



Press Release
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CEBS PUBLISHES QUESTIONNAIRE ON COMMODITY FIRMS AND COMMODITIES BUSINESS

CEBS has received a call for advice from the European Commission on prudential treatment of commodities business. The advice will form part of the Commission's review of commodities business under the Capital Requirements Directive (CRD) that requires the Commission to consider the question of an appropriate prudential regime for firms carrying out business in relation to commodities derivatives and certain other derivatives contracts.

As a response to the call for advice CEBS will undertake a fundamental analysis of the prudential risks that arise from the conduct of commodities firms and commodities business. Thus the call for advice does not only cover business conducted by a commodity firm, but also by other financial institutions, e.g. a credit institution for which the commodity business represents only a part of its overall business.

In addition, the Markets in Financial Instruments Directive (MiFID) includes a number of exemptions, for firms carrying out commodities business, from the rules in that Directive and, as a consequence, also from the application to those firms of the rules in the CRD. These exemptions are to be reviewed under MiFID and the issue of an appropriate prudential regime for such firms is also relevant to that work.

In order to consult with a sufficiently broad spectrum of firms of all sizes, CEBS today publishes a questionnaire on current industry practices and thinking in relation to the measurement and management of commodity risk. The main focus of the questionnaire is on the measurement and management of commodities business risk for internal purposes. Questions are also asked about industry's experience of the current regulatory framework and how a potential future regulatory regime would affect commodity firms and commodities business.

CEBS is equally interested in getting feedback from larger and smaller institutions, and both from institutions that are part of a financial group and that are not part of such a group. The aim is to gain a full and deep understanding of industry analysis, policies, practices and procedures.

The questionnaire is available on CEBS' website http://www.c-eps.org/Advice/Q_commodities.pdf. The responses will be published unless otherwise requested by the respondents. Comments should be sent to CFCB@c-eps.org by **20 October 2006**.

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