



Date: 8 October 2010
Ref.: CESR/10-661

GUIDANCE

**How to report transactions on OTC
derivative instruments**



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Glossary

<i>TREM</i>	The Transaction Reporting Exchange Mechanism that allows CESR members to exchange transaction reports.
<i>MAD</i>	Market Abuse Directive (2003/6/EC), OJ L 96/16 12.4.2003
<i>MiFID</i>	Markets in Financial Instruments Directive (2004/39/EC), OJ L 145, 30.4.2004, p.1.
<i>MiFID Level 2 Regulation</i>	Commission Regulation (EC) No. 1287/2006 of 10 August 2006 implementing Directive 2004/39/EC of the European Parliament and the Council as regards record-keeping obligations for investment firms, transaction reporting, market transparency, admission of financial instruments to trading, and defined terms for the purpose of that Directive, OJ L 241, 2.9.2006, p.1,
<i>MTF</i>	A Multilateral Trading Facility as defined in Article 4 (15) of MiFID. It is a multilateral system, operated by an investment firm or market operator, which brings together multiple third-parties buying and selling interests in financial instruments.
<i>OTC derivative</i>	A derivative instrument which is traded over-the-counter where the value of the instrument is derived from or otherwise dependent on the value of a debt or equity security instrument or instruments that are admitted to trading on a regulated market.
<i>Regulated market or RM</i>	A Regulated Market as defined in Article 4 (14) of MiFID.
<i>CFI</i>	Classification of Financial Instruments - ISO standard 10962 The CFI code is a 6 characters code that classifies an instrument. The official CFI code of the instrument can only be allocated by a National Numbering Agency. However, it is authorized to use the standard to generate “unofficial” CFI codes for instruments.
<i>AII</i>	Alternative Instrument Identifier This identifier is used to identify exchange traded derivatives on certain markets where those markets have elected to identify the instruments admitted to trading on their markets using the AII code rather than the ISIN code (see below). The code is composed of six characteristics or data fields of the contract: market code, exchange product code, strike price, expiration date, derivative type, put/call.
<i>ISIN</i>	International Securities Identification Numbers - ISO standard 6166 The ISIN code is a 12 alphanumeric code that identifies uniquely a single instrument. ISIN codes are allocated, in each country, by a National Numbering Agency (NNA).
<i>NNA</i>	National Numbering Agency The NNA of a country is in charge of allocating CFI and ISIN codes to instruments according to the relevant ISO standards.
<i>ANNA</i>	Association of National Numbering Agency The ANNA is the international body that coordinates the work of the National Numbering Agencies (NNA).



I. Introduction

A. Transaction reporting in Europe

Competent authorities (“CAs”) throughout the European Economic Area are committed to detecting market abuse and maintaining the integrity of their markets. The receipt and examination of transaction reports are essential elements in enabling CAs to detect market abuse and the Market in Financial Instrument Directive (MiFID) gives CAs the power and obligation to collect transaction reports on instruments admitted to trading on regulated markets. However, many CAs have noted that there are a range of OTC (over the counter) financial instruments that mirror instruments admitted to trading on regulated markets that can equally be used for the purposes of market abuse. Some CAs extended the collection of transaction reports to include OTC instruments whose value is derived from instruments admitted to trading on a regulated market to enhance their ability to detect suspicious activity and maintain the integrity of their markets. Many other competent authorities are currently investigating this option as well.

B. The Transaction Reporting Exchange Mechanism

CESR implemented an IT system in November 2007 to facilitate the exchange of transaction reports amongst regulators. The system, called the Transaction Reporting Exchange Mechanism (TREM), was built based on the request from the MiFID level 2 Regulation to organize the exchange of transaction reports amongst European financial regulators.

TREM is currently limited to the scope of the MIFID Level 2 regulation, e.g. exchange of transaction reports on instruments admitted to trading on Regulated Markets in Europe. After one and a half years of running and observing the different practices within CESR membership, CESR decided to amend TREM to facilitate the exchange of transaction reports on OTC derivative instruments amongst CESR members.

C. CESR work on the field of transaction reporting on OTC derivative instruments

This document takes into account CESR’s decision on the technical standards for classification and identification of OTC derivative instruments for the purpose of the exchange of transaction reports amongst CESR member (via TREM) (Ref. CESR/09-1036) and the feedback statement on CESR’s consultation on this guidance (Ref. CESR/09-768).

CESR acknowledges that other initiatives are running in parallel in this area and that the OTC market is an extremely dynamic market. Hence, these guidelines will be changed and/or replaced by new ones when necessary, depending on the future outcomes of parallel studies and the evolution of the market. These guidelines will be updated according to the protocol settled in ref. CESR/10-663.

D. Scope of Transaction Reporting on OTC derivative instruments

CESR decided that only transactions on securities derivatives whose underlying instrument is traded on a regulated market should be exchanged. This excludes indices or baskets of securities, apart from derivatives where all the underlying securities are issued by the same entity; e.g. single name credit default swaps. Please note that a basket starts with two financial instruments (firms should not abuse this by constructing a basket to in effect represent just one instrument).

In line with the above, CESR decided to exchange transactions on the following OTC derivatives:

1. Options
2. Warrants
3. Futures



4. Contract for Difference and Total Return Swap
5. Spreadbets
6. Swaps (except CfDs, TRS and CDS)
7. Credit Default Swap
8. Complex derivatives

CESR decided to go for a more comprehensive approach where derivatives that would not fall within plain-vanilla general categories would still be reported under a common “complex derivatives” label. The boundaries between “plain-vanilla” and “complex” derivatives will be further defined in this document.

This guidance sets out common standards for consistent collection of data from investment firms. It defines and explains, for each derivative instrument type, how the fields of transaction reports should be populated to represent in a harmonised manner the execution of a transaction on such instrument.

The following examples are provided to help clarify the types of OTC derivatives that will become reportable by investment firms. It should be noted that the ultimate underlying instrument of the OTC derivative is a key element that determines whether a derivative is reportable or not. Essentially, if the value of the OTC derivative is dependent upon the performance of a single security or the risk of a single issuer, any transaction in that instrument by an investment firm is reportable.

Please note that these examples are not exhaustive but rather concentrate on relevancy.

