

**COMMISSION de SURVEILLANCE
du SECTEUR FINANCIER**

OBSOLÈTE

Luxembourg, le 23 juillet 2008

A tous les établissements de crédit et entreprises d'investissement de droit luxembourgeois, aux succursales luxembourgeoises d'établissements de crédit et d'entreprises d'investissement de droit étranger et aux opérateurs d'un marché réglementé agréé au Luxembourg

CIRCULAIRE CSSF 08/365

Concerne: Précisions supplémentaires relatives à l'obligation de déclarer les transactions sur instruments financiers en vertu de l'article 28 de la loi du 13 juillet 2007 relative aux marchés d'instruments financiers

Mesdames, Messieurs,

Nous avons l'honneur de faire suite à la circulaire CSSF 07/302 du 17 juillet 2007 apportant des précisions sur l'obligation de déclarer les transactions sur instruments financiers en vertu de l'article 28 de la loi du 13 juillet 2007 relative aux marchés d'instruments financiers (la « loi MiFID »). L'objet de la présente circulaire est de fournir des précisions supplémentaires sur l'obligation de déclaration des transactions sur des instruments financiers dérivés admis à la négociation sur un marché réglementé de l'Espace économique européen et l'identification de ces instruments financiers dérivés à cette fin. Dans ce contexte, nous vous prions de vous référer également à la publication, le 26 octobre 2007, par le Committee of European Securities Regulators (le « CESR »), d'un document intitulé « New arrangements for the reporting of derivatives trades in accordance with MiFID » (Réf.: CESR/07-627b) annexé à la présente circulaire.

Ces précisions complètent les mesures décrites dans la circulaire CSSF 07/302 et concernent :

- (I) les nouveaux arrangements en matière d'obligation de déclarer les transactions sur des instruments dérivés relatifs à des instruments autres que des valeurs mobilières (les « **non-securities derivatives** ») ;
- (II) l'introduction d'un nouveau code appelé « Alternative Instrument Identifier » aux fins d'identification, dans les déclarations des transactions, des instruments dérivés sur des valeurs mobilières (les « **securities derivatives** ») admis à la négociation sur un marché réglementé d'instruments dérivés qui n'utilise pas la codification ISIN.

Le nouveau régime de déclaration des transactions sur instruments dérivés a été développé par le CESR en étroite collaboration avec l'industrie financière, notamment avec la Federation of European Securities Exchanges. Ont été pris en considération dans ce cadre les caractéristiques particulières de certains types d'instruments dérivés, les spécificités de fonctionnement de certains marchés réglementés d'instruments dérivés et les besoins des autorités compétentes en matière de surveillance dans ce domaine spécifique. Il a été tenu compte en particulier du fait que certains marchés réglementés d'instruments dérivés n'utilisent pas la codification ISIN et que l'attribution et l'utilisation systématiques du code ISIN pour identifier dans les déclarations des transactions les instruments dérivés admis à la négociation sur ces marchés auraient créé des difficultés techniques majeures et des coûts supplémentaires importants pour toutes les parties concernées.

(I) Déclaration des transactions portant sur des *non-securities derivatives*

Sont visées par l'obligation de déclarer les transactions en vertu de l'article 28 de la loi MiFID uniquement les transactions portant sur des instruments financiers qui sont admis à la négociation sur un marché réglementé de l'Espace économique européen.

Aux fins de déclaration des transactions, il convient d'entendre par

- « **instruments dérivés** » :
les instruments financiers appartenant aux catégories énumérées au point 9), tirets 4 à 10, de l'article 1^{er} de la loi MiFID.
- « **securities derivatives** » :
les instruments dérivés qui ont pour sous-jacent direct ou indirect une ou plusieurs valeurs mobilières telles que définies au point 19) de l'article 1^{er} de la loi MiFID.
- « **non-securities derivatives** » :
les instruments dérivés autres que des *securities derivatives*.

En accord avec les autres autorités de contrôle des marchés de valeurs mobilières de l'Espace économique européen, il est prévu que les marchés réglementés de *non-securities derivatives* se chargent de la déclaration des transactions exécutées dans leurs systèmes auprès de l'autorité compétente de leur Etat membre d'origine. Ils agissent ainsi en tant que système de déclaration pour le compte de leurs membres et participants.

Dans le cadre de la coopération et de l'échange d'informations prévus par la directive MiFID, l'autorité compétente de l'Etat membre d'origine d'un membre à distance d'un marché réglementé de *non-securities derivatives* ou d'un participant y ayant accès à distance peut obtenir de la part de l'autorité compétente du marché réglementé en question les informations sur les transactions exécutées par le membre ou participant.

Il en découle que les marchés réglementés de *non-securities derivatives* agréés au Luxembourg déclarent directement auprès de la CSSF, suivant les modalités et le format définis par celle-ci, le détail des transactions exécutées dans leurs systèmes par leurs membres et participants, en agissant en tant que système de déclaration pour le compte de ceux-ci. A l'heure actuelle, aucun marché réglementé de *non-securities derivatives* n'a été agréé au Luxembourg.

En application de l'article 28 (5) de la loi MiFID et de l'article 13 (1) du règlement (CE) N° 1287/2006 de la Commission du 10 août 2006 portant mesures d'exécution de la directive MiFID, les établissements de crédit et les entreprises d'investissement qui effectuent en tant que membre ou participant des transactions sur un marché réglementé de *non-securities derivatives*, en intervenant pour leur propre compte ou pour le compte de clients, sont exemptés de la déclaration de ces transactions auprès de la CSSF. La présente exemption s'applique également aux établissements de crédit et aux entreprises d'investissement qui effectuent des transactions sur un marché réglementé de *non-securities derivatives* en tant que membre à distance de ce marché ou participant y ayant accès à distance. Ces entités peuvent toutefois choisir de déclarer directement ces transactions auprès de la CSSF.

