FIF/FPL Regulatory Reporting WG

SEC Short Sale Restrictions

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Document History

Revision	Date	Author	Revision Comments
0.1	June 2, 2010	Ryan Pierce, FPL	Initial revision
0.2	June 17, 2010	Ryan Pierce, FPL	Revised after FIF/FPL Regulatory WG meeting. Removed "(default)" designation for no short sale restriction enumeration.
0.3	June 29, 2010	Ryan Pierce, FPL	Revised after GTC call as follows: · Changed datatype of ShortSaleRestriction to int and made name singular. Added discussion point regarding this. · Added text indicating FPL assignment of UDF for prior FIX versions · Added discussion point regarding use of EvntGrp.
0.4	August 19, 2010	L. Taikitsadaporn	Corrected typo for ShortSaleRestriction enum value 2 description to add the text "at or" Prepared the document for GTCGov vote.
0.4	August 20, 2011	Jim Northey	As built
	January 11, 2012	L. Taikitsadaporn	Final pre-publishing cleanup: replaced remaining "TBD" in text with assigned tag numbers; regenerated TOC

1 Introduction

The SEC is amending Regulation SHO to place further restrictions on short selling. As stated in the rules:

(b) (1) A trading center shall establish, maintain, and enforce written policies and procedures reasonably designed to:

(i)   Prevent the execution or display of a short sale order of a covered security at a price that is less than or equal to the current national best bid if the price of that covered security decreases by 10% or more from the covered security's closing price as determined by the listing market for the covered security as of the end of regular trading hours on the prior day; and

(ii)   Impose the requirements of paragraph (b)(1)(i) of this section for the remainder of the day and the following day when a national best bid for the covered security is calculated and disseminated on a current and continuing basis by a plan processor pursuant to an effective national market system plan.

This creates a "Circuit Breaker" which changes the trading behavior for a security. FIX is utilized in pre-trade dissemination of securities reference data and market data; it follows that FIX needs a method to disseminate whether this Circuit Breaker is triggered for a given security, as well as a method for a user to query whether the Circuit Breaker is in effect.

The SEC amendment provides exemptions to this rule; broker/dealers may submit "short exempt" orders under certain conditions. FIX already provides support for this through Side (54) = 6 (Sell short exempt).

Short selling has come under increased regulatory scrutiny worldwide. It follows that the FIX Protocol should support an extensible infrastructure to communicate different restrictions. The current Regulation SHO restrictions concern sales at or below the national best bid. However, different regulations may restrict short selling in a security altogether. Within the US and the UK, temporary emergency rules prohibited the short selling of financial stocks beginning in September 2008. Additionally, gap analysis work FPL is conducting with the Hong Kong Exchange have identified a requirement to flag securities that cannot be shorted. Support for such requirements can be met by making the communication of different short sale restrictions extensible.

2 Business Workflow

By adding a new field ShortSaleRestriction (1687) to the Instrument component block, existing FIX business workflows can be used to convey this information.

3 Issues and Discussion Points

Discussions between the FIF, SEC, FINRA, and the markets are ongoing. More business requirements may emerge.

This document currently describes pre-trade information flow only. Discussions are ongoing regarding whether changes are needed within FIX for trade and post-trade.

Should fields modeled after ShortSaleRestriction be added to other component blocks derived from Instrument, such as InstrumentLeg and/or UnderlyingInstrument?

The GTC discussed the datatype of ShortSaleRestriction, and three possibilities were presented:

·   Use of "int" which would only allow a single value to be specified

·   Use of "MultipleStringValue" which would allow multiple space-delimited values to be specified in the field

·   Use of a single field repeating group, where the field's type is "int" which would allow multiple values to be specified in a repeating group format

Presently, all proposed values are mutually exclusive. So existing business needs can be met by all of these approaches. The GTC has received performance concerns regarding use of "MultipleStringValue" and "MultipleCharValue" datatypes. Likewise, repeating groups where only one instance of a field is expected impose

performance concerns, and they are harder to integrate with older FIX versions. So the first of these options was chosen. Should additional business requirements emerge which would require more than one short sale restriction, further gap analysis work will be needed to address the requirements.

As this is a regulatory requirement, it is expected that firms will need to implement this feature in older versions of the FIX Protocol. Use of FIX fields from later versions in earlier versions lacking a needed function, especially in case of new regulatory requirements, is considered an acceptable deviation. It is expected that firms will use the field number assigned by FPL in earlier FIX versions. However, some FIX engines cannot support fields from later versions incorporated in earlier versions. To support these, FPL will also assign a tag number in the 8000-8999 reserved range of User Defined Fields.

The FIX Protocol includes support for a list of events related to a security to be listed in the EvntGrp component. It would be possible to add events to indicate when the short sale "Circuit Breaker" was imposed and when it was lifted. However, no business requirements for such functionality were included in the original FIF/FPL Regulatory Reporting WG proposal, so none are included in this Gap Analysis. Should additional business requirements emerge, they can be added in the future.

