Global Exchanges and Markets Committee

HKEx Post-trade Extensions

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[Revision 0.1]

Proposal Status: <u>Approved</u>

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Document History

Revision	Date	Author	Revision Comments
0.1	16 May, 2011	Kenneth To (HKEx)	1st draft
As Built	2011-09-05	Jim N	As Built
	2011-12-27	Lisa T.	Clean up to enum value descriptions for TradeHandlingInstr
	2012-02-02	Jim N	SPEC-611, SPEC-557

1 Introduction

HKEx is conducting FIX mapping of post-trade function and has found gaps for the Trade Capture Report and Trade Capture Report Ack post-trade messages. The followings are requested to add to fill in the gaps:

- New enumeration **"Buy-in"** for field ClearingInstruction(577) to indicate the trade to be bought in for the unsettled short stock position.

- New enumeration **"One Party Report"** for field TradeHandlingInstr(1123) to specify the counterparty is non-HKEx participant.

- New enumerations **"Price exceeds current price band"**, "**Reference price not available**" and "**Notional value exceeds threshold**" for field TradeReportRejReason(751) for message TradeCaptureReportAck (35=AR) to support price and notional value check.

2 Business Workflow

2.1 Buy-in Indicator for Clearing Instruction

According to the rule of HKSCC (Hong Kong Security Clearing House), the clearing participant who fails to delivery the stocks within the settlement period requires the Buy-in to settle the unsettled short stock position. HKSCC either directs the short clearing participant to arrange Buy-in trade from the market or HKSCC will arrange the Buy-in trade on behalf of the short clearing participant. The Buy-in trade has to be reported to the Exchange by sending the Trade Capture Report with the "Buy-in" indicator.

A new enumeration is proposed to add to the field ClearingInstruction(577) which is part of the component block ClrInstGrp for the Trade Capture Report(35=AE) to indicate that the trade is "Buy-in" for settlement of the non-delivery of stock.

Proposed new enumeration for ClearingInstruction(577):
- "Buy-in" (14)

2.2 One Party Report for Off-Exchange Trade

HKEx broker who has settled the trade with non-HKEx participant (e.g. overseas trade) needs to report the off-Exchange trade to HKEx via Trade Capture Report. Although the field TradeHandlingInstr(1123) has values for One-party Report (2=One-Party Report for Mathcing, 3=One-party Report for Pass Through), there is no specific value for One Party Report (for off-Exchange trade). Since the counterparty is non-HKEx participant, HKEx treats this as one party report.

A new enumeration is proposed to add to the field TradeHandlingInstr to indicate that the broker reports one party off-Exchange trade via Trade Capture Report.

Proposed new enumeration for TradeHandlingInstr(1123):
- "One Party Report" (6)

2.3 Addition of New Enumerations for Trade Report Reject Reason

HKEx requires brokers to implement price and notional value (shares x price per share) check mechanism when reporting off-Exchange trade through Trade Capture Report for the purpose of avoiding erroneous price/notional value inputting into the trading system. Brokers need to specify whether price and/or notional value check is required when submitting the off-Exchange trade. HKEx will reject the TradeCaptureReport(35=AE) through TradeCaptureReportAck(35=AR) with appropriate TradeReportRejectReason(751) if it fails the price or notional value check.

Three new enumerations are proposed to add to the field TradeReportRejectReason(751) to fill in the gaps of returning rejection reasons for price and notional value check:

- "Price exceeds current price band"(5) – input price deviates from the current price band which is a pre-defined price ticks away from the current reference price.

- "Reference price not available"(6) – to indicate the reference price not available for price check (e.g. previous closing price is not available).

- "Notional value exceeds threshold"(7) – the notional value (shares x price per share) has exceeded the pre-defined limit.

3 Issues and Discussion Points

4 Proposed Message Flow

There is no change to existing message flow.

5 FIX message tables

No change for FIX messages tables.

6 FIX component blocks

No change for FIX component blocks.

7 Category Changes

Category change is not applicable.

Appendix A - Data Dictionary

Tag	Field Name	Action	Data type	Description	FIXML Abbreviation	Add to / Deprecate from Message type or Component block
577	ClearingInstruction	Add enum	int	Eligibility of this trade for clearing and central counterparty processing values above 4000 are reserved for agreement between parties. Valid Values: 0 – Process normally 1 – Exclude from all netting 2 – Bilateral netting only 3 - Ex clearing 4 - Special trade …. 13 - Self clearing 14– Buy-in	@ClrngInstrctn	

| 1123 | TradeHandlingInstr | Add enum | char | Specified how the ~~Trade Capture Report~~TradeCaptureReport(35=AE) should be handled by the ~~Respondent~~respondent.

Valid Values:
0 – Trade ~~C~~confirmation
1 – Two-party ~~R~~report
2 – One-party ~~R~~report for ~~M~~matching
3 – One-party ~~R~~report for ~~P~~pass ~~T~~through
4 – Automated ~~F~~floor ~~O~~order ~~R~~routing
5 – Two~~-~~-~~P~~party ~~R~~report for ~~C~~claim
6 – One-party ~~R~~report | @TrdHandlInst | |
| 751 | TradeReportRejectReason | Add enum | int | Reason Trade Capture Request was rejected. 4000+ Reserved and available for bi-laterally agreed upon user-defined values.

Valid Values:
0 – Successful (default)
1 – Invalid party information
2 – Unknown instrument
3 – Unauthorized to report trades
4 – Invalid trade type
99 – Other
5 – Price exceeds current price band
6 – Reference price not available
7 – Notional value exceeds threshold | @RejRsn | |

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Appendix B - Glossary Entries

Term	Definition	Field where used

Appendix C – Abbreviations

Term	Proposed Abbreviation	Proposed Messages, Components, Fields where used

Appendix D - Usage Examples