

Corporate & Financial Weekly Digest

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FSA Revises Guidance on Reporting of Exchange Platform Derivative Transactions

The UK Financial Services Authority (FSA) recently announced proposed revised guidance on reporting on-exchange derivatives transactions conducted through exchange platforms. Under current FSA guidance, if a transaction conducted through an exchange platform is in a instrument whose characteristics differ from an exchange standardized derivative, the transaction must be reported as an OTC derivative transaction. If the instrument is fungible with an exchange standardized derivative, the reporting firm may report it as an on-exchange or OTC derivative transaction.

The FSA proposes to revise its guidance to: (1) remove the need to distinguish between transactions for fungible and non-fungible derivative instruments conducted through exchange platforms; (2) more accurately reflect the status of the transactions and make it easier for firms to integrate their transaction reporting systems; and (3) extend the guidance from Aii derivative transactions to all derivative transactions (ISIN and Aii) conducted through European Economic Area derivative exchange platforms.

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Katten Muchin Rosenman LLP
Charlotte Chicago Irving London Los Angeles New York Washington, DC