



# FIX Brexit Working Group

## STO Exemption Proposal

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**For Global Technical Committee Governance Internal Use Only**

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## Document History

Revision	Date	Author	Revision Comments
0.1	December 17, 2019	Hanno Klein, FIX GTC	Initial draft
	<a href="#">December 24, 2019</a>	<a href="#">GTC Technical Staff</a>	<a href="#">Generated ASBUILT and pre-assigned IDs.</a>

# 1 Introduction

This extension proposal addresses potential gaps in the FIX Protocol Standard due to changes caused by Brexit. The FIX Brexit Working Group was created to assist FIX members and other industry participants prepare for the challenges posed by the United Kingdom leaving the European Union. The goals of the working group are to identify and review requests/requirements for potential changes to technical or business practices that may occur because of the changes in regulation or practices due to certain Brexit outcomes.

The requirements addressed in this proposal relate to the exemption from Share Trading Obligation (STO) of an order. The previous Extension Pack 250 (<https://www.fixtrading.org/packages/fix-share-trading-obligation-extension-ep250/>) covered the use cases where an order is subject to EU and/or UK STO. However, there is still legal uncertainty about the applicability of STO in some cases.

## 2 Business Requirements

### 2.1 Exemption from Share Trading Obligation

Brexit will have an impact on existing regulations for STO (see <https://www.esma.europa.eu/file/50775>). An EU STO may be different from a UK STO, and whilst the FCA have not yet produced any STO definition for the UK, EU based clients will need to respect the EU/ESMA STO. Some firms outside EU (e.g. UK, Switzerland) trade for clients both in and outside the EU, and there will be a need to identify orders that are subject to the EU STO. This has been covered by EP250 (see above).

There is an additional requirement to support a subset of use cases where a default STO is defined out-of-band, i.e. where the order may not carry any explicit STO information but is still subject to a specific STO defined with a default setting. The requirement is to support the override of the default with an explicit value to convey the fact that an order is deemed (by the order submitter) not to be subject to any STO. The order recipient (e.g. broker) may agree or disagree with this request and return one or more different values in the ExecutionReport(35=8) confirming the order.

It is proposed to use the existing repeating group OrderAttributesGrp to identify the STO exemption of an order. This group can have one or more instances of an order attribute, expressed by the valid values of OrderAttributeType(2594). It is further proposed to add a new valid value as follows in conjunction with OrderAttributeValue(2595) set to "Y" or "N".

- **TBD\_14**= Exempt from STO

Note that a single order may not carry this new attribute in conjunction with one of the existing values 10 (Subject to EU STO) or 11 (Subject to UK STO). The new value is mutually exclusive with those added with EP250 and overrides any standing instructions for STO. Absence of standing instructions and absence of at least one explicit STO value on the order means that there is no statement in the order about STO and should be avoided in jurisdictions with regulations for STO. Note also that there is a user

defined field OrderAttributeTypes(8015) that can be used by implementations that cannot accommodate later tag numbers in earlier FIX versions or repeating groups. Valid values are represented as a string of space delimited integer values defined by the standard field OrderAttributeType(2594).

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

*There are no issues or discussion points.*

### **4 Proposed Message Flow**

*There are no changes to existing FIX message flows.*

### **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	Data-type	Description	FIXML Abbreviation	Add to / Deprecate from Message type or Component block
2594	OrderAttributeType	CHANGE	int	<p>The type of order attribute.</p> <p>Valid values:                      0 = Aggregated order                      ...                      10 = Subject to EU STO                      [Elaboration: This attribute is mutually exclusive with <del>TBD_OrderAttributeType(2594)=14</del> (Exempt from STO), but not mutually exclusive with <del>OrderAttributeType(2594)=11</del> (Subject to UK STO).                      In the context of the trading obligation for shares (STO) under ESMA's Article 23 of MiFIR, it signifies that the order is subject to the rules defined by ESMA. This attribute is not mutually exclusive with <del>11 = Subject to UK STO.</del>]</p> <p>11 = Subject to UK STO                      [Elaboration: This attribute is mutually exclusive with <del>TBD_OrderAttributeType(2594)=14</del> (Exempt from STO), but not mutually exclusive with <del>OrderAttributeType(2594)=10</del> (Subject to EU STO).                      In the context of the trading obligation for shares (STO) under ESMA's Article 23 of MiFIR, it signifies that the order is subject to UK rules defined by the FCA. This attribute is not mutually exclusive with <del>10 = Subject to EU STO.</del>]</p>	@Typ	



Tag	FieldName	Action	Data-type	Description	FIXML Abbreviation	Add to / Deprecate from Message type or Component block
				12 = Representative order 13 = Linkage type  TBD-14 = Exempt from STO [Elaboration: This attribute is mutually exclusive with <u>OrderAttributeType(2594)=10</u> = {Subject to EU STO} and <u>OrderAttributeType(2594)=11</u> = {Subject to UK STO}. It can be used to override standing instructions for a trading obligation for shares (STO). It overrides the standing instructions in their entirety. In the context of STO under ESMA's Article 23 of MiFIR, it signifies that the order is exempt from any share trading obligation.]		

## 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