Guidance consultation

Transaction reporting of transactions in Chi-X centrally cleared CFDs

November 2010

Chi-X is launching trading in a new type of instrument on 8 November 2010 – centrally cleared contracts for difference (ccCFDs). These new instruments fall under our transaction reporting regime as the underlying instruments to these CFDs are all admitted to trading on a regulated market.

These new Multilateral Trading Facility (MTF) instruments should be treated as over the counter (OTC)CFDs for transaction reporting purposes –i.e. the transaction report fields should be populated according to current guidance for OTC CFDs.Firms should particularly note that the instrument identifier for the ccCFDs should be left blank rather than being populated withthe ISIN of the ccCFD. Additionally, the trading venue should be populated with'XXXX' rather than the MIC for Chi-X.[1]

Transaction reporting obligations for the trading, hedging and central clearing of the ccCFDs will fall upon the following parties:

Executing brokers:

1. Initial equity hedge for the CFD position on the market.

2. Cash equity trade against London Clearing Houseas counterparty on Chi-X.

3. CFD trade against the client as counterparty with trading venue 'XXXX'.

Allocated clearing members:

1. Cash equity trade against London Clearing Houseas counterparty on Chi-X.

2. CFD trade against the London Clearing Houseas counterparty with trading venue 'XXXX'.

Clients:

1. If the client is an investment firm and cannot take advantage of theSupervision Manual (SUP)17.2.2 reporting exemption, it will submit a CFD transaction report against the execution broker as counterparty with trading venue 'XXXX'.

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[1] This advice will change once the FSA and Chi-X have established a feed of reference data to the FSA. Firms will then be able to populate the instrument identifier with an ISIN and the trading venue with 'CHIX'. We do not expect to be in a position to make this change until Q2 or Q3 2011. Firms will be given sufficient advance warning of this change.