



Risk Management Working Group Order Reject Reason Extension

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For Global Technical Committee Governance Internal Use Only

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Document History

Revision	Date	Author/Editor	Revision Comments
0.1	Feb. 13, 2012	Neal Goldstein, JP Morgan Chase Greg Wood, Credit Suisse	Initial document
<u>ASBUILT</u>	<u>March 28, 2012</u>	<u>L. Taikitsadaporn</u>	<u>Created ASBUILT version</u>
	<u>Apr. 16, 2012</u>	<u>L. Taikitsadaporn</u>	<u>Editted in assigned enum value.</u>

1 Introduction

We are requesting that the FIX Protocol define a new value for an existing FIX Tag. The requested change is to add a new value to OrdRejReason(103) that will indicate that the order has generated an algorithmic risk management event. This new value can then be used to clearly convey this situation to the end client and appropriate action can be taken by both the client and the broker.

2 Business Workflow

As sell side broker risk management systems become more comprehensive, particularly around broker provided execution algorithms, it is important to convey more information regarding algorithm generated risk management events.

Such events include "Aggregate Limit Breach", "Exceeds x% ADV", and others that may be specific to a particular broker's trading platform. These algorithm generated events are a separate category of risk management compared to the basic "Order Exceeds Limit" type of fat finger rejection already enumerated in tag 103 (OrdRejReason). To clearly denote such events our approach is to leverage OrdRejReason(103) with a new defined value for "Algorithm risk threshold breached"[\(21\)](#).

The sell side brokers will work with the 3rd Party OMS/EMS vendors and buy side clients running proprietary OMS/EMS systems to incorporate functionality to respond to updated OrderRejReason.

It is recommended that the broker incorporate additional information in the Text(58) field, including the algorithmic risk check that failed and the parameters. The format of the text delivered in the Text(58) field, will be structured to incorporate various pieces of information across a pre-defined character space.

3 Issues and Discussion Points

No issues envisaged.

4 Proposed Message Flow

N/A

5 FIX Message Tables

N/A

6 FIX Component Blocks

N/A

7 Category Changes

N/A

Appendix A - Data Dictionary

Tag	FieldName	Action	Datatype	Description	FIXML Abbreviation	Add to / Deprecate from Message type or Component block
103	OrdRejReason	Change	int	Add new enum: #d-21 = Algorithm risk threshold breached Elaboration: A sell-side broker algorithm has detected that a risk limit has been breached which requires further communication with the client. Used in conjunction with Text(58) to convey the details of the specific event.		

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