

Extract from Market Watch 41 (published October 2011)

Finalised guidance for reporting of transactions on Turquoise Derivatives

As notified in Market Watch 40, 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).

Previously, firms reported transactions admitted to trading on EDX as on-exchange transactions. Under the current rules, transactions for derivative instruments admitted to trading on Turquoise Derivatives are technically OTC derivatives.

However, to avoid firms having to make systems changes to comply with the current rules, we proposed to allow firms to either report as OTC derivatives or to continue to report as on-exchange transactions as if they were derivatives admitted to trading on a regulated market. Transactions are reported as on-exchange transactions 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).

As this proposal represented a change to the current rules the FSA was required to consult on this.

The consultation was published on the guidance section of its website: www.fsa.gov.uk/Pages/Library/Policy/guidance_consultations/index.shtml and closed on 22 September 2011.

There were no responses that raised any objections or requested any clarification to the proposed guidance. The guidance has therefore been made with immediate effect and firms now have the choice of reporting as on-exchange derivatives or as OTC derivative transactions. We believe it would be easier both for firms and the FSA to report using an ISIN.