settle futures contracts, spot contracts or derivatives or similar interests;
- (v) OTC or bilateral derivatives, spot positions, options, swaps or contracts for difference or other cash-settled positions;
- (vi) information on trading strategy, hedging, economic rationale or future intentions; and
- (vii) any other information that the Exchange may require from time to time to maintain an orderly Market, comply with its obligations under Applicable Law or any information request from a Regulatory Authority.

¹³ [eCFR :: 17 CFR 150.4 -- Aggregation of positions](#)

A request for information under Rule P.5 may include a requirement for a Clearing Member or Client (either directly or indirectly through the Clearing Member) to provide additional reports or information on a periodic or recurring basis for such period and at such frequency as may be specified by the Exchange.

Any information requested by the Exchange under Rule P.5.1, including any information or reports required on an ongoing or periodic basis, must be provided within such time period specified by the Exchange.

8. Exemptions

8.1. General

The Exchange may at its discretion issue or revoke exemptions from limits in accordance with Rule P.7. An exemption allows a Clearing Member or Client to hold positions above the limit up to a pre-determined level (an exemption ceiling).

An application for an exemption from a Clearing Member or Client must clearly explain the need for the exemption and provide necessary supporting evidence and information in accordance with Section P¹⁴ and the relevant application form. The Exchange may require such additional information as it believes necessary in order to determine whether to grant or refuse the application.

Applications must be made to the Exchange as soon as the applicant becomes aware that it is likely to require an exemption and, in any event, at least 10 business days prior to the date on which the exemption is intended to take effect. Incomplete applications, or applications received fewer than 10 business days before the intended effective date, may not be processed by the Exchange in time.

Exemptions will be valid for a maximum of 12 months and do not renew automatically. Where the holder of an exemption wishes to remain exempt from the applicable position limit following the exemption's expiry, a new application must be submitted to the Exchange at least 10 business days in advance of the expiry of the existing exemption. An exemption shall remain in full force and effect until it expires or is revoked, modified or made subject to further limitations or conditions made by the Exchange.

Exemptions from agricultural commodity contract delivery limits will be provided on an individual expiry basis.

If an exemption is granted to a Client, the Client must notify the Clearing Members through whom the relevant positions are held and all other Clearing Members or Clients whose positions are aggregated with its own positions (under Rule P.6) of the terms of such an exemption, and any failure to do so may result in the revocation of the exemption.

If an applicant is granted an exemption, it must notify the Exchange:

- (i) promptly if there is a significant change to the nature or value of its commercial and trading activities and the change is relevant to the information provided when the exemption was requested; and
- (ii) promptly of a breach of any condition relating to an exemption.

Failure to provide such notification or to comply with any related obligation or information request may result in the revocation of the exemption.

8.2. Exemption Ceilings

For FCA Regime Contracts, an exemption ceiling is the maximum position that will be exempt from aggregation calculations (e.g. the maximum risk reducing/hedging position required by a non-financial participant). For CFTC Regime Contracts and Exchange Regime Contracts, an exemption ceiling is the maximum position allowed to be held by the exemption holder.

An applicant must specify its desired exemption ceiling level in its application for an exemption and provide supporting evidence as to why the requested level is required.

¹⁴ See Rules P.7, P.9 - P.11 and P.13

In considering the exemption application and the appropriate exemption ceiling to apply, the Exchange will consider relevant factors, including but not limited to:

- Contract characteristics and metrics such as open interest, liquidity, volatility, settlement type and deliverable supply.
- The applicant's historical trading activity, compliance with previous exemptions and Exchange Rules, and its ability to unwind the requested position size in an orderly manner.
- The possible effect that the exemption may have on the promotion and maintenance of an orderly market.

The Exchange may amend an exemption ceiling where information provided in the application form has changed, or where the Exchange considers it necessary to maintain an orderly market.

