

PS25/1 – Reforming the commodity derivatives regulatory framework

In February 2025 the FCA published its final rules and guidance on reforming the commodity derivatives regulatory framework ([PS25/1](#)). The majority of the FCA rules and guidance will come into force on **6 July 2026**.

The FCA's reforms to the commodity derivatives framework directly impact the LME and its members, clients and other market participants active in LME markets. The new framework essentially transfers responsibility for operating aspects of the current framework from the FCA to the LME, including position limits and position limit exemptions. It also includes a new requirement to receive over-the-counter (OTC) position data, where appropriate.

This webpage will be populated in due course with the LME approach to PS25/1, including market engagement, consultations, rules, policies, and decisions notices (as and when required) that will constitute the building blocks of the LME's new position limits and position management controls framework. The LME is currently working with the FCA to implement all aspects of the new framework.

The FCA rules enabled the LME to receive and process applications for exemptions from position limits on **3 March 2025**. We would strongly advise you to wait until our exemption regime is final and published before submitting any application. In the meantime, please contact market.surveillance@lme.com if you should have queries in relation to exemptions so that we can discuss your application as we are building our rules and policies in that area. If your firm currently benefits from an FCA exemption, your exemption will continue to be managed by the FCA until **5 July 2026**.

Please note that the FCA has clarified its expectations in relation to reporting the identity of position holders down the contractual chain. The LME recommends every market participant who may be impacted by the new FCA framework in PS25/1 to take their own legal advice and be ready to comply with all aspects of the new regime.

If you have any questions, please contact market.surveillance@lme.com

Any description on this webpage of the FCA rules and guidance in PS25/1 are high-level and non-exhaustive. They do not constitute legal advice, nor should they be relied upon as such by any party.