4 Proposed Message Flow

All existing FIX message flows that convey information about an instrument can be utilized to disseminate this information. These are too numerous to list. Some selected examples include:

- · A client can send a Security List Request to an exchange or market data provider and receive a Security List Report that indicates short sale restrictions on securities.

- · An exchange, market data provider, etc. can send an unsolicited Security Status message including the field ShortSaleRestriction when a Circuit Breaker is triggered on a security.

- · An exchange or market data provider may flag market data for a security with a triggered Circuit Breaker using the Market Data Snapshot / Full Refresh message or the Market Data Incremental Refresh message.

5 FIX message tables

6 FIX component blocks

6.1 Instrument (symbology) component block

Tag	FieldName	Req'd	Comments	Action	Mapping Usage and Comments
55	Symbol	N	Common, "human understood" representation of the security. SecurityID value can be specified if no symbol exists (e.g. non-exchange traded Collective Investment Vehicles) Use "[N/A]" for products which do not have a symbol.		
65	SymbolSfx	N	Used in Fixed Income with a value of "WI" to indicate "When Issued" for a security to be reissued under an old CUSIP or ISIN or with a value of "CD" to indicate a EUCP with lump-sum interest rather than discount price.		
48	SecurityID	N	Takes precedence in identifying security to counterparty		

Tag	FieldName	Req'd	Comments	Action	Mapping Usage and Comments
			over SecurityAltID block. Requires SecurityIDSource if specified.		
22	SecurityIDSource	N	Required if SecurityID is specified.		
Start of Component block, expanded in line < SecAltIDGrp >					
454	NoSecurityAltID	N			
ə	455 SecurityAltID	N			
ə	456 SecurityAltIDSource	N			
End of Component block, expanded in line < SecAltIDGrp >					
460	Product	N	Indicates the type of product the security is associated with (high-level category)		
1227	ProductComplex	N	Identifies an entire suite of products for a given market. In Futures this may be "interest rates", "agricultural", "equity indexes", etc		
1151	SecurityGroup	N	An exchange specific name assigned to a group of related securities which may be concurrently affected by market events and actions.		
461	CFICode	N	Indicates the type of security using ISO 10962 standard, Classification of Financial Instruments (CFI code) values. It is recommended that CFICode be used instead of SecurityType for non-Fixed Income instruments.		
167	SecurityType	N	It is recommended that CFICode be used instead of SecurityType for non-Fixed Income instruments. Required for Fixed Income. Refer to Volume 7 - Fixed Income Futures and Options should be specified using the CFICode[461] field instead of SecurityType[167] (Refer to Volume 7 - Recommendations and Guidelines for Futures and Options Markets.)		
762	SecuritySubType	N	Sub-type qualification/identification of the SecurityType (e.g. for SecurityType="MLEG"). If specified, SecurityType is required.		
200	MaturityMonthYear	N	Specifies the month and year of maturity. Applicable for standardized derivatives which are typically only referenced by month and year (e.g. S&P futures). Note MaturityDate (a full date) can also be specified.		
541	MaturityDate	N	Specifies date of maturity (a full date). Note that standardized derivatives which are typically only referenced by month and year (e.g. S&P futures).may use MaturityMonthYear and/or this field. When using MaturityMonthYear, it is recommended that markets and sell sides report the MaturityDate on all outbound messages as a means of data enrichment.		
1079	MaturityTime	N			
966	SettleOnOpenFlag	N	Indicator to determine if Instrument is Settle on Open.		
1049	InstrmtAssignmentMethod	N			
965	SecurityStatus	N	Gives the current state of the instrument		
224	CouponPaymentDate	N	Date interest is to be paid. Used in identifying Corporate Bond issues.		
225	IssueDate	N	Date instrument was issued. For Fixed Income IOIs for		

Tag	FieldName	Req'd	Comments	Action	Mapping Usage and Comments
			new issues, specifies the issue date.		
239	RepoCollateralSecurityType	N	(Deprecated in FIX.4.4)		
226	RepurchaseTerm	N	(Deprecated in FIX.4.4)		
227	RepurchaseRate	N	(Deprecated in FIX.4.4)		
228	Factor	N	For Fixed Income: Amortization Factor for deriving Current face from Original face for ABS or MBS securities, note the fraction may be greater than, equal to or less than 1. In TIPS securities this is the Inflation index. Qty * Factor * Price = Gross Trade Amount For Derivatives: Contract Value Factor by which price must be adjusted to determine the true nominal value of one futures/options contract. (Qty * Price) * Factor = Nominal Value		
255	CreditRating	N			
543	InstrRegistry	N	The location at which records of ownership are maintained for this instrument, and at which ownership changes must be recorded. Can be used in conjunction with ISIN to address ISIN uniqueness issues.		
470	CountryOfIssue	N	ISO Country code of instrument issue (e.g. the country portion typically used in ISIN). Can be used in conjunction with non-ISIN SecurityID (e.g. CUSIP for Municipal Bonds without ISIN) to provide uniqueness.		
471	StateOrProvinceOfIssue	N	A two-character state or province abbreviation.		
472	LocaleOfIssue	N	The three-character IATA code for a locale (e.g. airport code for Municipal Bonds).		
240	RedemptionDate	N	(Deprecated in FIX.4.4)		
202	StrikePrice	N	Used for derivatives, such as options and covered warrants		
947	StrikeCurrency	N	Used for derivatives		
967	StrikeMultiplier	N	Used for derivatives. Multiplier applied to the strike price for the purpose of calculating the settlement value.		
968	StrikeValue	N	Used for derivatives. The number of shares/units for the financial instrument involved in the option trade.		
206	OptAttribute	N	Used for derivatives, such as options and covered warrants to indicate a versioning of the contract when required due to corporate actions to the underlying. Should not be used to indicate type of option - use the CFICode[461] for this purpose.		
231	ContractMultiplier	N	For Fixed Income, Convertible Bonds, Derivatives, etc. Note: If used, quantities should be expressed in the "nominal" (e.g. contracts vs. shares) amount.		
969	MinPriceIncrement	N	Minimum price increment for the instrument. Could also be used to represent tick value.		
1146	MinPriceIncrementAmount	N	Minimum price increment amount associated with the MinPriceIncrement [969]. For listed derivatives, the value can be calculated by multiplying MinPriceIncrement by ContractValueFactor [231]		
996	UnitOfMeasure	N	0		