Par ailleurs, les établissements de crédit et les entreprises d'investissement qui sont ou deviennent membre à distance d'un marché réglementé de *non-securities derivatives* ou participant y ayant accès à distance informent la CSSF lorsqu'ils n'effectuent pas directement, auprès d'elle, la déclaration des transactions exécutées sur ce marché. La CSSF peut ainsi prendre les dispositions nécessaires afin d'obtenir le détail de ces transactions de la part de l'autorité compétente du marché en question.

L'exemption de déclaration énoncée dans ce chapitre ne s'applique pas dans le cas où les établissements de crédit et les entreprises d'investissement effectuent sur un marché réglementé des transactions sur des instruments financiers autres que des *non-securities derivatives*.

(II) Identification des securities derivatives dans les déclarations de transactions

Une méthode alternative, appelée *Alternative Instrument Identifier* (le « code AII »), est introduite aux fins d'identification, dans les déclarations des transactions, des *securities derivatives* qui sont admis à la négociation sur un marché réglementé d'instruments dérivés qui n'utilise pas la codification ISIN.

Le code AII se compose de six éléments qui peuvent par ailleurs être dérivés de la *Liste des champs à utiliser aux fins des déclarations au Luxembourg* qui figure à l'annexe 1 de la circulaire CSSF 07/302, à savoir :

1. « **Exchange Code** » :
le code identifiant le marché réglementé sur lequel l'instrument dérivé est admis à la négociation, c'est-à-dire le « lieu d'admission » (champ 21. Identification du lieu d'exécution¹) ;
2. « **Exchange Product Code** » :
le code spécifique attribué par le lieu d'admission et associé de manière unique à l'instrument sous-jacent et à d'autres caractéristiques du contrat dérivé (champ 6. Identification de l'instrument¹) ;
3. « **Derivative Type** » :
le type d'instrument dérivé (champ 12. Type d'instrument dérivé¹) ;
4. « **Put/Call Identifier** » :
le type d'option (cf. champ 13. Option de vente/d'achat¹) ;
5. « **Expiry/Delivery/Prompt Date** » :
la date d'échéance (cf. champ 11. Date d'échéance¹) ;
6. « **Strike Price** » :
le prix d'exercice (cf. champ 14. Prix d'exercice¹).

Chaque marché réglementé adopte une codification unique, c'est-à-dire soit le code ISIN, soit le code AII dans le cas de certains marchés réglementés d'instruments dérivés, pour identifier les instruments financiers qu'il admet à la négociation. Des précisions quant à la codification ISIN ou AII utilisée par les différents marchés réglementés sont apportées par la liste des marchés réglementés que le CESR publie à l'adresse <http://mifiddatabase.cesr.eu> accessible à travers le site Internet www.cssf.lu, sous la section « Reporting légal / Reporting TAF/MiFID ».

¹ cf. Annexe 1 de la circulaire CSSF 07/302

Tout marché réglementé agréé au Luxembourg communique à la CSSF, pour approbation par celle-ci, son choix en matière de code d'identification (code ISIN ou AII) en ce qui concerne les instruments financiers qu'il admet à la négociation.

Dans leurs déclarations de transactions auprès de la CSSF, les établissements de crédit et les entreprises d'investissement doivent identifier les *securities derivatives* en utilisant le code ISIN ou le code AII en fonction de la codification utilisée par le marché réglementé d'instruments dérivés qui admet ces instruments à la négociation. Rappelons que lorsque les établissements de crédit et les entreprises d'investissement déclarent auprès de la CSSF des transactions sur des instruments financiers autres que des *securities derivatives*, ils doivent renseigner obligatoirement le code ISIN de ces instruments dans la mesure où il existe un code ISIN pour les instruments en question.

Les modalités techniques quant à l'implémentation du format AII dans les déclarations des transactions sur des *securities derivatives* sont précisées dans la version actualisée du recueil d'instructions *Transaction in Financial Instruments Reporting (TAF) – Electronic Reporting Instructions* qui est disponible sur le site Internet de la CSSF sous la rubrique « Reporting légal / Reporting TAF/MiFID ».

La CSSF accorde aux établissements de crédit et aux entreprises d'investissement un délai supplémentaire jusqu'au **30 novembre 2008** pour procéder aux adaptations techniques de leurs systèmes en vue de l'implémentation du code AII dans les déclarations des transactions à effectuer auprès de la CSSF. Ce délai est aussi précisé dans la version actualisée du recueil d'instructions susmentionné.

Veillez recevoir, Mesdames, Messieurs, l'assurance de nos sentiments très distingués.

COMMISSION DE SURVEILLANCE DU SECTEUR FINANCIER

Simone DELCOURT
Directeur

Arthur PHILIPPE
Directeur

Jean-Nicolas SCHAUS
Directeur Général

ANNEXE

« New arrangements for the reporting of derivatives trades in accordance with MiFID »
(Réf.: CESR/07-627b)



Date: 26 October 2007

Ref.: CESR/07-627b

Public Statement

NEW ARRANGEMENTS FOR THE REPORTING OF DERIVATIVES TRADES IN ACCORDANCE WITH MIFID

Background

MiFID extends transaction reporting to new types of instruments which have different characteristics from shares and bonds. This is in particular the case with commodities derivatives and other similar instruments. These differences are reflected both in the business with these instruments as well as in the supervision of the business. It emerged in discussions with the industry that there would be major technical issues and cost implications in extending the new MiFID transaction reporting framework in the same way to securities and security-based derivatives and non-securities derivatives.