8.3. Exemption Types

An exemption from a spot month or other months position limit on an FCA Regime Contract which is a Critical Contract or Related Contract may be granted in respect of positions that qualify for an exemption under MAR 10 and Section P of the Exchange Regulations, including:

- Positions that qualify for a hedging exemption in accordance with Rule P.9.
- Positions that qualify for a pass-through hedging exemption in accordance with Rule P.10.
- Positions that qualify for a liquidity provider exemption in accordance with Rule P.11.

Exemptions on these contracts will be assigned a unique reference number by the Exchange. Where positions are subject to an exemption the exemption type and reference number must be identified in position reports. Positions that are not subject to an exemption (e.g. speculative positions) should be reported separately and without an exemption reference.

The application forms for exemptions with respect to Critical Contracts and Related Contracts can be found here:

[FCA Regime Non-Financial Hedging Exemption Form](#)

[FCA Regime Pass-Through Hedging Exemption Form](#)

[FCA Regime Liquidity Provider Exemption Form](#)

An exemption from a position limit on a CFTC Regime Contract or an Exchange Regime Contract¹⁵ may be granted pursuant to Rule P.13 in respect of positions that, in the case of a CFTC Regime Contract, qualify for an exemption under CFTC Regulations¹⁶ and, in the case of an Exchange Regime Contract, meet the same qualifying grounds, including:

- Positions that qualify as enumerated bona fide hedging (e.g. hedges of physical inventory or physical contracts in the underlying commodity), including pass-through hedging positions.
- Positions held through spread transactions (e.g. calendar spread, quality differential spread, processing spread, futures-option spread).
- Positions resulting from a financial distress scenario.

Further details regarding these exemption types can be found in Appendix A.

The Exchange may also grant exemptions for positions held in connection with non-enumerated bona fide hedging activity where, in the case of a CFTC Regime Contract, such activity qualifies for an exemption in accordance with CFTC Rule 150.3(a)(ii) and CFTC Rule 150.9¹⁷ and, in the case of an Exchange Regime Contract, such activity is assessed against the same qualifying criteria. Any such exemptions may be subject to additional requirements and conditions (including regulatory approval with respect to CFTC Regime Contracts).

The application form for exemptions with respect to CFTC Regime Contracts and Exchange Regime Contracts can be found here:

[CFTC and Exchange Regime Exemption Form](#)

¹⁵ These being single month, spot month, all months or other month limits

¹⁶ [eCFR :: 17 CFR 150.3 -- Exemptions](#)

¹⁷ [eCFR :: 17 CFR 150.9 -- Process for recognizing non-enumerated bona fide hedging transactions or positions with respect to Federal speculative position limits](#)

The Exchange may also grant exemptions from delivery limits for participants who can demonstrate a commercial need and an ability to execute deliveries for a volume greater than the limit.

The application form for delivery limit exemptions can be found here:
[Delivery Limits Exemption Form](#)

9. Position Reporting

Clearing Members are responsible for submitting to the Exchange complete and accurate daily reports of positions they hold (both for themselves and for Clients), as well as those of any Client, in FCA Regime Contracts, CFTC Regime Contracts and Exchange Regime Contracts. Clearing Members must also ensure that they maintain and manage positions accurately and in accordance with Rule G.17.¹⁸

9.1. FCA Regime Contracts

Pursuant to Rule P.8, each Clearing Member must submit to the Exchange a daily report detailing positions it holds in any FCA Regime Contract for itself as well any Client positions (down to the end client). Information included in the report must be complete, accurate, set out in the manner and form prescribed by the Exchange and submitted by the 2pm deadline (UK time).

See [UK Commodity Derivative Position Reporting Guidance](#).

Where a Clearing Member is unable to identify a Client it must still submit a daily report detailing all other relevant information. In addition to this, the Clearing Member must put in place suitable arrangements with a Client to ensure that all Client positions are reported to the Exchange in a daily report submitted by that Client on behalf of the Clearing Member. The Clearing Member remains responsible for ensuring that all information submitted to the Exchange by a Client is complete, accurate and timely. A breach of this requirement may result in the Exchange requiring the Clearing Member to submit daily reports with respect to all of its Clients itself without delegation.

