



# FIF/FIX Regulatory Reporting Requirements

## Trade at Intermarket Sweep Order (TAISO) Price Extension

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## Table of Contents

Document History.....	4
1 Introduction .....	5
2 Business Requirements .....	5
3 Issues and Discussion Points .....	6
4 Proposed Message Flow .....	6
4.1 Flag orders as Trade at ISO (Trading) .....	6
5 FIX Message Tables .....	6
6 FIX Component Blocks .....	6
7 Category Changes .....	6
Appendix A - Data Dictionary .....	7
Appendix B - Glossary Entries .....	10
Appendix C - Abbreviations.....	10
Appendix D - Usage Examples .....	10

## Document History

Revision	Date	Author/Editor	Revision Comments
0.1	4/6/2016	Jim Northey, GTC Co-chair FIX and Itiviti AB MaryLou VonKaenel – Financial Information Forum Rich Shriver – R. Shriver Associates LLC	Initial Draft
	<u>5/4/2016</u>	<u>R. Shriver</u>	<u>Pre-assigned the enumeration value Execlnst = y (Trade at Reference Price) and generated ASBUILT.</u>

## 1 Introduction

Tick Size Pilot Program was initiated as part of the JOBS (Jumpstart Our Business Startups) Act, passed by the United States Congress and signed into law in 2012, which is intended to jumpstart capital-raising for small and emerging companies.

On May 6, 2015, the US Securities and Exchange Commission (SEC) issued an order approving a plan under the National Market System (NMS) for the National Securities Exchanges and the Financial Industry Regulatory Authority (FINRA) (collectively referred to as Plan Participants) to implement a Tick Size Pilot Program, which is a data-driven test to evaluate whether or not widening the tick size for securities of smaller capitalization companies would positively impact trading, liquidity, and market quality of those securities. The Pilot is scheduled to last for two years.

The Tick Size Pilot will include NMS common stocks of companies with \$3 billion or less in market capitalization, an average daily trading volume of one million shares or less, and a volume weighted average price of at least \$2.00 for every trading day.

The pilot will consist of a control group and three test groups, with each test group having approximately 400 securities.

- The **control group** will be quoted and traded at their current tick size increment.
- The **first test group** will be quoted in nickel increments, but will continue to trade at their current price increment.
- The **second test group** will be both quoted and traded in nickel increments, but would allow certain exemptions for midpoint executions, retail investor executions, and negotiated trades.
- The **third test group**, in addition to the requirements of the second test group, will also be subject to a "trade-at" requirement (which is similar to a trade-through requirement, but more complex). There's also an exemption for block size orders.

The impact of the changes and differences in quoting and trading requirements on the securities in each test group included in the Pilot will be measured against data collected by FINRA during a Pre-Pilot Data Collection period, which began April 4, 2016, and against data collected during the Pilot and for six months following conclusion of the Pilot. The Pilot itself is scheduled to start on October 3, 2016. The data collected throughout the Plan period will be analyzed by the Plan Participants to measure market quality, market maker participation and profitability for each test group and the control group. The Plan Participants must submit their initial tick pilot assessment to the SEC eighteen months after the plan begins, based on data generated during the first twelve months of operation.

To meet the requirements of the third test Group, a new order type of "Trade At Intermarket Sweep Order" (TAISO) must be created to allow order senders to provide instructions to order receivers regarding how the order should be handled.

## 2 Business Requirements

The TAISO requirement is a variation of the Intermarket Sweep Order or "ISO", coming out of Regulation NMS. An order tagged as ISO tells the receiving Trading Center that the order sender has satisfied all Protected Quotes at a price **better than** the limit price of the inbound order. The recipient may rely on the order sender to have satisfied all such protected quotes and may trade all interest at the limit price of the order without have to route to better priced orders at other markets.

An order tagged as TAISO tells the receiving Trading Center that the order sender has satisfied all Protected Quotes at a price **better than or equal to** the limit price of the inbound order. The recipient may rely on the order sender to have satisfied all such orders. The recipient may rely on the order sender as having satisfied all Protected Quotes at a price **equal to** the inbound order's limit price and, therefore,

the receiving Trading Center may trade its lit AND dark orders at that limit price without routing to displayed orders at that same price.

### **3 Issues and Discussion Points**

Because the Execlnst(18) enumeration set is running out of values, it has been recommended that the new enumeration be labeled generically and that the specific Reg NMS and Tick Size Pilot Program usage be noted in the elaboration.

### **4 Proposed Message Flow**

#### ***4.1 Flag orders as Trade at ISO (Trading)***

To meet the need of firms indicating an order is to trade at the Intermarket Sweep Order (ISO) price, a new enumeration for Execlnst(18) is proposed ~~=yTBD=~~ Trade at reference price.

### **5 FIX Message Tables**

None.

### **6 FIX Component Blocks**

None.

### **7 Category Changes**

None.

## Appendix A - Data Dictionary

Tag	Field Name	Action	Datatype	Description	FIXML Abbreviation	Add to / Deprecate from Message type or Component block
18	Execlnst	CHANGE	MultipleChar Value	<p>Instructions for order handling on exchange trading floor. If more than one instruction is applicable to an order, this field can contain multiple instructions separated by space. *** SOME VALUES HAVE BEEN REPLACED - See "Replaced Features and Supported Approach" *** (see Volume : "Glossary" for value definitions)</p> <p>Valid values:                      0 = Stay on offer side                      1 = Not held                      2 = Work                      3 = Go along                      4 = Over the day                      5 = Held                      6 = Participate don't initiate                      7 = Strict scale                      8 = Try to scale                      9 = Stay on bid side                      A = No cross                      B = OK to cross                      C = Call first                      D = Percent of volume                      E = Do not increase                      F = Do not reduce                      G = All or none                      H = Reinstate on system failure                      I = Institutions only                      J =Reinstate on trading halt                      K =Cancel on trading halt</p>	Execlnst	

Tag	Field Name	Action	Datatype	Description	FIXML Abbreviation	Add to / Deprecate from Message type or Component block
				L = Last peg (Deprecated) M = Mid price peg (Deprecated) N = Non-negotiable O = Opening peg (Deprecated) P = Market peg (Deprecated) Q = Cancel on system failure R = Primary peg (Deprecated) S = Suspend T = Fixed peg to local best bid or offer at time of order (Deprecated) U = Customer display instruction V = Netting W = Peg to VWAP (Deprecated) X = Trade along Y = Try to stop Z = Cancel if not best a = Trailing stop peg (Deprecated) b = Strict limit c = Ignore price validity checks d = Peg to limit price (Deprecated) e = Work to target strategy f = Intermarket sweep g = External routing along h = External routing not allowed i = Imbalance only j = Single execution requested for block trade k = Best execution l = Suspend on system failure m = Suspend on trading halt n = Reinstate on connection loss o = Cancel on connection loss p = Suspend on connection loss q = Release r = Execute as delta neutral using volatility provided s = Execute as duration neutral		



Tag	Field Name	Action	Datatype	Description	FIXML Abbreviation	Add to / Deprecate from Message type or Component block
				t = Execute as FX neutral u = Minimum guaranteed fill eligible v = Bypass non-displayed liquidity w = Lock x = Ignore notional value checks yTBD = Trade at reference price [Elaboration: In the context of Reg NMS and the Tick Size Pilot Program, this is intended to indicate the order should Trade At Intermarket Sweep Order (TAISO) price.]		

## 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