CESR has indicated its preference for the use of international standards in transaction reporting. ISIN code is the only widely used international standard for the identification of securities. CESR members therefore decided to use it in the exchange of transaction reports among themselves. After the decision it emerged that while there is wide agreement on the use of ISIN codes for cash products the picture is more diverse in the derivatives markets. Some derivatives markets already use ISIN codes while other derivatives markets face great difficulties in adapting them. The difficulties are not limited to exchanges only, but extend to the financial industry as a whole.

New arrangements

After having conducted a public consultation in January 2007¹, CESR has discussed these issues at length with the industry and in particular with an industry coalition led by FESE the Federation of European Securities Exchanges². As a result of these discussions and other work CESR has decided to adopt the following special features in the framework for the exchange of transaction reporting under MiFID commonly now known as TREM (Transaction Reporting Exchange Mechanism).

1. New arrangements will be created for the reporting of non-securities derivatives in accordance with the MiFID. These arrangements will take into account the characteristics of the business in these instruments as well as the supervisory needs of CESR members.
2. An alternative way is introduced for the identification of securities derivatives on some derivatives markets. The new identification is based on a number of fields rather than a single identifier, but in order to facilitate communication they are commonly called the Alternative Instrument Identified or AII for short.

These arrangements will be reflected in reporting by investment firms since reporting by firms must be compatible with TREM in order for the new European transaction reporting framework to function.

¹ Responses to the consultation are published on CESR Web Site.

² The list of the organisations which have cooperated on this dossier includes: the European Association of Cooperative Banks (EACB), the European Association of Savings Banks (ESBG), the European Banking Federation (EBF), the Federation of European Securities Exchanges (FESE), member associations of the MiFID Connect, Zentraler Kreditausschuss (ZKA), as well as individual banks with major transaction reporting involvement which are members of one or more of these associations. See attached letter from the Federation of European Exchanges.



Reporting of non-securities derivatives

In this context securities derivatives are defined as derivatives that have shares, bonds or similar securities directly or indirectly as underlying. Other derivatives are non-securities derivatives. These other derivatives have previously been referred to as commodities but actually include other derivative types that do not have shares, bonds or other similar instruments as underlying e.g. interest rate and foreign exchange rate derivatives.

Reporting of transactions in all securities and derivatives is only required under the MiFID where the financial instrument in question has been admitted to trading on a regulated market, but Member States may request reporting for other instruments too.

The market operators for the non-securities derivatives regulated markets will undertake to report trading on their markets to the local regulator. They will thereby act as an alternative reporting channel for local exchange members. Remote members have to inform in advance their local regulator on their intention to commence (or continue in case of existing members)] trading in a non-securities derivatives exchange. The regulator then has access to transaction reports through the other regulator.

In order to foster competition and not to create a new concentration rule at the level of transaction reporting firms can still elect to report directly to their local regulator if they so wish. Where this occurs, exchanges should not charge firms a transaction reporting fee.

CESR members will include these arrangements in their transaction reporting regulations and guidelines. They will inform locally on the practical implementation of this new framework for the reporting on non-securities derivatives.

The Alternative Instrument Identifier

The AII is defined as a combination of the following constituents that are derived from fields in Annex 1 of the level 2 MiFID regulation.

Exchange Code
Exchange Product Code
Derivative Type
Put/Call Identifier
Expiry/Delivery/Prompt Date
Strike Price

The Exchange Code identifies the regulated market, the Product Code is the regulated market specific code that identifies a product traded on that market and the remaining fields are needed in order to differentiate one instrument from similar instruments traded on the same regulated market with the same Product Code.

Each individual instrument will be identified either with an ISIN code or with the AII depending on the regulated market. CESR members will agree with their local regulated markets on a market by market basis which code the instruments in a particular market will use. Investment firms will have to report using the chosen identifier in all EEA countries.

It will not be possible to implement the AII in full use in all EEA countries on 1 November this year. CESR members will therefore inform locally on provisional measures and the timetable for the full implementation of the AII.

Review of the arrangements

CESR will review these arrangements in three years time or earlier if needed e.g. because of changes in the MiFID or its implementing measures.

Eddy Wymeersch
Chair
Committee of European Securities Regulators (CESR)
11-13 Avenue de Friedland
75008 Paris

Brussels, 7 September 2007

Dear Mr. Wymeersch,

On behalf of the members of the Federation of European Securities Exchanges (FESE), and with the support of the Industry Coalition (*please see below*), I am writing to you to express **the commitment of our members to an alternative methodology to identify derivative instruments for the purposes of transaction reports as required by MiFID**, which is the outcome of discussions we have had with representatives of the CESR Tech Committee and Secretariat since February 2007. I understand that the CESR Tech Committee will be discussing this issue for a final time before requesting the final approval of CESR Chairs on 13 September. We look forward to the satisfactory finalisation of this issue so that the industry can start implementing the new regime as soon as possible.

As you know, FESE has been coordinating the work of a group of trade bodies and organisations ('Industry Coalition'¹) from a broad cross-section of the European financial services community with the purpose of finding a suitable methodology to identify derivative instruments in the context of transaction reporting mandated by MiFID Article 25. In the first stage, our discussions focussed on whether the ISIN Code could be used for all derivatives, as was proposed by CESR. We were happy to see that CESR Chairs supported our arguments regarding the unsuitability of ISINs for certain markets where the code is not used.

