



## OCC Extensions for Long Holdings

**11/30/2009**

**Revision-1**

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## Document History

Revision	Date	Author	Revision Comments
1	11/30/09	Matt Wolfe	Original Version

## 1 Introduction

In the futures markets the clearinghouse is responsible for matching up buyers and sellers in order to settle a futures position. This is done at expiration or upon demand when a short position announces their intention to deliver. The method that is used for matching deliverers and receivers depends upon the future. Many physically settled commodity futures (including US Treasury Futures) are allocated on an “oldest long” basis, meaning that the long position(s) which have been carried for the longest time are selected for delivery first. If there are multiple long positions that were established on the same day, then the clearinghouse uses a pro-rata allocation method across the longs with the same age.

In order to carry out this “oldest long” allocation, the clearinghouse needs to have an accurate record of when all open long positions were established. Each clearing member is responsible for providing this record of their holdings, ordered by date and aggregated by the account type of the ultimate owner (customer or firm).

For example, a long position (i.e. 50) may have been established through three separate purchases (10, 15, 25) on three different days (10/15/09, 10/23/09, 11/23/09). Each of these purchases is a holding and they are differentiated using a holding date. Sales would reduce the holdings, generally reducing the oldest first.

The process of declaring holdings begins on the First Holding Date of the delivery month. Throughout the delivery month clearing members must update their holdings as positions are sold and add holdings as additional purchases are made.

Clearing members provide the clearinghouse with their holdings using the clearinghouse’s GUI or via machine readable records.

OCC wishes to utilize FIXML for the reporting of Long Holdings for delivery purposes. OCC proposes to use the Position Maintenance Request message with a new enumeration of Transaction Type to indicate that the submission is a Long Holding.

## 2 Business Workflow

Clearing Members submit Long Holdings for each long position in a spot month Treasury Future once the delivery month begins. Each Long Holding submission must identify a futures contract, a position holder, the quantity of the holding, and the date that the position was established. OCC validates the submitted records and updates the long holding position records.

The long holding submission indicates the correct quantity of long position(s), along with their position date(s), that the clearinghouse’s record(s) must be amended to. If accepted, the clearinghouse replaces the prior quantity with the provided quantity.

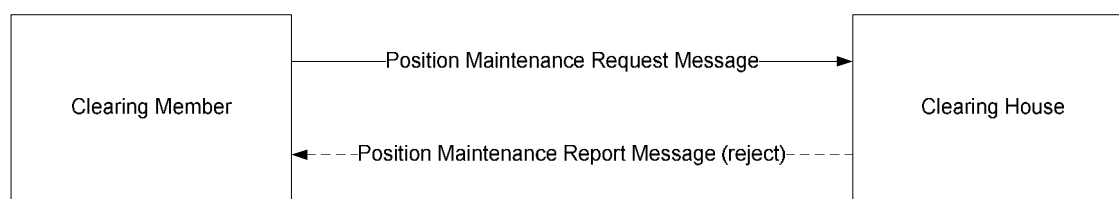
There is not a practice of providing adjustments up or down to the clearinghouse's record long holdings. Each Holdings submission is like a snapshot of the current long holdings on the clearing member's books. If a holding is omitted from the "snapshot" then this is interpreted to mean that the holding has been closed out.

OCC does not produce a record of long holdings back to clearing members, nor does OCC know of any other clearinghouses that provide this service.

### 3 Issues and Discussion Points

No Issues or Discussion Points to mention.

### 4 Message Flow



Users report long holdings to OCC using Position Maintenance Request messages.

If a message rejects, then OCC sends a Position Maintenance Report with a status of rejected back to the submitter.

### 5 FIX message tables

Not Applicable

#### 5.1 FIX Message Name

Not Applicable

### 6 FIX component blocks

Not Applicable

#### 6.1 Component Block Name

Not Applicable

## 7 Appendix A - Data Dictionary

Tag	Field Name	Action	Data type	Description	FIXML Abbreviation	FIXML Schema / XPath Notation
709	PosTransTyp		Integer	Identifies the type of position transaction.  Valid Values: 1 = Exercise 2 = Do Not Exercise 3 = Position Adjustment 4 = Position Change Submission/Margin Disposition 5 = Pledge 6 = Large Trader Submission <b>8 = Long Holdings</b>	TxnTyp	

## 8 Appendix B - Glossary Entries

Term	Definition	Field where used
Long Holding	The record of long positions in certain expiring futures contracts. A long holding includes the position owner, the contract owned, the quantity owned, and the date when the position was established.	PosTransType = 8

## 9 Appendix C - Usage Examples

Below is a Long Holding submission to OCC reporting that Clearing Member 00123 Customer has a long holding of 150 from 11-30-2009 for the March 2010 contract of SYM.

```
= <PosMntReq  
  ReqID="123456789"  
  TxnTyp="8">                               ↻ New Enum for Long Holding  
  Actn="1"  
  BizDt="2010-03-01">  
  <Pty ID="00123" R="4">  
    <Sub ID="C" Typ="26" />  
  </Pty>  
  <Instrmt Sym="SYM" CFI="FXXXXX" MMY="20100322"/>  
  <Qty Typ="TQ" Long="10" QtyDt="2009-10-15"/>  
</PosMntReq>
```