



EMEA Business Practices Sub-committee

Indicative Execution Extension

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Document History

Revision	Date	Author	Revision Comments
0.1	7 Jan 2015	Jim Kaye	Initial version
0.2	9 Jan 2015	Hanno Klein	Minor changes for GTC submission
	<u>March 3, 2015</u>	<u>R. Shriver</u>	<u>Generated ASBUILT.</u>

1 Introduction

1.1 *Background and context of this gap analysis*

1.1.1 Background – Conditional Orders

This Gap Analysis concerns the existence of order matching models supporting conditional orders. Here, a conditional order is one that requires an additional approval from the order originator (often referred to as a ‘firm-up’). A typical order flow between a trading venue offering this facility and an order originator (a member of the trading venue) is as follows:

- Order originator sends a conditional order to the trading venue.
- The trading venue identifies a match against an opposing order on its order book (this other order may or may not be another conditional order).
- The trading venue sends the order originator a notification of the indicative match (often referred to as a ‘firm-up request’).
- The order originator may then ‘firm up’ by sending another (order) message to the venue, cross referencing the original order message. This may or may not be for the full quantity.
- The trading venue will confirm the match, sending execution messages to the originators of both matching orders and balance-cancelling the (remainder of the) conditional order. The execution messages to both originators will contain an indication that the executions were received by a match against a conditional order.

Note though the requirement underlying this Gap Analysis is intended to be as general as possible, the specific use case giving rise to this requirement is from the Turquoise “Block Discovery Service” (<http://www.lseg.com/turquoise-block-discovery>). The Turquoise matching model allows indicative matches to take place either during auctions or during continuous trading and makes a distinction between the two on its messages to its members.

Modelling the entire process under FIX is outside the scope of this Gap Analysis, and is expected to be covered under separate documentation. This Gap Analysis covers simply the final step, being the identification of an execution as having arisen from a match with a conditional order. It has been requested by buy-side firms that when their brokers use conditional order facilities such as Turquoise’s that the indicative match indicator be passed to them on Execution Report messages from their brokers.

1.1.2 Scope of this Gap Analysis

This Gap Analysis covers the addition of two values to tag MatchType(574) to cover two new execution categorizations.

1.2 *Proposed enhancements to FIX*

1.2.1 Modified FIX Message types

No changes requested.

1.2.2 Modified FIX fields

It is requested that two new values be added to field MatchType(574):

- ~~(TBD)~~10 - Auto-match with Last Look (Execution ~~arising that arises~~ from a match against orders or quotes requiring a confirmation during continuous trading)
- ~~(TBD)~~11 - Cross Auction with Last Look (Execution ~~arising that arises~~ from a match against orders or quotes requiring a confirmation during an auction)

2 Business Workflow

2.1 Indicative Execution Workflow

As described above, modeling the full indicative execution workflow is outside the scope of this Gap Analysis which covers merely the identification of indicative executions on Execution Report messages from brokers to their clients. As such there are no new workflows or changes to existing workflows covered by this Gap Analysis, merely the addition of new values to a field that is already available on Execution Report messages (note though MatchType (574) was added in FIX Version 4.3 it was only added to Execution Reports in FIX Version 5.0).

The workflow of an indicative execution followed by a confirmation from the original submitter has already been defined in the area of fixed income where it is known under the term “last look”. The FIX messages for quotes provide the required functionality by containing order related fields such as OrdType(40), Side(54) and OrderQty(38). Orders are by definition always tradable whereas quotes can be either indicative or tradable. FIX Execution Reports are used to convey executions of both orders and quotes.

3 Issues and Discussion Points

None

4 Proposed Message Flow

There are no proposed changes to any message flows.

5 FIX Message Tables

There are no proposed changes to any messages.

6 FIX Component Blocks

There are no proposed changes to any component blocks.

7 Category Changes

None

Appendix A - Data Dictionary

Tag	FieldName	Action	Datatype	Description	FIXML Abbreviation	Add to / Deprecate from Message type or Component block
574	MatchType	CHANGE	String	<p>The point in the matching process at which this trade was matched.</p> <p>Valid values (General Purpose only): 1= One-Party Trade Report 2= Two-Party Trade Report 3= Confirmed Trade Report 4= Auto-match 5=Cross Auction 6= Counter-Order Selection 7=Call Auction 8= Issuing/Buy Back Auction 9= Systematic Internalizer</p> <p>TBD10=Auto-match with Last Look [Elaboration: Execution arising that arises from a match against orders or quotes requiring a confirmation during continuous trading.]</p> <p>TBD11=Cross Auction with Last Look [Elaboration: Execution arising that arises from a match against orders or quotes requiring a confirmation during an auction.]</p>		

Appendix B - Glossary Entries

Appendix C - Abbreviations

Term	Proposed Abbreviation	Proposed Messages, Components, Fields where used

Appendix D - Usage Examples