We firmly believe that, if ISINs were to be mandated for all equity and debt related derivative instruments by option series and futures settlement dates admitted to trading on EU regulated markets, the implementation of MiFID transaction reporting requirements would have been in disarray for the foreseeable future. This is due to the fundamental characteristics and costs of the ISIN allocation model that until now has not been used for anything remotely resembling the mandated ISIN proposal. If a solution had not been found, the allocation of ISINs to the hundreds of thousands of derivative instruments already existing across Europe would have created the need for an unprecedented reference data project that some members of our Coalition think borders on the impossible, would have been simply unachievable within the next 18 months, and would have led to an immense net cost for the banks, investment firms, exchanges and users.

In the latter stage of our discussions, we have cooperated on developing an alternative methodology for those markets that do not use ISINs. To this end, the Industry Coalition submitted to CESR elements of a proposed alternative instrument identifier before the May 2007 meeting of the CESR Chairs, which led to the decision that all existing options be reviewed for comparison. Thus, prior to the July meeting of CESR Chairs, we submitted additional information on the compared costs and benefits of CESR's original and revised proposals and the industry's proposal. Following this last meeting, we have met with the representatives of CESR Tech and Secretariat and have

¹ The list of the organisations which have cooperated on this dossier includes: the European Association of Cooperative Banks (EACB), the European Association of Savings Banks (ESBG), the European Banking Federation (EBF), the Federation of European Securities Exchanges (FESE), member associations of the MiFID Connect, Zentraler Kreditausschuss (ZKA), as well as individual banks with major transaction reporting involvement which are members of one or more of these associations.

also had several conference calls with the purpose of agreeing on the content of a potential alternative instrument identifier. Following the proposal of the CESR Secretariat made to us in July, which was based on a set of elements partially different from our original proposal but similar in terms of the basic logic and objectives, **we have reached a common agreement on the contents of the Alternative Instrument Identifier.**

Therefore, I hereby confirm our support for the **Alternative Instrument Identifier (All)**, which will consist of a subset of the fields described in Annex 1, for derivatives admitted to trading on a number of Regulated Markets. The All will be used for specific markets based on an agreement between the market and the home competent authority of the market. This is notwithstanding the fact that, as we understand, further discussions will determine whether non-securities derivatives will be subject to the same regime. Moreover, it is implicit that while being supportive of the possibility of an alternative method, a number FESE Members operate RMs that will rely on the ISIN code to identify the derivative instruments on their markets.

We realise that transaction reports together with the reference data are necessary for the transaction reporting system to work. In this context, all Regulated Markets represented by FESE also acknowledge their obligation to provide their competent authorities with reference data for all instruments admitted to trading as described in Annex 2 and 3 to this letter in accordance with Article 11 in Level 2 MiFID Regulation and subject to the right of a competent authority to waive certain requirements established in the last sentence of Article 11. Furthermore, we commit ourselves to delivering the requested reference data as soon as technically possible and will exert our best efforts to deliver such data no later than in six months from the finalisation of the specifications by the competent authorities (unless prevented by exceptional circumstances).

We believe that the All will guarantee the stable uniqueness of the identification of individual instruments in the long run for all products covered, and we confirm to the best of our knowledge that the data fields for the All are (for the most part) readily available for all parties concerned.

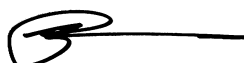
To underpin this proposed methodology, we include a set of annexes based on our discussions, as follows:

- *Annex 1 – the Alternative Instrument Identifier (All) as discussed with CESR;*
- *Annex 2 – Reference data;*
- *Annex 3 – Model XML Schemes, which should act as an optional model in cases where there is no existing working data flow between a market and the regulator.*

FESE is sincerely grateful to all CESR staff and Members for the open and constructive cooperation during this process which has allowed us to find a solution that we believe will serve CESR members' objectives while minimising the burden on the industry and market users.

Please do not hesitate to let me know if I can be of any assistance.

Yours sincerely,



Jukka Ruuska,

President

Copy:

European Commission

European Association of Cooperative Banks (EACB)

European Association of Savings Banks (ESBG)

European Banking Federation (EBF)

MiFID Connect

Zentraler Kreditausschuss (ZKA)

Annex 1 – the Alternative Instrument Identifier (All)

Exchange Code – this is the four character MIC code of the regulated market that admits the derivative to trading. This element of the code is described in field 21 (venue identification) of Annex 1 of the MiFID level II text.

Exchange Product Code – this is a code maintained by the derivative exchanges and is freely and generally available to all parties. It is between one and 12 characters in length and is uniquely associated with a particular underlying instrument and settlement type and other characteristics of the contract. This element of the code is described in field 6 of Annex 1. This proposal will necessitate use of Instrument Code Type (field 7). The regulated markets will supply the reference data, including underlying ISIN, that are uniquely associated with the combination of MIC and exchange product code.

Derivative Type – This is a single character field identifying whether the instrument is an option or a future. This element of the code is described in field 12 of Annex 1.

Put/Call Identifier – This is a single character field identifying whether the option (if it is an option) is a put or a call. This element of the code is described in field 13 of Annex 1.

Expiry/Delivery/Prompt Date – This element of the code is described in field 11 of Annex 1.

Strike Price – This element of the code is described in field 14 of Annex 1.

These elements are used instead of an ISIN code to identify an instrument in transaction reports and they collectively constitute the Alternative Instrument Identifier for an instrument.

