

## Guidance consultation

### Transactions on Turquoise Derivatives

Reporting of derivatives conducted through clearing platforms of derivative markets where the reference data for those transactions is not made available to the FSA and Authorised Reporting Mechanisms (ARMs)



September 2011

#### 1) Transactions on Turquoise Derivatives

On 1 May 2011, EDX London, a Recognised Investment Exchange (RIE), was integrated into Turquoise Global Holdings Limited ('Turquoise'), forming Turquoise Derivatives, which is operated as a Multilateral Trading Facility (MTF).

Consequently, the derivatives admitted to trading on Turquoise Derivatives are considered to be over-the-counter (OTC) derivatives for the purposes of our transaction reporting obligations and should be reported accordingly.

Given the potentially significant technical changes firms may have to undertake to report these transactions, the FSA is proposing that **firms may continue to report transactions executed in derivatives admitted to trading on Turquoise Derivatives as if they were derivatives admitted to trading on a regulated market.**

This is done by populating the instrument identifier with the relevant International Securities Identification Number (ISIN) of the derivative and the trading venue with the Turquoise Market Identifier Code (MIC).

At the same time, firms wishing to report transactions executed in derivatives admitted to trading on Turquoise Derivatives as OTC derivatives transactions, may do so.

It is proposed that this guidance becomes effective following the end of the consultation period (22 September 2011).

### **2) Reporting of derivatives conducted through clearing platforms of derivative markets where the reference data for those transactions is not made available to the FSA and Authorised Reporting Mechanisms (ARMs)**

The FSA and ARMs rely on the provision of instrument reference data relating to the transactions conducted through clearing platforms of derivative markets in order to validate the accuracy of the transaction reports. Typically, this reference data is provided by the regulated derivative exchange concerned.

However, in some circumstances, the FSA and the ARMs are unable to obtain reference data from derivatives markets on their flex derivatives contracts (eg currently EUREX does not provide Aii codes for the flex derivative contracts).

In circumstances where this reference data is not made available to the FSA and ARMs, firms will be required to report these transactions using the equivalent International Securities Identification Number (ISIN) for ISIN derivative markets or the Alternative Instrument Identifier (Aii) code for Aii derivative markets of the standardised derivative contracts (order book contracts).

When reporting transactions in derivatives conducted through clearing platforms of an Aii derivative market where the reference data for these transactions is not made available to the FSA and the ARMs, the Aii code for these transactions should contain the following components:

- the Exchange Product Code of the standardised derivative contracts (order book contracts); and
- the remaining Aii fields (derivative type, put/call identifier, maturity date, strike price and the ISO 10383 Market Identifier Code (MIC)) should be populated as per the flex derivative contract traded.

When reporting transactions in derivatives conducted through clearing platforms of an ISIN market where the reference data for these transactions is not available, the ISIN of the standardised derivative contracts (order book contracts) should be transaction reported.

It is proposed that this guidance becomes effective as of 31 March 2012.