Transactions on the following instruments are **reportable**:

- a credit default swap on single issuer
- a swap between the performance of an index at a given date and the performance of a single stock (although the derivatives refers to a multi-component index, it also refers to a single-name)
- a swap between the performance of two different stocks
- debt swaps
- a dividend swap

Transactions on the following instruments are **not reportable**:

- a future or option on an index
- a future or option on a basket (with at least two securities)
- a swap between two indices
- a future, forward or option on a commodity, interest rate or foreign exchange rate
- a swap between two interest rates
- a volatility swap
- a CDS with no reference entity admitted to trading on a regulated market (e.g. CDS on a loan)
- Some structured products that are not admitted to trading on a EU regulated market (and thus not reportable, like Euro Medium Term Notes) are designed in practice through combining different derivatives transactions, some of them OTC. It is expected that the underlying OTC contracts will be reported, for so far these contracts meet the requirements for reporting OTC derivative transactions
- a transaction on a derivative that is solely admitted to trading on a MTF or platform and not on a regulated market is not subject to reporting as an OTC derivative

E. The transaction reporting fields

In order to avoid interfering with local requirements already implemented in Member States, the following section concentrates **only** on the fields which are specifically impacted by the OTC derivative instruments. There are a number of other fields in the Annex 1 of the MiFID Level 2



Regulation. The reporting guidance of these other fields should remain unchanged in the case of reporting of transaction on OTC derivatives.

Buy/Sell Indicator

Annex 1 definition – *Identifies whether the transaction was a buy or sell from the perspective of the reporting investment firm, or in the case of a report to a client, of the client.*

Standard - A single alpha character, 'B' or 'S' should be used to identify whether the transaction was a buy or sell from the reporting firm's perspective.

OTC derivative specific requirement – In general, the above standard applies.

Instrument Identification

Annex 1 definition *This shall consist in:*

- *a unique code, to be decided by the competent authority (if any) to which the report is made identifying the financial instrument which is the subject of the transaction*
- *if the financial instrument in question does not have a unique identification code, the report must include the name of the instrument or, in the case of a derivative contract, the characteristics of the contract.*

OTC derivative specific requirement – This would be the six characteristics of the contract as decided in CESR decision on the technical standards on classification and identification of OTC derivatives for the purpose of exchange of transaction reports amongst CESR members:

1. Ultimate Underlying ISIN – this is the ISIN of the ultimate equity or bond instrument underlying the derivative. For example, if the derivative is an option on a future on a share (if exists), this is the ISIN of the share.
2. Derivative type – this is the classification of the OTC derivative instrument defined in this chapter. In the example above, this would be an option.
3. Put/call identifier – in case of an option.
4. Price multiplier.
5. Strike Price.
6. Expiration date.

These fields would be reported as separated fields.

If the OTC instrument has an ISIN code, the ISIN code of this instrument might be added. This is optional.

Unit Price

Annex 1 definition – *The price per security or derivative contract excluding commission and, (where relevant) accrued interest. In the case of a debt instrument, the price may be expressed in terms of currency or as a percentage.*

Standard – A numeric field expressing a price (unit price or percentage price), up to 19 characters, with the possibility of decimal representation should be used. Unit price must always be positive.

OTC derivative specific requirement – For options and warrants, and contrary to the Annex 1 definition, the market practice is to consider that the Unit price is the premium.

For example, if we consider a contract representing 200 shares and a premium of 2€, strictly following the annex 1, the Unit price field would be 400€ (2€ * 200 shares). However, Market practice is rather to define the Unit Price field as being the premium e.g. 2€.



CESR therefore considers that the Unit Price field should be filled in with 2€, i.e. the premium. The Price Multiplier would contain the number of underlying instruments per contract (e.g. 200 for this example).

Price Notation

Annex 1 definition – *The currency in which the price is expressed. If, in the case of a bond or other form of securitised debt, the price is expressed as a percentage, that percentage shall be included.*

Standard – A three alpha character field using the ISO 4217 currency codes (the major currency should be used – eg Euros rather than cents). If the price is expressed as a percentage of nominal value, then the ISO 4217 code of the nominal value should be used.

OTC derivative specific requirement - In general, the above standard applies.

Quantity

Annex 1 definition – *The number of units of the financial instruments, the nominal value of bonds, or the number of derivative contracts included in the transaction.*

Standard – A numeric field, up to 19 characters, with the possibility of decimal representation should be used.

OTC derivative specific requirement - In general, the above standard applies.

Venue Identification

Annex 1 definition – *Identification of the venue where the transaction was executed. That identification shall consist in:*

- *where the venue is a trading venue; its unique harmonised identification code;*
- *otherwise the code 'OTC'*

OTC derivative specific requirement - The code 'XXXX' must be used in the trading venue field for OTC derivatives. This code is included in the ISO 10383 MIC Standards as 'No market – eg unlisted'. It should not be confused with the 'XOFF' identifier which is used for on-exchange instruments that trade "off market".

Derivative / Instrument type

Annex 1 definition – *The harmonised description of the derivative type should be done according to one of the top level categories as provided by a uniform internationally accepted standard for financial instrument classification.*

OTC derivative specific requirement - This would be one letter according to the following:

- | | |
|---|---|
| • Options, | O |
| • Warrants, | W |
| • Futures/forwards | F |
| • CfDs and TRS | D |
| • Spread bets, | X |
| • Swaps (other than CfDs, TRS and CDS), | S |
| • CDS, | Z |
| • Complex derivatives. | K |

If other derivatives commonly reported as complex turn out to become new standards, new specific categories will be added in accordance with the revision protocol.



Ultimate Underlying Identification

Annex 1 definition – *The instrument identification applicable to the security that is the underlying asset in a derivative contract as well as the transferable security falling within Article 4(1)(18)(c) of Directive 2004/39/EC.*

OTC derivative specific requirement - This would be the ISO 6166 ISIN of the ultimate equity or bond instrument underlying the derivative. For example, if the derivative is an option on a future on a share, this is the ISIN of the share.

Put/call identifier

Annex 1 definition – *Specification whether an option or any other financial instrument is a put or a call.*

Standard – A single alpha character field with the following possible values:

- C – call
- P – put

OTC derivative specific requirement - In general, the above standard applies.

Price multiplier

Annex 1 definition – *The number of units of the financial instrument in question which are contained in a trading lot; for example, the number of derivatives or securities represented by one contract.*

Standard – A numeric field, up to 19 characters, with the possibility of decimal representation should be used. This field must be populated for all derivative types and the value must be positive.

OTC derivative specific requirement - In general, the above standard applies.

Strike Price

Annex 1 definition – *The strike price of an option or other financial instrument.*

Standard – A 19 character numeric field that may contain up to 5 decimals. The strike price must be expressed in the major currency (eg Euros rather than cents). The strike price must be a positive value.

OTC derivative specific requirement - In general, the above standard applies.

Expiration date

Annex 1 definition – *The maturity date of a bond or other form of securitised debt, or the exercise date/maturity date of a derivative contract.*

Standard – The expanded ISO 8601 Date Format standard YYYY-MM-DD should be used for this field.

OTC derivative specific requirement - If the instrument (e.g. option, warrant, spread bet, swap) has multiple expiration dates, the latest expiration date should be populated.

Instrument description



Please note that this field is not exchanged between CESR members mainly due to language reasons, but CESR strongly recommends that the Instrument Description field should be required to be populated at local level, in order to explain the derivative being reported.

A free text field for instrument description will provide the local regulator with additional information about the transaction and will allow the local regulator to distinguish diverse instruments that might otherwise be grouped together under a single instrument code.