The reference format for the Alternative Instrument Identifier is the following:

Data element	Maximum length	Format
Exchange Code	4 characters	Will always be 4 characters (ISO MIC code)
Exchange Product Code	12 characters	Up to 12 alphanumeric chars, no space padding
Derivative Type	1 character	Always 1 alpha character
Put/Call Identifier	1 character	Always 1 alpha character
Expiry/Delivery/Prompt Date	YYYY-MM-DD	Always 10 alphanumeric chars (including separators), conforms to ISO 8601
Strike Price	19 characters	Up to 19 numeric characters including up to five decimals with a point (ASCII character 46) as the decimal separator and without any leading or trailing zeros

Annex 2 – Reference data

1.0 Introduction

Article 11 of Commission Regulation (EC) No 1287/2006 (which relates to Article 25(3) of Directive 2004/39/EC) requires each Regulated Market to submit reference data on each financial instrument (as defined in Annex I, Section C of MiFID) admitted to trading in an electronic and standardised format to its home competent authority. This document details each element of reference data that Regulated Markets have to provide to the competent authorities. Please note that CESR and FESE are currently working on a number of outstanding issues related to the list below. However, the list broadly represents the content of data that has been discussed and agreed between CESR and FESE.

Authorities will liaise with all the Regulated Markets in the EEA to organise the provision of reference data at the local level. All Regulated Markets should be able to provide the required data. CESR will propose a format (XML) to its members and advise them to use this format if no other format is already in place and the members do not have any other requirement.

It should also be noted that CESR requires the full set of reference data to be delivered before trading commences in that particular instrument, or, in the case of instruments admitted on an intraday basis (e.g. some derivatives), by the start of the following business day. CESR also requires the reference data to be updated whenever there are changes to the data with respect to an instrument.

Since the reference data set is provided by the Regulated Market, it is assumed that the identification of the market (using a MIC Code) is in the header of the file.

2.0 Reference Data Standards for Annex 1 fields

2.1 Instrument ISIN

CESR has two ways to identify the instruments– the ISIN (for cash instruments and for selected derivative instruments) and the alternative instrument identifier (for selected derivative instruments).

The ISIN should be used for all cash instruments admitted to trading on a regulated market. The ISIN will also be the sole instrument identifier for derivatives on certain exchanges. For the purposes of this requirement, the term “**derivatives**” excludes warrants, certificates or ETFs.

If the derivative exchange uses only the alternative instrument identifier, this field is not provided. All other instruments on all other exchanges must be identified by an ISIN.

2.2 Exchange Product Code (or Contract Code)

This is a code maintained by the derivative exchanges and is freely and generally available to all parties. It is between one and 12 characters in length and is uniquely associated with a particular contract. It identifies uniquely the contract of the derivative instrument. Exchange product codes for obsolete contracts should not be re-used by the individual derivative markets.

This data element is only required for derivative contracts that do not use the ISIN.

2.3 Instrument Name

The instrument name should give a good indication of the issuer and the particulars of each instrument – for example 'Fiat s.p.a. 4.5% bond 2010', 'Vodafone plc common stock.' 'DAX Index October 2008 7900 Call Option'. An instrument name is required for all instruments on all exchanges.

2.4 Underlying Instrument Identification

The underlying ISIN for all derivatives must be identified for all single stock equity and debt derivatives (including warrants). Derivatives based on commodities, interest rates, forex, indices and baskets that do not have ISIN for the underlying can be left blank., For cash instruments, the field will be left blank.

2.5 Instrument Type

For each cash instrument, the ISO 10962 CFI code should be used as the instrument type to identify each instrument admitted to trading on a regulated market.

For cash instruments that do not have a CFI code (we understand that instruments on markets within a number of jurisdictions are not currently allocated a CFI code), the RM should at least supply a one character code that would be the equivalent to the first character of the CFI code. The Coding scheme is as follows:

Equities	-	E	
Debt Instruments	-	D	
Entitlements (Rights)	-	R	(NB: this category includes warrants)
Options	-	O	
Futures	-	F	
Others	-	M	(We wouldn't expect this category to be used)

For derivative instruments that are identified by an ISIN, the full ISO 10962 CFI code should also be used as the instrument type to identify each instrument admitted to trading on a regulated market.

For instruments identified using the alternative instrument identifier, the derivative type should consist of a single character 'O' to identify options or options on a future, or 'F' to identify a future. These instruments would also require the following reference data to be identified:

Put/call identifier: A single character 'C' should be used to identify a call, and a single character 'P' should be used to identify a put.

Settlement type: For option contracts should have a single character identifying whether the following settlement types:

- American A

- European E
- Other X

2.6 Maturity Date / Exercise Date / Delivery Date

CESR requires the maturity date of a bond or other form of securitised debt, or the exercise date / maturity date of a derivative contract. The format of this data should be the ISO 8601 Date Format standard YYYY-MM-DD. Perpetual bonds should have the date populated as 9999-12-31.

2.7 Strike Price

A numeric field, up to 19 characters, with the possibility of decimal representation should be used to identify the strike price of an option or other financial instrument. The strike price should be expressed in the major currency (eg Euros rather than cents). This is only relevant for options and warrants.

2.8 Strike Price Currency Code

The 3-character ISO 4217 currency code indicating the currency of the option or warrant strike price.

This field will be left blank where a currency does not exist for the strike price. The use of market's common currency will be allowed.

2.9 Price Multiplier / Index Points Value

A numeric field, up to 19 characters, with the possibility of decimal representation, should be used to identify the number of units of the financial instrument in question which are contained in a single trading lot; for example, the number of derivatives or securities represented by one contract.

If the instrument is a derivative based on an index and the index is traded in points of index. The field should contain the numeric value corresponding to the price of 1 point of index. For example, an index may be quoted as 1000, but has a point value of 3 (which should be the value in this field). This implies that the true index value is 3000 rather than 1000.

