FIX CAT Working Group

FDID (Firm Designated Identifier) Proposal

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Document History

Revision	Date	Author	Revision Comments
0.1	Nov. 16, 2018	CATWG, edited by Charu Mittal	Initial draft
0.2	Nov. 27, 2018	CATWG, edited by Charu Mittal	Revised based on a FDID discussion with FIF
0.3	Dec. 4, 2018	CATWG, edited by Charu Mittal	Revised based on FIX/FIF CATWG conference call on Nov. 28, 2018
0.4	Dec. 19, 2018	Hanno Klein, GTC	Minor layout and wording updates, no content changes
0.5	Dec. 20, 2018	Hanno Klein, GTC	Minor clarifications based on feedback from GTC meeting on Dec 20.
	March 29, 2019	FIX Technical Support	Created ASBUILT and assigned IDs.

1 Introduction

This gap analysis proposal seeks to address requirements identified by Consolidated Audit Trail (the "CAT") Working Group related to data reporting required by the CAT NMS Plan.

CAT NMS is a national market system plan submitted by national securities exchanges and national securities associations to create, implement, and maintain a consolidated audit trail (the "CAT") that would allow regulators to more efficiently and accurately track all activity in U.S. equity and listed options markets. The SEC approved the CAT NMS Plan on November 15, 2016.

In accordance with SEC Rule 613, the CAT NMS Plan requires a Central Repository that will comprehensively track orders throughout their lifecycle and identify the Participants (FINRA and national securities exchanges) and Industry Members (Broker-dealers) handling them, as well as the account holders and authorized traders for any account that originates an order (Customers). Specific data elements will be submitted by Participants, Industry Members, and CAT Reporting Agents (Third party firms reporting on behalf of other entities).

The following document is used as a reference and input to this gap analysis document:

https://www.catnmsplan.com/wp-content/uploads/2018/11/Industry-Member-Tech-Specs-Order-Events-v1.0.pdf

2 Business Requirements

One of the key data elements required for data reporting to CAT, is FDID (Firm Designated Identifier), described as "a unique identifier for each trading account designated by Industry Members for purposes of providing data to the Central Repository, where each identifier is unique among all identifiers from any given industry member for each business date." Once created, these FDIDs will be required to be communicated and updated across other CAT reporting entities and vendor systems. Two CAT identifiers, the Reporter ID and the Submitter ID, i.e., CAT Reporting Agent, are used during the CAT file submission process to identify the Industry Member and, if applicable, the party authorized to submit CAT files on behalf of the Industry Member (CAT Reporting Agent). CAT can use the related Reporter ID together with the current business day to make a given FDID unique. However, the namespace for the FDIDs is not an issue for FIX, only for CAT.

CAT Working Group is looking for a standardized use of FIX in order to communicate FDIDs across different market participants. Since the FDIDs can be changed or corrected in order to reflect updates to the underlying trading account, CAT Working Group is also looking for a recommendation to transmit these updates using FIX.

2.1 Summary of Change

The table below describes the requirements along with the proposed solution:

Table 1: Summary of proposed solution

#	Subject	Description	Proposed Solution
1	Communication of FDIDs (Firm Designated ID)	*Ability to communicate FDIDs through FIX*	Following fields in the **component <Parties>** will be used to provide client information: New valid values being proposed are highlighted. Client account: PartyID(448) = <FDID #1> PartyIDSource(447) = ~~S~~tbd**(FDID)** PartyRole(452) = 24(Customer Account) If unable to support repeating groups, following user defined field can be used instead: **FDID(8020~~XXX~~)** = <FDID #1>
2	Changes to FDIDs (Firm designated ID)	*Updates to existing FDIDs communicated via FIX*	Following fields in the **component <Parties>** will be used to provide client information: New valid values being proposed are highlighted. Old client account: PartyID(448) = <FDID #1> PartyIDSource(447) = ~~S~~tbd **(FDID)** PartyRole(452) = 24(Customer Account) PartyRoleQualifier(2376) = 18(Current) New client account: PartyID(448) = < FDID #2> PartyIDSource(447) = ~~S~~tbd **(FDID)** PartyRole(452) = 24(Customer Account) PartyRoleQualifier(2376) = 19(New) If unable to support repeating groups, following user defined fields can be used instead: **FDID(8020~~XXX~~)** = <FDID #1> **NewFDID(8021~~XXX~~)** = <FDID #2>

3 Issues and Discussion Points

Questions discussed with CATWG:

1. Are FDIDs "unique" between a customer and the dealer? Is that the scope of uniqueness?

   FDIDs must be unique for each trading account per business day within a single broker-dealer. CAT should be able to identify the trading account by referring to the broker identification and FDID provided for the account for a given business date.

2. Who is responsible for assigning and reporting FDIDs: executing broker or clearing broker, if different in a transaction?

   This is not entirely clear and largely depends on the contract terms between the firms.

3. Where and how the following parties are involved in data reporting: Clearing firms, Service Bureaus, and vendors?

   Each of the parties will contract with their client to report their corresponding piece. In case of an overlap, CAT will collate the information.

4. Is there a requirement to add the ability to communicate between the parties other than CAT whether a report to CAT has to be provided by the recipient of the message or not?

   OPEN, the working group will think about the validity of the requirement and will respond back to GTC if needed.

5. In what scenarios FDIDs are changed or corrected?

   CAT requires persistency of the FDID over the lifetime of an account. However, it allows the FDID to change under special circumstances like when an industry member assigns a new account to a customer for reasons, such as merger, acquisition or some other corporate action. A new FDID should be generated to reflect the change in the underlying trading account.