9.2. CFTC Regime Contracts and Exchange Regime Contracts

Pursuant to Rule P.12, each Clearing Member must submit to the Exchange an account identification form for each Reportable Position Account that it holds for itself or any Client and a daily report detailing its Reportable Positions that it holds for itself as well as any Client positions. Information provided to the Exchange must be complete, accurate, set out in the manner and form prescribed by the Exchange and submitted by the 2pm deadline (UK time).

See [Position Reporting and Large Trader Report Submission Guidance](#).

Where a Clearing Member is unable to complete an account identification form or a daily report in relation to the positions it holds for a Client it must still submit a daily report detailing all other relevant information. In addition to this, the Clearing Member must put in place suitable arrangements with a Client to ensure that a complete account identification form is submitted to the Exchange, and also that details of all Client positions are reported to the Exchange in a daily report submitted by that Client on behalf of the Clearing Member. The Clearing Member remains responsible for ensuring that all information submitted to the Exchange by a Client is complete, accurate and timely. A breach of this requirement may result in the Exchange requiring the Clearing Member to submit daily reports with respect to all of its Clients itself without delegation.

10. Cash Convergence

In conjunction with the delivery limits imposed on the IFEU agricultural commodity contracts, if necessary for the management of an orderly expiry, the Exchange will apply the principle of 'cash convergence'.

It is an intrinsic feature of futures contracts that, at the point of expiry, the futures market price should, broadly speaking, converge with the price of the underlying commodity. However, for that to be visible to market participants, the price of the underlying should ideally have the same degree of transparency as

¹⁸ [ICE Futures Europe Regulation - Section G](#)

that for the futures contract admitted to trading on the Exchange. Where the underlying market is opaque, so it becomes difficult to determine the price of the underlying (“the cash price”), and its relationship to the futures price, whether it be trading at a discount or a premium.

For the avoidance of doubt, it is not the objective of the Exchange to achieve convergence to the cash price; that is a function of the market. Rather, the Exchange’s objective is to help ensure the market remains fair and orderly.

Where the futures price in the front-month contract is initially at a discount to the cash price, market activity may result in an inversion (backwardation) of the price of the front-month versus the price of the second month in the event that the market seeks convergence at the expiry of the front-month contract. The degree of inversion will depend upon the extent to which the price of the second month contract is trading at a discount to the cash price. It should be noted that any discount will vary as it will be subject to movements in both the futures price and, importantly, the cash price.

The Exchange collates cash prices from a variety of sources, including independent brokers and market participants. In conjunction with other procedures used to monitor the market, and in particular the impact that dominant positions may have upon the market, the Exchange will utilise the cash price data to help determine whether the market is or is likely to be, if left unchecked, disorderly. If the Exchange determines that intervention is required, it may request certain actions from market participants in accordance with Section P. These may include, but not be limited to, the provision of liquidity to the market at economically appropriate price levels.

Notwithstanding the potential for long position-holders to be requested to provide liquidity, short positions held close to expiry of a contract will also be monitored closely by the Exchange, given that a short position carries a corresponding obligation to effect delivery if the position is held through to the expiry. When assessing the appropriate levels of cash convergence, the Exchange may consider the volume of gradings and deliveries.

Appendix A - Grounds for exemption on CFTC Regime Contracts and Exchange Regime Contracts

List of enumerated bona fide hedges pursuant to CFTC Part 150

1) Hedges of inventory and cash commodity fixed-price purchase contracts.

Short positions in commodity derivative contracts that do not exceed in quantity the sum of the person's ownership of inventory and fixed-price purchase contracts in the commodity derivative contracts' underlying cash commodity.

2) Hedges of cash commodity fixed-price sales contracts.