F. Population of fields per type of derivative

The following table presents the requirements in terms of population of fields above per type of derivative. It again concentrates only on the relevant fields as the other fields should always be populated.

	Options	Warrants	Futures	CfDs and TRS	Spread bets	Swaps (other than CfDs, TRS and CDS)	CDS	Complex derivatives
Put/call identifier	M	M	N	O	O	N	N	O
Price multiplier	M	M	M	O	O	M	N	O
Strike Price	M	M	N	O	O	N	O	O
Expiration date	M	M	M	O	O	M	O	O

Legend

M – The field should always be populated for this type of instrument.

O – The field might be populated for this type of instrument in some cases.

N – The field should not be populated for this type of instrument.

G. Reportable changes and events

Depending on the type of OTC derivatives, some events may offer to some parties to the contract the possibility to reduce, increase or cancel any exposure to the underlying. The CESR assessed whether these events could result in transactions that would be reportable from the perspective of preventing market abuse and concluded that in the following cases a transaction should be reported:

	Options	Warrants	Futures	CfDs and TRS	Spread bets	Swaps (other than CfDs, TRS and CDS)	CDS	Complex derivatives
Exercise / Closing	No (exercise)	No (exercise)	No (exercise)	Yes (closing)	Yes (closing)	N/A	N/A	N/A
Change in quantity	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Compression	N/A	N/A	N/A	N/A	N/A	N/A	No	N/A
Assignment	N/A	N/A	N/A	N/A	N/A	Yes	Yes	N/A
Early and partial terminations	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes

Early terminations or closings would be reported as transactions in the other direction.



Modifications in the notional amount of an OTC derivative should be reported:

- as a new transaction with reference to the difference between the new amount and the former one,
- and NOT as a cancellation of the previous transaction together with the reporting of a transaction with the new total amount.

This is to allow regulators not to lose the information about the initial trade.

II. OTC options

1) *Description of the instrument type*

An option contract gives the holder, in return for paying a premium to the option seller, the right to buy (call) or sell (put) a financial instrument during a given period. A significant volume of option trading takes place over-the-counter.

OTC options are options traded on the over-the-counter market, where participants can choose the characteristics of the options traded. The flexibility of these options is attractive to the participants as both parties can benefit from avoiding the restrictions that normal standardized exchanges place on options. The flexibility allows participants to achieve their desired position more precisely and cost effectively.

2) *Principles*

Put/call identifier

If this information is not known at the time of the transaction because, for example, the buyer can decide at a further stage whether it is a put or a call, the instrument is considered as a complex instrument and you should refer to chapter IX of this document.

3) *Example 2.1*

i. CONTEXT

An investment firm A buys 2000 contracts from investment firm B. The contracts are call options. Each contract represents 100 shares of France Telecom at a 17€ Strike Price, expiring on 31/10/09. The premium per share is 0.6€.

ii. DATA

Field	Report from firm A	Report from firm B
Trading day	2009-09-17	2009-09-17
Trading time	15:35:21	15:35:21
Reporting firm identification	A	B
Counterparty code	B	A
Venue identification	XXXX	XXXX
Buy/Sell Indicator	B	S
Trading capacity	P	P
Quantity	2000	2000
Unit Price	0.6	0.6
Price Notation	EUR	EUR



Derivative type	O	O
Ultimate underlying identification	FR0000133308	FR0000133308
Put/call identifier	C	C
Price multiplier	100	100
Strike price	17	17
Expiration date	2009-10-31	2009-10-31
Instrument identification		

iii. EXPLANATIONS

Ultimate Underlying identification

This is the ISIN code of France Telecom SA.

Unit Price

The unit price is the premium per share e.g. 0.6€.

4) *Example 2.2*

i. CONTEXT

An investment firm A buys 2000 contracts from investment firm B. The contracts are call options. Each contract represents 100 shares of France Telecom at a 17€ Strike Price. The premium per share is 0.9€. However, the buyer of the option has the choice to exercise their options between three dates 28/02/10, 31/03/10 or 30/04/10.

ii. DATA

Field	Report from firm A	Report from firm B
Trading day	2009-09-17	2009-09-17
Trading time	15:35:21	15:35:21
Reporting firm identification	A	B
Counterparty code	B	A
Venue identification	XXXX	XXXX
Buy/Sell Indicator	B	S
Trading capacity	P	P
Quantity	2000	2000
Unit Price	0.9	0.9
Price Notation	EUR	EUR
Derivative type	O	O
Ultimate underlying identification	FR0000133308	FR0000133308
Put/call identifier	C	C
Price multiplier	100	100
Strike price	17	17
Expiration date	2010-04-30	2010-04-30
Instrument identification		

iii. EXPLANATIONS

Expiration date



As the option has multiple expiration dates, the latest expiration date is populated.

III. OTC Warrants

1) Description of the instrument type

OTC warrants are tradable long term call or put options, which give the holder the right to buy or sell a given number of units of underlying, usually shares in a company at a fixed price called the 'subscription price' at some future date - usually for a period of several years.

A warrant gives the holder the right to buy or sell the underlying at some predetermined date but the warrant holder is under no obligation to do so. Like options, warrants pay no interest or dividends and also like options, they have a substantial gearing effect.

Generally speaking, the price of a warrant tends to move up and down in line with the price of the underlying to which it is related. Warrants are often issued with new share issues to provide a geared incentive for new and existing investors. If the underlying shares fall substantially, the warrants are likely to be worthless.

For investors looking for higher than average returns and happy to take the extra risk, warrants can provide the answer.

2) Example 3.1

i. CONTEXT

Investment firm A buys 200 warrants from B; each warrant gives the right to sell 100 shares of France Telecom at 17,50€, expiring 30 September 2014. The premium per share is 0,6€.

ii. DATA

Field	Report from firm A	Report from firm B
Trading day	2009-09-17	2009-09-17
Trading time	13:30:36	13:30:36
Reporting firm identification	A	B
Counterparty code	B	A
Venue identification	XXXX	XXXX
Buy/Sell Indicator	B	S
Trading capacity	P	P
Quantity	200	200
Unit Price	0.6	0.6
Price Notation	EUR	EUR
Derivative type	W	W
Ultimate underlying identification	FR0000133308	FR0000133308
Put/call identifier	P	P
Price multiplier	100	100
Strike price	17.50	17.50
Expiration date	2014-09-30	2014-09-30
Instrument identification		

IV. OTC Futures / Forwards

1) *Description of the instrument type*

A future or forward contract gives its buyer the obligation to purchase the underlying asset and the seller to sell (and deliver) it at a preset price and date. If the futures/forward holder liquidates his position prior to expiration, the delivery clause is voided.

The growth of OTC derivatives trading has been fostered by the existence of liquid futures and options exchange markets in which the risks of the customized OTC instruments can be transferred to a broader marketplace.

