



Global Technical Committee

FINRA Retail Order Identification for Tick Size Pilot

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Document History

Revision	Date	Author	Revision Comments
0.1	2015-11-03	Jim Northey (CameronTec), Lisa Taikitsadaporn (Brook Path Partners)	Initial Version submitted to GTC
0.2		GTC	Minor edits for public comment and added elaboration for the proposed enum for CustOrderCapacity(582).
	2015-12-20	R. Shriver	ASBUILT created.

1 Introduction

1.1 FINRA Tick Size Pilot

The SEC issued an order for the National Market System (NMS) Plan to implement a tick size pilot program by the US exchanges and FINRA. The pilot will commence on May 6th, 2016. The goal is to gather data to determine if tick sizes should be widened. A detailed description is available on the FINRA website: [FINRA's Tick Size Pilot Description](#).

1.2 Industry Response

The Financial Information Forum requested a method to identify orders as being retail in order to meet a requirement for the FINRA industry tick size pilot. An analysis of existing fields was analyzed for the property way to identify a retail customer order. The recommendation was made to extend the CustOrderCapacity(~~tag-582~~) field with a new enumeration that identifies a retail order.

2 Business Requirements

2.1 Identify Retail Orders Explicitly

As part of the proposed implementation of the Tick Size Pilot, the industry needs to explicitly identify an order as being retail.

2.2 Constraints

The solution must be able to support FIX.4.2, FIX.4.4, and FIX.5.x implementations.

2.3 Alternatives

The industry group suggested adding a value to **ExecInst(~~tag18~~)** which is a multivalued field. While expeditious to an extent, the FIX Global Technical Committee felt it was not correct to extend this field with the type of customer.

FIX added three fields to support OATS reporting and CFTC reporting (via FIA working group) that were then considered.

CustOrderHandlingInst(~~tag-1031~~) MultipleValueStringValue

Codes that apply special information that the Broker / Dealer needs to report, as specified by the customer. NOTE: This field and its values have no bearing on the ExecInst and TimInForce fields. These values should not be used instead of ExecInst or TimInForce. This field and its values are intended for compliance reporting and/or billing purposes only. For OrderHandlingInstSource(1032) = 1 (FINRA OATS), valid values are (as of OATS Phase 3 as provided by FINRA. See also

<http://www.finra.org/Industry/Compliance/MarketTransparency/OATS/PhaseIII/index.htm> for a complete list. For OrderHandlingInstSource(1032) = 2 (FIA Execution Source Code), only one enumeration value may be specified.

OrderHandlingInstSource(tag 1032) int

Identifies the class or source of the order handling instruction values. Scope of this will apply to both CustOrderHandlingInst(1031) and DeskOrderHandlingInst(1035). Conditionally required when CustOrderHandlingInst(1031) or DeskOrderHandlingInst(1035) is specified.

DeskOrderHandlingInst(~~tag-1035~~) MultipleValueStringValue

Codes that apply special information that the broker-dealer needs to report. These fields were deemed to be handling instructions as opposed to defining the type of customer order.

The field **CustOrderCapacity(582)** was added to address CFTC regulatory reporting of customer type. This field is not used for equities. The FIX standard has tried to fit regulatory requirements under existing fields where possible. As the identification of the ultimate customer order capacity seems to align semantically with the notion of an order for a retail customer,

There was an inquiry into why **OrderCapacity(528)** = "I" - Individual could not be used? If the field was not already in use for other purposes this could be a viable alternative as well, although we believe this field best represents the OrderCapacity of the submitter of the order, which is likely a broker-dealer on behalf of a customer.

2.4 Recommended Approach

The recommendation is to create a new enumeration value to the CustOrderCapacity(582) field for retail customers. This seemed to provide the most relevance. The field was added for regulatory reporting for the CFTC. As with other regulatory fields we try to use them for more than one regulatory requirement if possible.

The GTC felt that firms should upgrade from 4.2 to 4.4 of FIX Latest just for the tick size pilot only (there are other good reasons to upgrade), as this is not cost justified and the impact is significant.

The FIX standard was extended in January of 2010 to state that earlier versions of FIX (such as FIX.4.2 and FIX.4.4) must be able to include fields defined in the latest version of FIX (FIX Latest). This prevents a proliferation of custom tags.

2.5 Support for noncompliant earlier FIX implementations

If there are a number of firms whose FIX engines are not compliant with the current FIX standard to support fields from FIX latest in earlier versions of FIX (FIX.4.2 and FIX.4.4), the FIX [Global Technical Committee](#) could allocate a custom parallel field in the [reserved](#) 8000 number range. This is only as a last resort. Our strongest recommendation is for firms to make their FIX engines compliant with the standard.

3 Proposed Message Flow

No changes required.

4 FIX Message Tables

No changes required

5 FIX Component Blocks

No changes required.

6 Category Changes

No changes required.

Appendix A - Data Dictionary

Tag	FieldName	Action	Datatype	Description	FIXML Abbreviation	Add to / Deprecate from Message type or Component block
582	CustOrderCapacity	CHANGE	int	<p>Capacity of customer placing the order. <u>[Elaboration: Primarily used by futures exchanges to indicate the CTICode (customer type indicator) as required by the US CFTC (Commodity Futures Trading Commission). May be used as required by other regulatory commissions for similar purposes.]</u></p> <p><u>1 = Member trading for their own account</u> <u>2 = Clearing Firm trading for its proprietary account</u> <u>3 = Member trading for another member.</u> <u>4 = All other</u> <u>5 = Retail Customer</u> <u>[Elaboration: An order that originated from a retail customer (a natural person). In the context of the US Securities and Exchange Commission, this also means an order originated from a natural person where, prior to submission, no change was made to the terms of the order with respect to</u></p>	CustCpcty	

Tag	FieldName	Action	Datatype	Description	FIXML Abbreviation	Add to / Deprecate from Message type or Component block
				price or side of market and the order does not originate from an algorithm or other computerized trading method.]		

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