Long positions in commodity derivative contracts that do not exceed in quantity the sum of the person's fixed-price sales contracts in the commodity derivative contracts' underlying cash commodity and the quantity equivalent of fixed-price sales contracts of the cash products and byproducts of such commodity.

3) Hedges of offsetting unfixed-price cash commodity sales and purchases.

Both short and long positions in commodity derivative contracts that do not exceed in quantity the amount of the commodity derivative contracts' underlying cash commodity that has been both bought and sold by the same person at unfixed prices: i. Basis different delivery months in the same commodity derivative contract; or ii. Basis different commodity derivative contracts in the same commodity, regardless of whether the commodity derivative contracts are in the same calendar month.

4) Hedges of unsold anticipated production.

Short positions in commodity derivative contracts that do not exceed in quantity the person's unsold anticipated production of the commodity derivative contracts' underlying cash commodity.

5) Hedges of unfilled anticipated requirements.

Long positions in commodity derivative contracts that do not exceed in quantity the person's unfilled anticipated requirements for the commodity derivative contracts' underlying cash commodity, for processing, manufacturing, or use by that person, or for resale by a utility as it pertains to the utility's obligations to meet the unfilled anticipated demand of its customers for the customer's use.

6) Hedges of anticipated merchandising.

Long or short positions in commodity derivative contracts that offset the anticipated change in value of the underlying commodity that a person anticipates purchasing or selling, provided that: i. The positions in the commodity derivative contracts do not exceed, in quantity, twelve months of current or anticipated purchase or sale requirements of the same cash commodity that is anticipated to be purchased or sold; and ii. The person is a merchant handling the underlying commodity that is subject to the anticipatory merchandising hedge, and that such merchant is entering into the position solely for purposes related to its merchandising business and has a demonstrated history of buying and selling the underlying commodity for its merchandising business.

7) Hedges by agents.

Long or short positions in commodity derivative contracts by an agent who does not own or has not contracted to sell or purchase the commodity derivative contracts' underlying cash commodity at a fixed price, provided that the agent is responsible for merchandising the cash positions that are being offset in commodity derivative contracts and the agent has a contractual arrangement with the person who owns the commodity or holds the cash-market commitment being offset.

8) Hedges of anticipated mineral royalties.

Short positions in a person's commodity derivative contracts offset by the anticipated change in value of mineral royalty rights that are owned by that person, provided that the royalty rights arise out of the production of the commodity underlying the commodity derivative contracts.

9) Hedges of anticipated services.

Short or long positions in a person's commodity derivative contracts offset by the anticipated change in value of receipts or payments due or expected to be due under an executed contract for services held by that person, provided that the contract for services arises out of the production, manufacturing, processing, use, or transportation of the commodity underlying the commodity derivative contracts.

10) Offsets of commodity trade options.

Long or short positions in commodity derivative contracts that do not exceed in quantity, on a futures-equivalent basis, a position in a commodity trade option that meets the requirements of CFTC Regulation 32.3 (Trade Options).

11) Cross-commodity hedges.

Positions in commodity derivative contracts described as transactions that qualify under CFTC Regulation 150.1(2) as a pass-through swap and pass-through swap offset pair, or a Offset of a bona fide hedger's qualifying swap position; or as outlined in 1) to 10) above which may also be used to offset the risks arising from a commodity other than the cash commodity underlying the commodity derivative contracts, provided that the fluctuations in value of the cash commodity underlying the commodity derivative contracts, shall be substantially related to the fluctuations in value of the actual or anticipated cash commodity position or a pass-through swap.

Alternative grounds for exemption**12) Financial Distress Circumstances.**

Financial distress circumstances including, but are not limited to, situations involving the potential default or bankruptcy of a customer of the requesting person or persons, an affiliate of the requesting person or persons, or a potential acquisition target of the requesting person or persons.

13) Spread transactions.

An intra-market spread, inter-market spread, intra-commodity spread, or inter-commodity spread, including a calendar spread, quality differential spread, processing spread, product or by-product differential spread, or futures-option spread.