The OTC futures/forward markets have developed in parallel to exchange traded futures markets whose characteristics can be standardised.

2) *Example 4.1*

i. CONTEXT

Investment firm A buys 200 forward contracts from firm B; each forward contract relates to 100 bonds issued by Bekaert with maturity 31 December 2010 and a future price of 103.

ii. DATA

Field	Report from firm A	Report from firm B
Trading day	2009-09-17	2009-09-17
Trading time	13:30:36	13:30:36
Reporting firm identification	A	B
Counterparty code	B	A
Venue identification	XXXX	XXXX
Buy/Sell Indicator	B	S
Trading capacity	P	P
Quantity	200	200
Unit Price	103	103
Price Notation	EUR	EUR
Derivative type	F	F
Ultimate underlying identification	BE0002160266	BE0002160266
Put/call identifier		
Price multiplier	100	100
Strike price		
Expiration date	2010-12-31	2010-12-31
Instrument identification		

V. Contracts for Difference (CfDs)¹

1) *Description of the instrument type*

¹ CfDs are also called 'equity total return swaps' by some market participants.



A CfD on a share is a derivative product that gives the holder an economic exposure, which can be long or short, to the change in price of a specific share over the life of the contract. Contracts are normally open-ended, and can be closed out by the CfD holder on demand. The contract does not give the holder either ownership of the referenced shares or any ownership rights, such as voting rights. As the contract is normally cash-settled, it does not usually create any right to take delivery of the shares in place of cash settlement. Contracts for difference offer all the benefits of trading shares without having to physically own them. Contracts for difference mirror the performance of a share or an index. When applied to equities, such a contract is an equity derivative that allows investors to speculate on share price movements.

Contracts for difference allow investors to take long or short positions, and unlike futures contracts usually have no fixed expiry dates, standardised contract or contract size. Trades are conducted on a leveraged basis with margins typically ranging from 5% to 30% of the notional value for CfDs on leading equities. Because contracts for difference trade on margin, investors only need a small proportion of the total value of a position to trade.

One of the basic characteristics of a CfD is that the investor is able to gain an economic exposure to a movement in the referenced share at a small fraction of the cost of securing a similar exposure by acquiring the shares themselves. CfD contracts generally require the investor to lodge an initial margin payment of no more than 5%-30% with the CfD provider. So, in a case where a 10% margin is required, an investor putting up an initial deposit of €100 Euros may be able to enter into a CfD (long) position referenced to shares with a value (at the outset) of €1,000 Euros. However, since the writer of the CfD often hedges its risk by taking a corresponding position in the shares underlying the contract, it also needs to recover the financing charges it incurs (to support purchases that hedge a long CfD). The financing charge is typically calculated on a LIBOR + x basis (majority of CfDs written in UK).

CfDs also mirror any corporate actions that take place. CfD contracts usually provide for adjustments related to dividend payments and share issues (synthetic dividends and adjustments) that take place during the life of the contract. The owner of a share CfD will receive cash dividends and participate in stock splits.

CfDs enable investors to gain economic exposure to an equity without actually owning the equity itself. For the investor, it is extremely similar to investing in the equity but it enables the investor to gain leverage by only paying a margin on the investment. For example, an investor could buy 10,000 Vodafone shares on the LSE at £1.36 a share and would pay a total consideration of £13,600. Alternatively, the investor could gain the same exposure by buying 10,000 CfDs at £1.36, but instead of paying £13,600, the investor would only have to pay a margin percentage (e.g. 10% requiring an initial payment of £1,360). If Vodafone share price increased to £1.50, the investor could sell the CfD for £15,000 making a profit of £1,400. This is the same monetary profit as trading the equity, but the percentage profit would be 103% using CfDs but only 10.3% using the cash equity. Of course, if the share price had decreased, the CfD investor would have had to pay additional margin payments and the percentage loss would be far greater.

Where a CfD is based on an underlying instrument which itself has a number of units in a single trading lot e.g. a future contract, the number of CfDs should be populated in the Quantity field and the number of units contained in a single trading lot should be populated in the Price multiplier field e.g. the number of derivatives or securities represented by one contract.

2) *Example 5.1*

i. CONTEXT

Investment firm A buys 10 000 CfDs on Vodafone shares at 1.36 GBP from investment firm B.

ii. DATA

Field	Report from firm A	Report from firm B
Trading day	2009-09-01	2009-09-01
Trading time	09:30:10	09:30:10
Reporting firm identification	A	B
Counterparty code	B	A
Venue identification	XXXX	XXXX
Buy/Sell Indicator	B	S
Trading capacity	P	P
Quantity	10000	10000
Unit Price	1.36	1.36
Price Notation	GBP	GBP
Derivative type	D	D
Ultimate underlying identification	GB00B16GWD56	GB00B16GWD56
Put/call identifier		
Price multiplier		
Strike price		
Expiration date		
Instrument identification		

3) *Example 5.2*

i. CONTEXT

Investment firm A buys 10 000 Total Return Swaps on Vodafone shares at 1.36 GBP from investment firm B expiring on 16 December 2009.

ii. DATA

Field	Report from firm A	Report from firm B
Trading day	2009-09-01	2009-09-01
Trading time	09:30:10	09:30:10
Reporting firm identification	A	B
Counterparty code	B	A
Venue identification	XXXX	XXXX
Buy/Sell Indicator	B	S
Trading capacity	P	P
Quantity	10000	10000
Unit Price	1.36	1.36
Price Notation	GBP	GBP
Derivative type	D	D
Ultimate underlying identification	GB00B16GWD56	GB00B16GWD56
Put/call identifier		
Price multiplier		



Strike price		
Expiration date	2009-12-16	2009-12-16
Instrument identification		

VI. Spread Bets

4) Description of the instrument type

Spread bets are similar to CfDs in that they enable investors to gain economic exposure to a financial instrument without actually owning the financial instrument itself, while also offering leverage. Unlike CfDs, spread bets have an expiry date – usually on the futures quarterly cycle of March, June, September and December (although they can be closed out at any time).

Typically, a spread bet will allow the investor to 'bet' an amount of for every one point movement (normally one cent/penny) in the underlying stock. Using the same example as the CfDs, an investor could buy a June contract for £100 a penny movement in Vodafone plc at £1.36 (136p); the equivalent of 10,000 shares. If the price moved up and the spread betting firm offered a quote of 150 – 151, the investor could sell out the position at 150p and make $£100 \times (150-136) = £1400$. As with the CfDs, the investor wouldn't be asked to pay £13,600 consideration, but also as with CfDs, the investor would pay around an initial 10% margin and the profits (or losses) would be far greater than the cash equity trade. Recent events in markets have resulted in some cases in dramatic increases in the % levels of margin requirements, even for large, liquid securities.

A transaction report is required for opening and closing a spread bet and for the expiration of a spread bet, with the exception of daily rolling spread bets (where only the initial opening and final closing transactions should be reported).