Price multiplier is required for all instruments. Whilst we expect all cash instruments to have a multiplier of 1, there is a possibility that new cash instruments may have a different value.

2.10 Date of Admittance to Trading

In order to route data to the relevant competent authority, CESR requires the date on which each cash instrument was first admitted to trading on each particular regulated market.

The date should be sent in the ISO 8601 date format standard YYYY-MM-DD. For existing issues where the date has not been recorded, the field will be left blank.

It is recognised that some exchanges may have some difficulty in discovering the date of admittance to trading for certain numbers. In such cases, it is envisaged that FESE members and CESR would collaborate to discover the data required to determine an instrument's RCA for routing.

2.11 Country of Registered Office

For debt and money market instruments admitted to trading on a regulated market, CESR requires the country of registered office [or place of incorporation] of the ultimate parent of the issuer to be identified. For most debt instruments, the 'ultimate parent' will be the issuer itself as it will not be a subsidiary. The ISO 3166 two character country code should be used to identify the country of registered office.

It is recognised that some exchanges may have some difficulty in discovering the country of registered office or a company's ultimate parent. In such cases, it is envisaged that FESE members and CESR would collaborate to discover the data required to determine an instrument's RCA for routing.

2.12 Country of Index (Derivative)

For index derivatives, CESR requires the country of the constituents to be identified, but only if all the constituents trade on markets regulated in one particular country. The ISO 3166 two character country code should be used to identify this country.

For example, derivatives on the CAC 40 should have 'FR' (France) identified as the country of index, but derivatives based on the Euro-Stoxx Index need not have a country of index populated.

Business rules

Nature of instrument	Cash	ISIN Derivative RM	All derivative RM
Instrument Identification ISIN	Mandatory	Mandatory	Not Applicable
Contract Code	N/A	not applicable	Mandatory
Instrument Name	Mandatory	Mandatory	Mandatory
Underlying Instrument Identification	Only required for warrants	Mandatory for all single stock equity and debt derivatives	
Instrument Type	Mandatory (CFI – or CFI substitute for instruments in a number of jurisdictions)	Mandatory (CFI)	Mandatory (call/put, derivative type, settlement mode)
Maturity Date	Mandatory (for bonds) N/A otherwise	Mandatory	
Strike Price	Only required for warrants	Mandatory	
Strike Price Currency Code	Only required for warrants	Mandatory	
Price Multiplier Index Point Value	Mandatory (usually '1')	Mandatory (if relevant)	
Date Of Admittance	Only required for equities	not applicable	
Registered Office Country	Mandatory for debt and	not applicable	

	money instruments	market	
Index Country	N/A		Mandatory for index derivatives (where all constituents trade on markets on regulated markets in one country)

Annex 3 – Model XML Schemes

```
<?xml version="1.0" encoding="UTF-8"?>
<xs:schema xmlns:xs="http://www.w3.org/2001/XMLSchema" elementFormDefault="qualified"
attributeFormDefault="unqualified">
    <xs:include schemaLocation="RMInstrumentsRecordType.xsd"/>
    <!--
*****
FINANCIAL INSTRUMENT RECORD
```

Root element of the schema. There must be at least one of these elements per XML file. It is composed by 13 sub-elements, all of them are optional.

RMInstrumentIdentificationRecord: described in RMInstrumentsRecordType.xsd

Plus five attributes:

- MarketCode(MIC Code): ISO 10383 MIC - Format 4(x)
- AuthorityKey: ISO 3166 country code alpha-2. Length: 2 characters.
- CreationDate: Mandatory date in ISO 8601 extended format (YYYY-MM-DD).
- CreationTime: Mandatory time in extended ISO 8601 HH:MM:SS format.
- CreationTimeOffset: Mandatory ISO 8601 Time Zone Offset. Format: SHH max 12 h, where S is the sign (+ or -) and HH the number of hours.

```
*****
-->
<xs:element name="RMFinancialInstrumentRecord">
    <xs:annotation>
        <xs:documentation>RM Financial Instrument Record Type</xs:documentation>
    </xs:annotation>
    <xs:complexType>
        <xs:sequence>
            <xs:element name="RMInstrumentIdentificationRecord"
type="RMInstrumentIdentificationRecordCompleteDescription" maxOccurs="unbounded"/>
        </xs:sequence>
        <xs:attribute name="MarketCode" type="MarketCodeType" use="required"/>
        <xs:attribute name="AuthorityKey" type="CountryCodeType" use="required"/>
        <xs:attribute name="CreationDate" type="xs:date" use="required"/>
        <xs:attribute name="CreationTime" type="xs:time" use="required"/>
        <xs:attribute name="CreationTimeOffset" type="TimeOffsetType" use="required"/>
    </xs:complexType>
```

```
</xs:element>
</xs:schema>
```

```
<?xml version="1.0" encoding="UTF-8"?>
<xs:schema xmlns:xs="http://www.w3.org/2001/XMLSchema" elementFormDefault="qualified"
attributeFormDefault="unqualified">
```

```
<!--
```

```
*****
```

COMPLEX TYPES

RMInstrumentIdentificationRecordCompleteDescriptionType:

RMInstrumentIdentification: complex type described below.

InstrumentIdentificationISIN: ISO 6166 - International Securities

Identification Number (ISIN). Format: 2 alpha characters followed
by 9 alphanumeric characters and 1 digit (control). Optional.

ContractCode: Exchange Product Code. Between 1 and 12 characters in length. Optional.

InstrumentName: Full Name of the instrument. Mandatory element.