   FDIDs could also change if the underlying information is compromised or if the order information is improperly concatenated to the FDID.

4 Proposed Message Flow

Following are a few scenarios illustrating the order(s) flow and FDID reporting responsibilities.

1. This scenario describes when a client sends two orders to two different industry members. The members must individually report their unique FDIDs to CAT. The members may choose to send the account information (client account #) back to Client X.

**Figure 1: Two orders from the same client to different broker/dealers**
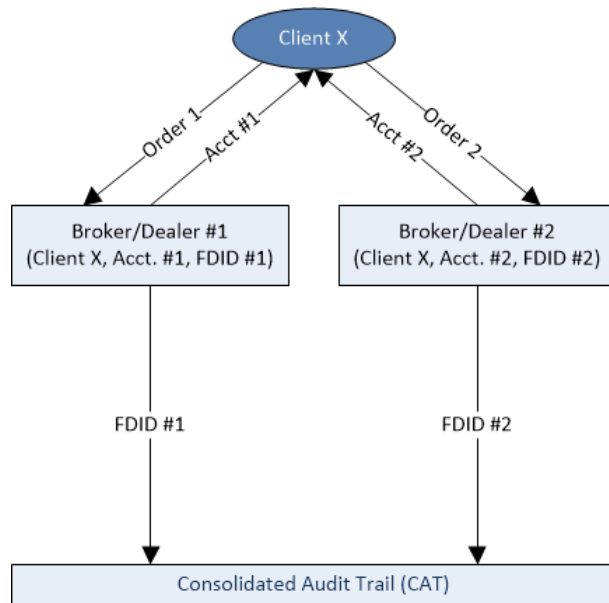
2. This scenario illustrates when an order is routed from one industry member to another. The Broker/Dealer #1 is required to report the unique FDID to CAT and may report the account information back to Client X. Broker/Dealer #2 has no knowledge of Client X and hence does not report any FDID to CAT.

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Figure 2: Order routed from one broker/dealer to another
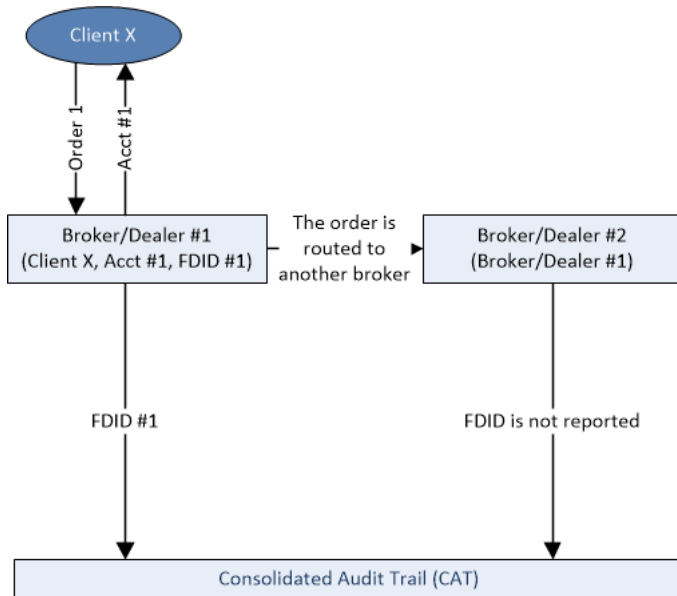
3. This scenario illustrates the reporting requirement when an order is accepted by a broker/dealer and then routed to an internal OMS or EMS. The internal OMS reports the unique FDID to CAT.

Figure 3: Order internally routed to an OMS within a broker/dealer
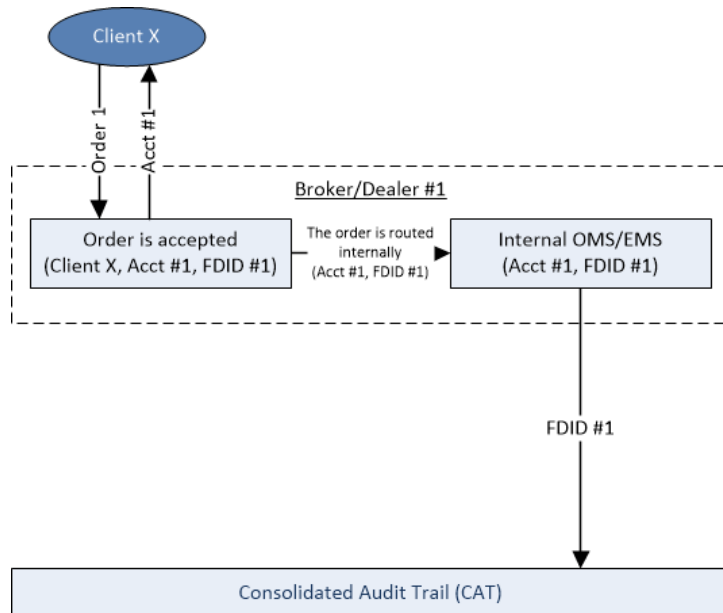
5 FIX Message Tables

There are no changes to existing FIX message tables.

6 FIX Component Blocks

There are no changes to existing FIX component blocks.

7 Category Changes

There are no changes to existing categories.

Appendix A - Data Dictionary

Tag	FieldName	Action	Datatype	Description	FIXML Abbreviation	Add to / Deprecate from Message type or Component block
447	PartyIDSource	CHANGE	char	Identifies class or source of the PartyID (448) value. Valid values: ~~Stbd~~ = FDID (Firm designated identifier) [Elaboration: A unique identifier required by the SEC for each trading account designated by Industry Members for purposes of reporting to CAT (Consolidated Audit Trail).]	@Src	

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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