A spread bet on an option on an equity is not a complex derivative.

5) Principles

Unit Price

The Unit Price field should contain the reference/initial price for the transaction and should be in the currency of the underlying instrument.

Price Notation

The Price Notation field should reflect the currency of the spread bet – ie the currency of the quantity/stake, which may not necessarily be the currency of the underlying instrument.

Quantity

This is the amount 'bet' for each movement in the price of the underlying instrument.

Price Multiplier

The Price Multiplier field should only be populated when the spread bet is **not** based on a movement of one point (cent/penny).

Expiration Date

This is the final expiration date for the spread bet, unless it is a rolling bet.

6) Example 6.1



iii. CONTEXT

Investment firm A buys a spread bet from investment firm B. The spread bet is for €100 for every cent movement in the price of Ryanair Holdings Plc from €3.30, the reference price for the transaction. The spread bet has no expiry date.

iv. DATA

Field	Report from firm A	Report from firm B
Trading day	2009-08-24	2009-08-24
Trading time	15:40:11	15:40:11
Reporting firm identification	A	B
Counterparty code	B	A
Venue identification	XXXX	XXXX
Buy/Sell Indicator	B	S
Trading capacity	P	P
Quantity	100.00	100.00
Unit Price	3.30	3.30
Price Notation	EUR	EUR
Derivative type	X	X
Ultimate underlying identification	IE00B1GKF381	IE00B1GKF381
Put/call identifier		
Price multiplier		
Strike price		
Expiration date		
Instrument Identification		

v. EXPLANATIONS

Quantity

This is the amount of Euros ‘bet’ for every cent movement in the price of Ryanair i.e. €100.00.

Ultimate Underlying identification

This is the ISIN code for Ryanair Holdings Plc.

Unit Price

This is the reference price for Ryanair for the transaction i.e. €3.30.

Price Notation

This is the currency of the spread bet i.e. Euro

Expiration Date

This is not populated as the spread bet does not have an expiry date.

Price Multiplier

This field is not populated as the spread bet is based on a movement of one point (cent).

7) Example 6.2



vi. CONTEXT

Investment firm A buys a spread bet on a call option from investment firm B. The spread bet is for £100 for every penny movement in the premium of the Vodafone December 2010 140p call option, the reference price for the transaction. The spread bet expires on 18 December 2010.

vii. DATA

Field	Report from firm A	Report from firm B
Trading day	2009-10-24	2009-10-24
Trading time	15:40:17	15:40:17
Reporting firm identification	A	B
Counterparty code	B	A
Venue identification	XXXX	XXXX
Buy/Sell Indicator	B	S
Trading capacity	P	P
Quantity	100.00	100.00
Unit Price	0.10	0.10
Price Notation	GBP	GBP
Derivative type	X	X
Ultimate underlying identification	GB00B16GWD56	GB00B16GWD56
Put/call identifier	C	C
Price multiplier	100	100
Strike price	1.40	1.40
Expiration date	2010-12-18	2010-12-18
Instrument Identification		

viii. EXPLANATIONS

Quantity

This is the amount of GB Pounds 'bet' for every penny movement in the premium/price of the Vodafone December 2010 140p call option i.e. £100.00.

Ultimate Underlying identification

This is the ISIN code for Vodafone Plc.

Unit Price

This is the premium/price of the Vodafone December 2010 140p call option.

Price Notation

This is the currency of the spread bet i.e. GB Pounds.

Strike Price

This is the strike price of the option

Expiration Date

This is the final expiration date for the Vodafone December 2010 140p call option and therefore the final date for the spread bet.

Price Multiplier



As this is a spread bet on an option, the number in this field represents the number of shares in one option contract i.e. 100 shares per contract.

8) Example 6.3

ix. CONTEXT

Investment firm A buys a spread bet from investment firm B. The spread bet is for £100 for every cent movement in the price of Ryanair Holdings Plc from €3.30,, the reference price for the transaction. The spread bet has an expiration date of 31 December 2010.

x. DATA

Field	Report from firm A	Report from firm B
Trading day	2010-10-24	2010-10-24
Trading time	15:40:17	15:40:17
Reporting firm identification	A	B
Counterparty code	B	A
Venue identification	XXXX	XXXX
Buy/Sell Indicator	B	S
Trading capacity	P	P
Quantity	100.00	100.00
Unit Price	3.30	3.30
Price Notation	GBP	GBP
Derivative type	X	X
Ultimate underlying identification	IE00B1GKF381	IE00B1GKF381
Put/call identifier		
Price multiplier		
Strike price		
Expiration date	2010-12-31	2010-12-31
Instrument Identification		

xi. EXPLANATIONS

Quantity

This is the amount of GB Pounds 'bet' for every penny movement in the price of Ryanair i.e. £100.00.

Ultimate Underlying identification

This is the ISIN code for Ryanair Holdings Plc

Unit Price

This is the reference price for Ryanair for the transaction i.e. €3.30.

Price Notation

This is the currency of the spread bet rather than the currency of the underlying reference price - i.e. GBP rather than EUR.

Expiration Date

The spread bet has an expiration data of 31 December 2010.



Price Multiplier

This field is not populated as the spread bet is based on a movement of one point (cent).

VII. Equity and Debt Swaps

1) Description of the instrument type

An equity swap is an exchange of cash flows between two parties that allows each party to diversify its income, while still holding its original assets. The two sets of nominally equal cash flows are exchanged as per the terms of the swap, which may involve an equity-based (variable) cash flow that is traded for a fixed-income cash flow. The two cash flows are usually referred to as "legs" of the swap, one leg is usually pegged to a floating rate e.g. LIBOR, commonly referred to as the "floating leg". The other leg of the swap is based on the performance (total return) of either a share or a stock market index, commonly referred to as the "equity leg"

Apart from diversification, transaction costs and tax benefits, equity swaps allow large institutions to hedge specific assets or positions in their portfolios. In recent years equity swaps have emerged as one of a series of equity derivative products that are playing an increasingly integral part in how hedge funds gain exposure to global markets.

Equity swaps are conventionally documented under the International Swaps & Derivatives Association (ISDA) Master Agreement and schedules to that agreement. Under an equity swap, the 'Equity Amount Payer' (as defined under ISDA documentation) will pay the economic return on the underlying security. This return is based on an agreed reference price and is paid at a specified reset date or dates. The Fixed Rate Payer (the other party to the equity swap) pays an amount based on a reference interest rate or a fixed rate. This amount accrues over the term of the swap.

If the total return on the equity leg of the swap is negative, the fixed interest leg party pays the amount of the decline in addition to the agreed interest payment. For the equity leg of the swap therefore, the total return on the underlying equity instrument matches the amount received from (or paid to) the fixed interest counterparty.

2) Principles

Unit Price

This is the reference price of the underlying equity on which the equity returns are calculated.