UnderlyingInstrumentIdentification: ISO 6166 - International Securities

Identification Number (ISIN). Format: 2 alpha characters followed
by 9 alphanumeric characters and 1 digit (control). Optional element.

InstrumentType: Optional element.

Choice element:

a) ISO 10962 - Classification of financial instrument (CFI).

b) Derivative Type ('O' - Option | 'F' - Future) + Put/Call Identifier ('C' - Call | 'P' - Put | 'F' - Future) + Settlement Type ('A' - American | 'E' - European | 'X' - Other)

MaturityDate: ISO 8601 Extended Date Format (YYYY-MM-DD).

The maturity date of a bond or other form of securitised debt,
or the exercise date/maturity date of a derivative contract.
Optional element.

StrikePrice: The strike price of an option or other financial instrument.

Optional element.

StrikePriceCurrencyCode: ISO 4217 - Currency Code. Format: 3 alpha

characters. Optional element.

PriceMultiplierIndexPointValue: 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. mandatory element.

DateOfAdmittance: ISO 8601 Extended Date Format (YYYY-MM-DD). The date of admittance on the Market. Optional field.

RegisteredOfficeCountry: ISO 3166 Country Code alpha-2. For debt and money market instruments, the country of registered office of the ultimate parent of the issuer. Optional element.

IndexCountry: ISO 3166 Country Code alpha-2. For index derivatives, the country of constituents, only if the constituents are all admitted to trading in the same EEA country. Optional element.

-->

```
<xs:complexType name="RMInstrumentIdentificationRecordCompleteDescription">
```

```
  <xs:sequence>
```

```
    <xs:element name="InstrumentIdentificationISIN" type="InstrumentIdentificationType" minOccurs="0"/>
```

```
    <xs:element name="ContractCode" type="ContractCodeType" minOccurs="0"/>
```

```
    <xs:element name="InstrumentName" type="InstrumentNameType" minOccurs="0"/>
```

```
    <xs:element name="UnderlyingInstrumentIdentification" type="InstrumentIdentificationType" minOccurs="0"/>
```

```
    <xs:element name="InstrumentType" type="InstrumentTypeType" minOccurs="0"/>
```

```
    <xs:element name="MaturityDate" type="xs:date" minOccurs="0"/>
```

```
    <xs:element name="StrikePrice" type="StrikePriceType" minOccurs="0"/>
```

```
    <xs:element name="StrikePriceCurrencyCode" type="StrikePriceCurrencyCodeType" minOccurs="0"/>
```

```
    <xs:element name="PriceMultiplierIndexPointValue" type="PriceMultiplierIndexPointValueType" minOccurs="0"/>
```

```
    <xs:element name="NominalValue" type="NominalValueType" minOccurs="0"/>
```

```
    <xs:element name="DateOfAdmittance" type="xs:date" minOccurs="0"/>
```

```

                <xs:element name="RegisteredOfficeCountry" type="CountryCodeType" minOccurs="0"/>
                <xs:element name="IndexCountry" type="CountryCodeType" minOccurs="0"/>
            </xs:sequence>
        </xs:complexType>

        <!--** InstrumentType** -->

        <xs:complexType name="InstrumentTypeType">
            <xs:sequence>
                <xs:choice>
                    <xs:element name="CFIInstrumentType"
type="CFIInstrumentTypeType" minOccurs="0"/>
                    <xs:element name="DerInstrumentType"
type="DerInstrumentTypeType" minOccurs="0"/>
                </xs:choice>
            </xs:sequence>
        </xs:complexType>

        <!--** InstrumentType** -->

        <!--** DerInstrumentType** -->

        <xs:complexType name="DerInstrumentTypeType">
            <xs:sequence>
                <xs:element name="DerType" type="DerTypeType" />
                <xs:element name="PutCallId" type="PutCallIdType" />
                <xs:element name="SetType" type="SetTypeType" />
            </xs:sequence>
        </xs:complexType>

        <!--** DerInstrumentType** -->

```

<!--

SIMPLE TYPES

CountryCodeType: ISO 3166 Country Code alpha-2.

TimeOffsetType: ISO 8601 Time Zone Offset. Format: SHH max
12 h, where S is the sign (+ or -) and HH the number of hours.

InstrumentIdentificationType: ISO 6166 ISIN. Format: 2(a)9(x)1(n)

InstrumentNameType: Format 90(x)

CFIInstrumentTypeType: ISO 10962 - Classification of financial instrument (CFI)

StrikePriceType: Format: Max 19(d) and max 5 decimals numbers

StrikePriceCurrencyCodeType: ISO 4217 - Currency Code. Format: 3 alpha characters.

PriceMultiplierIndexPointValueType: Format: Max 19(d) and max 5 decimals numbers

MarketCodeType: ISO 10383 - Market Identifier Code (MIC)