Tag	FieldName	Req'd	Comments	Action	Mapping Usage and Comments
1147	UnitOfMeasureQty	N			
1191	PriceUnitOfMeasure	N			
1192	PriceUnitOfMeasureQty	N			
1193	SettlMethod	N	Settlement method for a contract. Can be used as an alternative to CFI Code value		
1194	ExerciseStyle	N	Type of exercise of a derivatives security		
1195	OptPayAmount	N	Cash amount indicating the pay out associated with an option. For binary options this is a fixed amount		
1196	PriceQuoteMethod	N	Method for price quotation		
1197	FuturesValuationMethod	N	For futures, indicates type of valuation method applied		
1198	ListMethod	N	Indicates whether the instruments are pre-listed only or can also be defined via user request		
1199	CapPrice	N	Used to express the ceiling price of a capped call		
1200	FloorPrice	N	Used to express the floor price of a capped put		
201	PutOrCall	N	Used to express option right		
1244	FlexibleIndicator	N	Used to indicate if a security has been defined as flexible according to "non-standard" means. Analog to CFICode Standard/Non-standard indicator		
1242	FlexProductEligibilityIndicator	N	Used to indicate if a product or group of product supports the creation of flexible securities		
997	TimeUnit	N	Used to indicate a time unit for the contract (e.g., days, weeks, months, etc.)		
223	CouponRate	N	For Fixed Income.		
207	SecurityExchange	N	Can be used to identify the security.		
970	PositionLimit	N	Position Limit for the instrument.		
971	NTPositionLimit	N	Near-term Position Limit for the instrument.		
106	Issuer	N			
348	EncodedIssuerLen	N	Must be set if EncodedIssuer field is specified and must immediately precede it.		
349	EncodedIssuer	N	Encoded (non-ASCII characters) representation of the Issuer field in the encoded format specified via the MessageEncoding field.		
107	SecurityDesc	N			
350	EncodedSecurityDescLen	N	Must be set if EncodedSecurityDesc field is specified and must immediately precede it.		
351	EncodedSecurityDesc	N	Encoded (non-ASCII characters) representation of the SecurityDesc field in the encoded format specified via the MessageEncoding field.		
component block <SecurityXML>		N	Embedded XML document describing security.		
691	Pool	N	Identifies MBS / ABS pool		
667	ContractSettlMonth	N	Must be present for MBS/TBA		
875	CPProgram	N	The program under which a commercial paper is issued		
876	CPRegType	N	The registration type of a commercial paper issuance		
Start of Component block, expanded in line < EvntGrp >					
864	NoEvents	N			
⮱ 865	EventType	N			
⮱ 866	EventDate	N			
⮱ 1145	EventTime	N	Specific time of event. To be used in combination with		

Tag		FieldName	Req'd	Comments	Action	Mapping Usage and Comments
				EventDate [866]		
⮩	867	EventPx	N			
⮩	868	EventText	N			
End of Component block, expanded in line < EvntGrp >						
873	DatedDate		N	If different from IssueDate		
874	InterestAccrualDate		N	If different from IssueDate and DatedDate		
component block <InstrumentParties>			N	Used to identify the parties listing a specific instrument		
1687	ShortSaleRestriction		N		Add	

7 Appendix A - Data Dictionary

Tag	Field Name	Action	Data type	Description	FIXML Abbreviation	Add to / Deprecate from Message type or Component block
1687	ShortSaleRestriction	Add	int	Indicates whether a restriction applies to short selling a security. Valid values: 0 = No restrictions 1 = Security is not shortable 2 = Security not shortable at or below the best bid	@ShrtRstctn	Add to Instrument

8 Appendix B - Glossary Entries

Term	Definition	Field where used

9 Appendix C - Usage Examples