When the initial reference price is not known when the Equity Swap is traded -because it depends on the performance of the stock price (i.e. mid prices, VWAP)-, then the Unit Price will be the closing price of the stock when the Equity Swap is traded, and later, when the real reference price is known, the information about the transaction is amended.

An Equity Swap should not be considered a Complex Derivative when the initial reference price is not known when the trade occurs.

Ultimate underlying identification

This field contains the specific information about the stock on which the equity returns are calculated.

Buy/Sell Indicator

The buyer of the Equity Swap should be the Fixed Rate Payer (the buyer is the one who receives the equity performance).

Quantity

The Quantity field should show the number of shares or notional amount subject to the agreement.

An Equity Swap with two equity legs should be reported with two different transaction reports (both counterparties to report both legs).

3) Example 7.1

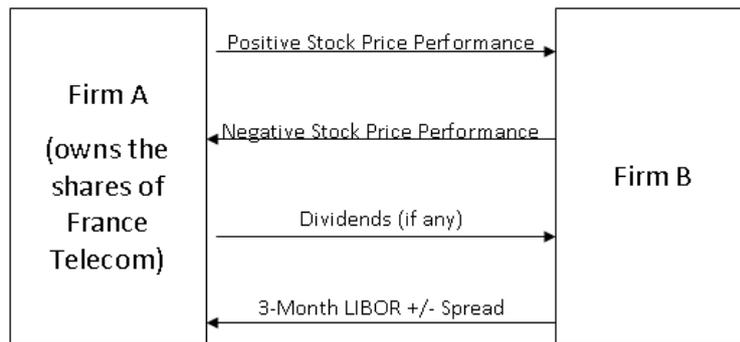
xii. CONTEXT

On 16-09-09, firm A ('Equity Amount Payer') enters into a two-year, cash-settled, equity swap with firm B ('Fixed Rate Payer') whereby firm A agrees to pay at maturity the total performance of France Telecom stock (initial reference price: € 18.50) and receives quarterly the total performance of three-month LIBOR minus a spread. The number of shares subject to the swap agreement is 1 000 000, which results in a notional value of the equity swap of €18 500 000. Each quarter, firm B will pay the three-month LIBOR rate minus a spread, divided by four, multiplied by € 18.500.000 to firm A. At maturity, firm A will pay to firm B the total percentage positive price performance of France Telecom stock multiplied by € 18 500 000. Dividends will be paid to firm B when the investor receives them.

xiii. DATA

Field	Report from firm A	Report from firm B
Trading day	2009-09-16	2009-09-16
Trading time	13:05:00	13:05:00
Reporting firm identification	A	B
Counterparty code	B	A
Venue identification	XXXX	XXXX
Buy/Sell Indicator	S	B
Trading capacity	P	P
Quantity	1000000	1000000
Unit Price	18.50	18.50
Price Notation	EUR	EUR
Derivative type	S	S
Ultimate underlying identification	FR0000133308	FR0000133308
Put/call identifier		
Price multiplier	1	1
Strike price		
Expiration date	2011-09-16	2011-09-16
Instrument identification		

xiv. EQUITY SWAP DIAGRAM



xv. **EXPLANATIONS**

Buy/Sell Indicator

The buyer of the Equity Swap (Buy/Sell Indicator, B) is the one who gets the risk of the price movement of the underlying (the Fixed Rate Payer and Equity Amount Receiver). So the seller (S) is the Equity Amount Payer and Fixed Rate Receiver

Unit Price

This is the reference price of France Telecom when the Equity Swap is traded.

Price Multiplier

This field must contain the number of underlying instruments that one contract represents. So, if one Equity Swap contract represents € 18.500.000, the number of shares covered by the swap is 1.000.000 (Quantity field) at the initial reference price of € 18.50 and the Price Multiplier is 1.

4) Example 7.2 (Equity Swap with two equity legs)

xvi. **CONTEXT**

Most equity swaps involve a floating leg and an equity leg, although some exist with two equity legs. Consider the following example:

On 16-09-09, firm A ('Equity Amount Payer') enters into a two-year, cash-settled, equity swap with firm B ('Fixed Rate Payer') whereby firm A agrees to pay at maturity the total performance of France Telecom stock (initial reference price: € 18.50) and receives quarterly the total performance of Telefonica (initial reference price: € 19). The number of shares subject to the swap agreement is 1 000 000, which results in a notional value of the equity swap of €18 500 000. At maturity, firm B will pay performance of Telefonica, divided by four, multiplied by € 18.500.000 to firm A, and firm A will pay to firm B the total positive price performance of France Telecom stock multiplied by € 18.500.000. Dividends will be paid to firm A (Telefonica) and to firm B (France Telecom) when the investor receives them.

An Equity Swap with two equity legs will be reported with two different transaction reports:

xvii. **DATA (TRANSACTION REPORT 1)**

Field	Report from firm A	Report from firm B
Trading day	2009-09-16	2009-09-16
Trading time	13:05:00	13:05:00
Reporting firm identification	A	B
Counterparty code	B	A



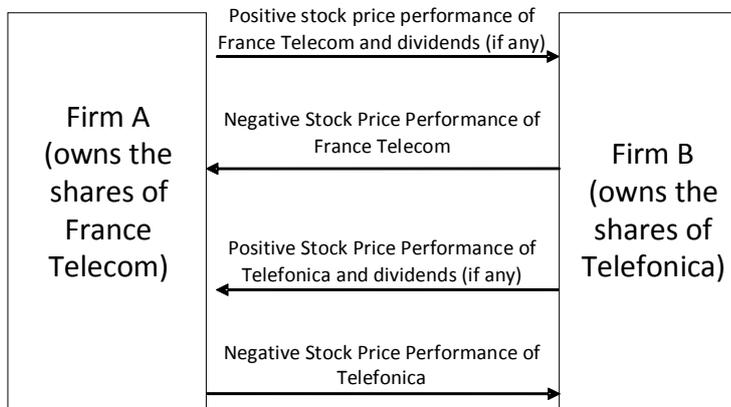
Venue identification	XXXX	XXXX
Buy/Sell Indicator	S	B
Trading capacity	P	P
Quantity	1000000	1000000
Unit Price	18.50	18.50
Price Notation	EUR	EUR
Derivative type	S	S
Ultimate underlying identification	FR0000133308	FR0000133308
Put/call identifier		
Price multiplier	1	1
Strike price		
Expiration date	2011-09-16	2011-09-16
Instrument identification		

xviii. DATA (TRANSACTION REPORT 2)

Field	Report from firm A	Report from firm B
Trading day	2009-09-16	2009-09-16
Trading time	13:05:00	13:05:00
Reporting firm identification	A	B
Counterparty code	B	A
Venue identification	XXXX	XXXX
Buy/Sell Indicator	B	S
Trading capacity	P	P
Quantity	973684	973684
Unit Price	19.00	19.00
Price Notation	EUR	EUR
Derivative type	S	S
Ultimate underlying identification	ES0178430E18	ES0178430E18
Put/call identifier		
Price multiplier	1	1
Strike price		
Expiration date	2011-09-16	2011-09-16
Instrument identification		



xix. EQUITY SWAP DIAGRAM



xx. EXPLANATIONS

Buy/Sell Indicator

The buyer of the Equity Swap (Buy/Sell Indicator, B) is the one who gets the risk of the price movement of the underlying.