-->

```
<xs:simpleType name="CountryCodeType">
  <xs:annotation>
    <xs:documentation> ISO 3166 Country Code alpha-2 </xs:documentation>
  </xs:annotation>
  <xs:restriction base="xs:string">
    <xs:whiteSpace value="collapse"/>
    <xs:pattern value="[A-Z]{2}"/>
  </xs:restriction>
</xs:simpleType>
<xs:simpleType name="TimeOffsetType">
  <xs:annotation>
    <xs:documentation>ISO 8601 Time Zone Offset Format:SHH max 12
h</xs:documentation>
  </xs:annotation>
  <xs:restriction base="xs:string">
    <xs:whiteSpace value="collapse"/>
    <xs:pattern value="[-+](0[0-9])1[0-2]"/>
  </xs:restriction>
</xs:simpleType>
<xs:simpleType name="InstrumentIdentificationType">
  <xs:annotation>
    <xs:documentation> ISO 6166 ISIN. Format: 2(a)9(x)1(n) </xs:documentation>
  </xs:annotation>
  <xs:restriction base="xs:string">
    <xs:whiteSpace value="collapse"/>
    <xs:pattern value="[A-Z]{2}([A-Z][0-9]){9}[0-9]"/>
  </xs:restriction>
</xs:simpleType>
```

```

<xs:simpleType name="InstrumentNameType">
  <xs:annotation>
    <xs:documentation> Instrument name. Format: 90(x) </xs:documentation>
  </xs:annotation>
  <xs:restriction base="xs:string">
    <xs:whiteSpace value="collapse"/>
    <xs:maxLength value="90"/>
  </xs:restriction>
</xs:simpleType>
<xs:simpleType name="CFIInstrumentTypeType">
  <xs:restriction base="xs:string">
    <xs:whiteSpace value="collapse"/>
    <xs:pattern value="[A-Z]{6}"/>
  </xs:restriction>
</xs:simpleType>
<xs:simpleType name="StrikePriceType">
  <xs:annotation>
    <xs:documentation>Format: Max 19(d) and max 5 decimals numbers </xs:documentation>
  </xs:annotation>
  <xs:restriction base="xs:decimal">
    <xs:totalDigits value="19"/>
    <xs:fractionDigits value="5"/>
  </xs:restriction>
</xs:simpleType>
<xs:simpleType name="StrikePriceCurrencyCodeType">
  <xs:annotation>
    <xs:documentation>ISO 4217 - Currency Code </xs:documentation>
  </xs:annotation>
  <xs:restriction base="xs:string">
    <xs:whiteSpace value="collapse"/>
    <xs:pattern value="[A-Z]{3}"/>
  </xs:restriction>
</xs:simpleType>
<xs:simpleType name="PriceMultiplierIndexPointValueType">
  <xs:annotation>
    <xs:documentation>Format: Max 19(d) and max 5 decimals numbers </xs:documentation>
  </xs:annotation>
  <xs:restriction base="xs:decimal">
    <xs:totalDigits value="19"/>
    <xs:fractionDigits value="5"/>
  </xs:restriction>
</xs:simpleType>

<xs:simpleType name="MarketCodeType">

```

```

<xs:annotation>
  <xs:documentation> ISO 10383 MIC - Format 4(x) </xs:documentation>
</xs:annotation>
<xs:restriction base="xs:string">
  <xs:whiteSpace value="collapse"/>
  <xs:pattern value="[A-Z][0-9]{4}"/>
</xs:restriction>
</xs:simpleType>
<xs:simpleType name="ContractCodeType">
  <xs:annotation>
    <xs:documentation> Exchange Product Code. Format: Up to 12(x) </xs:documentation>
  </xs:annotation>
  <xs:restriction base="xs:string">
    <xs:whiteSpace value="collapse"/>
    <xs:minLength value="1"/>
    <xs:maxLength value="12"/>
  </xs:restriction>
</xs:simpleType>
<xs:simpleType name="DerTypeType">
  <xs:annotation>
    <xs:documentation> Derivative Type: 'O' - Option | 'F' - Future </xs:documentation>
  </xs:annotation>
  <xs:restriction base="xs:string">
    <xs:whiteSpace value="collapse"/>
    <xs:pattern value="[O|F]"/>
  </xs:restriction>
</xs:simpleType>
<xs:simpleType name="PutCallIdType">
  <xs:annotation>
    <xs:documentation> Put/Call Identifier: 'C' - Call | 'P' - Put | 'F' -
Future</xs:documentation>
  </xs:annotation>
  <xs:restriction base="xs:string">
    <xs:whiteSpace value="collapse"/>
    <xs:pattern value="[C|P|F]"/>
  </xs:restriction>
</xs:simpleType>
<xs:simpleType name="SetTypeType">
  <xs:annotation>
    <xs:documentation> Settlement Type: 'A' - American | 'E' - European | 'S' - Asian | 'V' -
Average Price | 'O' - Other </xs:documentation>
  </xs:annotation>
  <xs:restriction base="xs:string">
    <xs:whiteSpace value="collapse"/>

```

```
<xs:pattern value="[A|E|S|V|O]"/>
</xs:restriction>
</xs:simpleType>
</xs:schema>
```




The Chairman

Ref.: CESR/07-725

Jukka Ruuska
Federation of European Securities Exchanges
Avenue de Cortenbergh, 52
B-1000 Brussels
Belgium

Paris, 17th October 2007

Dear Mr. Ruuska,

The Committee of European Securities Regulators (CESR) received a letter from the Federation of European Securities Exchanges (FESE) on the 7th of September 2007 committing to an alternative methodology to identify derivative instruments for the purposes of transaction reports. FESE also acknowledged their obligation to provide their competent authorities with reference data for instruments admitting to trading on regulated markets.

I wish to inform you that the members of CESR have positively approved the use of the Alternative Instrument Identifier to identify derivative instruments on markets where the ISIN code is not used. However, this is under the provision that an additional field of information “nominal value of the debt instrument” (where relevant) be included in the reference data provided by the markets to their competent authorities. We noted that the Annex 3 of your letter contained the field, but it was missing from Annex 2. The addition of this field concludes the commitment from CESR’s point of view.

CESR wishes to express its gratefulness to FESE members, as well as the industry coalition, for the work which has been achieved in the past months in order to define this agreement and hope this cooperation will continue in the coming months in order to find a proper solution for the remaining technical details.

Yours sincerely,

Eddy Wymeersch