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Additional Information

Level 1 Regulation

Markets in Financial Instruments Regulation (MiFIR) Regulation (EU) No 600/2014 - Investor Protection and Intermediaries

Topic

Product intervention

Additional Legal Reference

ESMA Decision 2018/795; ESMA Decision 2019/796

Subject Matter

CFDs referencing futures

Question

Why are CFDs referencing futures contracts not separately identified in Annex I to the CFD Decision to temporarily restrict contracts for differences in the Union in accordance with Article 40 of MiFIR?

ESMA Answer

01-06-2018

Original language

[ESMA 35-36-1262 Q&AS on Product intervention, Q&A nr 5.7]

Annex I to the ESMA CFD Decision sets out the different initial margin percentages by type of underlying. The different types of underlyings do not explicitly refer to CFDs referencing futures contracts. Nevertheless, as futures also give the holder an exposure to a specific underlying this specific underlying should be considered for the purpose of the ESMA CFD Decision. For example, the minimum initial margin percentage for a CFD on a future on the USD/EUR pair is 3.33% of the notional value of the CFD. For this purpose ESMA considers a CFD on the future on the USD/EUR to have a type of underlying that is a major currency.