Unit Price

This is the reference price of the underlying asset when the Equity Swap is traded.

Price Multiplier

This field must contain the number of underlying instruments that one contract represents. So if one Equity Swap contract represents € 18.500.000, the number of shares covered by the swap is 1.000.000 (Quantity) at the initial reference price of € 18.50 and the Price Multiplier is 1.

5) Example 7.3 (Debt Swap)

xxi. CONTEXT

On 16-09-09, firm A ('Bond Performance Amount Payer') enters into a two-year, cash-settled, bond swap with firm B ('Fixed Rate Payer') whereby firm A agrees to pay at maturity the total performance of a specific Abertis bond (initial reference price 103.44 and ISIN code ES0211845211) and receives quarterly the total performance of three-month LIBOR minus a spread. The notional value of the bond swap is € 18.500.000. Each quarter, firm B will pay the three-month LIBOR rate minus a spread, divided by four, multiplied by € 18.500.000 to firm A. At maturity, firm A will pay to firm B the total percentage positive price performance of the Abertis bond multiplied by € 18.500.000.

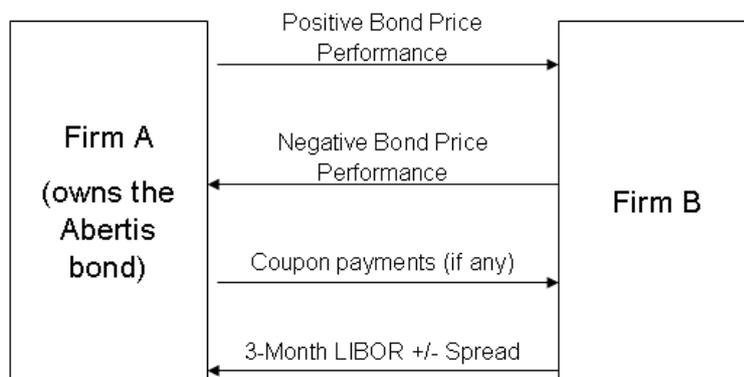
xxii. DATA

Field	Report from firm A	Report from firm B
Trading day	2009-09-16	2009-09-16
Trading time	13:05:00	13:05:00
Reporting firm identification	A	B
Counterparty code	B	A
Venue identification	XXXX	XXXX
Buy/Sell Indicator	S	B



Trading capacity	P	P
Quantity	18500000	18500000
Unit Price	103.44	103.44
Price Notation	EUR	EUR
Derivative type	S	S
Ultimate underlying identification	ES0211845211	ES0211845211
Put/call identifier		
Price multiplier	1	1
Strike price		
Expiration date	2011-09-16	2011-09-16
Instrument identification		

xxiii. DEBT SWAP DIAGRAM



xxiv. EXPLANATIONS

Buy/Sell Indicator

The buyer of the Debt Swap (Buy/Sell Indicator, B) is the one who gets the risk of the price movement of the bond. So the seller (S) is the Bond Performance Amount Payer and Fixed Rate Receiver.

Unit Price

This is the reference price of the Abertis bond when the Bond Swap is traded.

Price Multiplier

This field must contain the number of underlying instruments that one contract represents. So, one Debt Swap contract represents € 18.500.000 (Quantity field) at the initial reference price of € 103.44 and the Price Multiplier is 1.

6) Example 7.4 (Dividend swap)

xxv. CONTEXT

On 3 June 2010, firm A ('dividend payer') enters into a five-year, dividend swap with firm B ('Fixed Rate Payer') whereby firm A agrees to pay the actual quarterly dividends from Vodafone Group plc to firm B in return for a fixed rate quarterly payment. The notional value of the dividend swap is £14 million pounds with an initial reference price of £1.4 for the underlying stock implying a quantity of 10 million. Each quarter, firm A will pay firm B the equivalent actual quarterly dividend from 10 million Vodafone shares in return for the agreed fixed rate payment from firm B.



xxvi. **DATA**

Field	Report from firm A	Report from firm B
Trading day	2010-06-03	2010-06-03
Trading time	13:05:00	13:05:00
Reporting firm identification	A	B
Counterparty code	B	A
Venue identification	XXXX	XXXX
Buy/Sell Indicator	S	B
Trading capacity	P	P
Quantity	10000000	10000000
Unit Price	1.40	1.40
Price Notation	GBP	GBP
Derivative type	S	S
Ultimate underlying identification	GB00BI6GWD56	GB00BI6GWD56
Put/call identifier		
Price multiplier	1	1
Strike price		
Expiration date	2015-06-03	2015-06-03
Instrument identification		



xxvii. **EXPLANATIONS**

Buy/Sell Indicator

The buyer of the Dividend Swap (Buy/Sell Indicator, B) is the one who receives the equivalent actual dividend payments, so the seller (S) is the Dividend Payer and Fixed Rate Receiver

Unit Price

This is the reference price of Vodafone Group when the Dividend Swap is agreed.

Quantity

This is the number of shares that are subject to the dividend swap agreement

VIII. Credit Default Swaps

1) Description of the instrument type



A credit default swap (“CDS”) transfers the credit exposure of fixed income products between parties. The buyer of a credit swap receives protection against a default so that the risk is transferred from the holder of the fixed income security to the seller of the swap. In return for this protection, the buyer has to pay an interest rate a number of basis points above a 'riskless' benchmark. For example two parties enter into an agreement whereby one party (the buyer of the swap) pays the other a fixed periodic coupon for the specified life of the agreement. The other party (the writer) makes no payments unless a specified credit event occurs. Credit events are typically defined to include a material default, bankruptcy or debt restructuring for a specified reference asset. If such a credit event occurs, the party makes a payment to the first party, and the swap then terminates. The size of the payment is usually linked to the decline in the reference asset's market value following the credit event.

2) *Principles*

Unit price

There are various models for CDS pricing. The implementation of the “big bang protocol” has led to some standardization around the model of upfront payment + 100 bps or 500 bps coupons.

Firms should report the coupon in the Strike Price field and the initial payment (if any), expressed in basis points of notional, in the Unit Price field.

Price notation

The currency of the CDS (i.e. the currency in which the notional amount is denominated) should be reported in the “Price notation field”.

Underlying instrument identification

A “reference obligation” is commonly defined for each CDS contract, which is often a bond of the issuer. It does not mean that the CDS only offers protection for credit events impacting the ability of the issuer to reimburse the holders of that specific bond. Nor do standard contracts refer to one specific obligation as being the only one deliverable in case of physical settlement. On the contrary, cash settlement has now become standard market practice. Besides, the reference obligation merely is used to define the seniority level of the debt protected by the CDS. Data providers display examples of possible reference obligations for a given issuer and a given seniority level, also indicating whether they are currently preferred for the purpose of CDS contracts referencing.

At first glance, it seems that the reference obligation chosen by the parties to a contract should be reported as the ultimate underlying instrument, since it is the only financial instrument formally related to the CDS. The ISIN of the reference bond should be reported for the identification of the ultimate underlying instrument. If there is more than one reference bond then the ISIN of one of the reference bonds should be used. If the reference entity has no issued bonds admitted to trading on a regulated market then the CDS is not reportable.

Market practice has evolved towards the direct exchange of “clips” which are the combination of an issuer code and a reference obligation code for a given seniority level. Since this is a major standard for exchanging CDS transaction data, this format has been considered for reporting to the regulators.

For the initial period of the exchange of CDS transaction reports through TREM the Underlying Instrument field should be populated with an ISIN. TREM will be adapted to accept either an ISIN or the Markit clip (subject to agreement with Markit).

CESR will continue its work both with Markit and with firms to see whether the Markit code can be offered as a full alternative to the ISIN.



In all cases, the underlying instrument triggering the duty to report is the existence of a reference admitted to trading a regulated market obligation, since it is the only legal underlying.

Scope of transactions to be reported

Since there is no obligation for clearing CDS transactions at this stage, market practice has evolved to allowing some specific transactions that are commonly used as a proxy for clearing. Some of these should be reported for the purpose of market surveillance.

Early termination (full or partial): the parties may agree on early termination of a CDS. In practice, one of the parties may have proposed early termination to take advantage of an inside information. Thus, early terminations and partial terminations should be reported. They would usually take the form of reverse transactions of the initial one.

Assignments (full or partial): one of the parties to a CDS contract is replaced by another. As this kind of transactions result in a change of exposure of some participants, an assignment should be reported by every participant with a changing exposure. The party that is still involved in the contract and experiences no change in exposure to the credit risk is not expected to report.

Compression: these transactions play the role of a clearing between participants. For instance, if A has bought protection for 5 M€ of notional amount on issuer X from B at 100 bp, B has bought protection for 2M€ of notional amount on the same issuer from C at 95 bp, and C has bought protection for 3M€ of notional amount from A at 105 bp, specific transactions (including payments due to the different in prices) can be agreed on so as to reduce the size of notional amount protected for each counterpart. In the end, A will still get protection for 3 M€ of notional amount from B, and grant protection on 1M€ of notional amount for C; there will be no contract anymore between B and C. These transactions do not change the overall exposure of any market participant to an issuer's risk, and are of little interest to regulators. Thus, it is suggested that they should not be reported.

3) Example 8.1

i. CONTEXT

Client A sells protection to firm B for 20 million Dollars in Alcatel debt. Reference obligation is Alcatel 4,75% January 2011 (FR0000189201).

ii. DATA

Field	Report from firm A	Report from firm B
Trading day	2009-09-17	2009-09-17
Trading time	15:35:31	15:35:31
Reporting firm identification	A	B
Counterparty code	B	A
Venue identification	XXXX	XXXX
Buy/Sell Indicator	S	B
Trading capacity	P	P
Quantity	20000000	20000000
Unit Price	485	485
Price Notation	USD	USD
Derivative type	Z	Z
Ultimate underlying identification	FR0000189201	FR0000189201
Put/call identifier		
Price multiplier		



Strike price	500	500
Expiration date	2014-03-20	2014-03-20
Instrument identification		

*iii. **EXPLANATIONS***

Buy / Sell indicator: B is for the buyer of protection, S for the seller of protection.

Unit Price

In this example, the transaction requires a 500 basis points annual coupon and an initial payment of 970k€ i.e. 485 bps of the nominal.

Quantity: this is the notional amount for which protection is bought / sold. The notional amount is expressed in currency – i.e. Euros in this case (NOT in standard 10M contracts)

IX. Complex derivatives

1) Description of the instrument type

CESR would encourage firms to use the derivative types detailed above as far as possible. However, CESR also recognises that there will be certain OTC derivatives that might share certain characteristics of these OTC derivative types, but have sufficiently different characteristics to prevent them being grouped with other derivative types.

This derivative type classification should be used for the following derivative examples:

- where the OTC derivative is an option that cannot be classified as a call or put option at the time the transaction is entered in to.
- where the OTC derivative is an option or warrant that has multiple puts and calls.
- where the OTC derivative is an option that allows the purchaser to choose whether the option is a call or a put on a particular date in the future (often referred to as a chooser option).
- where the OTC derivative is an option or a warrant and the strike price is not known at the time the transaction is entered into and is instead based on the average price over an averaging period.
- where the OTC derivative has multiple potential strike prices.
- cliquet options where the strike price periodically resets before the expiry date.
- where the OTC derivative is an option with a forward start date.

This list is not exhaustive and it is expected that new complex OTC derivatives will be created in the future. However, this category must not be abused and we would expect firms to agree with their local CAs that this category is suitable for certain OTC derivatives before it is used.

Firms should report complex derivatives as a combination of vanilla “building blocks”. CESR strongly recommends that the Instrument Description field should be required to be populated at local level, in order to explain the derivative being reported. In such cases, it is not expected that the description will allow regulators to re-build the complex-derivative, but at least regulators should be made aware that the transaction is only a part of a wider package.



2) Example 9.1

i. CONTEXT

On 04 November 2010 at 10:24:46 UTC, an investment firm A enters an agreement to buy 5000 chooser option contracts from investment firm B. Each contract allows investment firm A to either buy or sell 1000 Vodafone shares of Vodafone plc common stock for 140p at any date up to 31/12/10. The contract premium is 15p.

ii. DATA

Field	Report from firm A	Report from firm B
Trading day	2010-11-04	2010-11-04
Trading time	10:24:46	10:24:46
Reporting firm identification	A	B
Instrument Description	Vodafone 140 Chooser Option 31 Dec 10	Vodafone 140 Chooser Option 31 Dec 10
Counterparty code	B	A
Venue identification	XXXX	XXXX
Buy/Sell Indicator	B	S
Trading capacity	P	P
Quantity	5000	5000
Unit Price	0.15	0.15
Price Notation	GBP	GBP
Derivative type	K	K
Ultimate underlying identification	GB00B16GWD567	GB00B16GWD567
Put/call identifier		
Price multiplier	1000	1000
Strike price	1.4	1.4
Expiration date	2010-12-31	2010-12-31
Instrument identification		

iii. EXPLANATIONS

Put/call Identifier

Although the instrument is an option, the put/call identifier cannot be populated as the option gives the right to either sell or buy the underlying instrument.

Instrument description

CESR does not intend to exchange the instrument description through TREM, due to languages differences.