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Master SPSA Service

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Document History

Revision	Date	Author	Revision Comments
0.1	29 Jul 2020	Hanno Klein, GTC Lisa Taikitsadaporn, Brook Path Partners	Initial draft
0.2	18 Aug 2020	Hanno Klein, GTC	Removed Master SPSA ID from AcctIDSource(660).
	<u>11 September, 2020</u>	<u>GTC Technical Support</u>	<u>Generated ASBUILT and assigned IDs.</u>

1 Introduction

The Master SPSA (Master Special Segregated Account) Service is an optional service introduced to facilitate the trading efficiency of the Shanghai and Shenzhen Connect. It requires a number of identifiers for investors and their accounts that are assigned by the central clearing and settlement system (CCASS) of Hong Kong Exchanges and Clearing Limited (HKEX). It is proposed to extend FIX to natively support additional identifier sources.

Please refer to https://www.hkex.com.hk/Mutual-Market/Stock-Connect/Reference-Materials/Master-SPSA-Service?sc_lang=en for background information.

2 Business Requirements

SPSA (Special Segregated Account) identifier were introduced by HKEX for the sole purpose of pre-trade checking for sell orders. Once a Master SPSA exists, the exchange moves all positions previously held under one of its SPSAs to the Master SPSA. The settlement process is then conducted on the basis of the SPSA, i.e. not the Master SPSA. Hence, the individual SPSAs are only absent at the exchange level but continue to exist at buy- and sell-side as well as for the settlement.

The following is an excerpt from the FAQ (question 1.1) published by HKEX (https://www.hkex.com.hk/-/media/HKEX-Market/Mutual-Market/Stock-Connect/Reference-Materials/Master-SPSA-Service/Master_Spsa_Service_FAQ_Eng.pdf?la=en):

An entity (e.g. fund manager, asset manager, investment manager, etc.) which owns and/or maintains more than one SPSA with one or multiple Custodian Participants or General Clearing Participants which are non-Exchange Participants ("non-EP GCPs") are eligible to apply for the Master SPSA Service. Upon successful application, a Master SPSA Holder ID (FXXXXX) will be assigned to such entity as a "Master SPSA Holder" and a unique 6-digit Master SPSA ID. The Master SPSA Holder can then map the existing unique 6- digit SPSA investor identification numbers assigned by CCASS ("SPSA ID") to the assigned Master SPSA ID, and designate at most 20 China Connect Exchange Participants ("CCEPs") as its executing brokers for such Master SPSA ID. Once all required mappings are completed, the Master SPSA ID can be used for pre-trade checking for Northbound sell orders at the aggregate level.

While a SPSA may be conveyed in FIX by means of the Parties component with PartyRole(452) = 5 (Investor ID) and PartyIDSource(447) = 5 (Chinese Investor ID), there is a regulatory requirement to be able to explicitly differentiate between the two types of SPSA IDs. The following new values for PartyIDSource(447) are proposed to support the explicit identification of both an SPSA and a Master SPSA.

- **TBDT** = SPSA ID
- **TBDU** = Master SPSA ID

The buy-side needs to be able to convey different quantities per SPSA account to the sell-side by means of the PreAllocGrp component, using AllocAcctIDSource(661) to identify AllocAccount(79) as a SPSA. It is proposed to add a new value **TBD6** = SPSA ID to AllocAcctIDSource(661)¹.

3 Issues and Discussion Points

NONE

4 Proposed Message Flow

No changes.

5 FIX Message Tables

No changes.

6 FIX Component Blocks

No changes.

7 Category Changes

No changes.

8 FIX Specification Errata

This section includes errata from prior versions and extension packs (EP) that are being implemented as corrections as part of this extension pack.

<u>Jira Item</u>	<u>Affected EP/Version</u>	<u>Synopsis of change.</u>
<u>SPEC-2473</u>	<u>Latest</u>	<u>Change enum short description and elaboration for PartyIDSource(447) value "S".</u>

¹ AllocAcctIDSource(661) uses the enum values of AcctIDSource(660).

Appendix A - Data Dictionary

Tag	FieldName	Action	Datatype	Description	FIXML Abbreviation	Add to / Deprecate from Message type or Component block
447	PartyIDSource	CHANGE	char	<p>Identifies class or source of the PartyID (448) value. Required if PartyID is specified. Note: applicable values depend upon PartyRole (452) specified.</p> <p>Values:</p> <p>FBDT = Special Segregated AccountSPSA ID [Elaboration: Also referred to as SPSA ID. The Special Segregated Account identifier issued by Hong Kong Exchanges and Clearing-HKEX.]</p> <p>FBDU = Master Special Segregated AccountSPSA ID [Elaboration: Also referred to as Master SPSA ID. The master identifier issued by Hong Kong Exchanges and ClearingX for the aggregation of SPSA IDs.]</p>	@Src	

660	AcctIDSource	CHANGE	int	<p>Used to identify the source of the Account (1) code.</p> <p>Values:</p> <p>...</p> <p>5 = DTCC code</p> <p>TBD-6= SPSA-Special Segregated Account ID</p> <p>[Elaboration: Also referred to as SPSA ID. The Special Segregated Account identifier issued by Hong Kong Exchanges and Clearing.]</p>		

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

[Examples may be entered below this line]

Appendix E - Disposition of Public Comments

Public comments from Ramjee Penta

1. Once we have new enum values assigned for the SPSA ID and Master SPSA ID in the tag PartyIDSource(447), will the existing enum value '5' (Chinese Investor ID) continue to exist?

If it continues to exist, it would be good to specify in the recommended practices document on how to use it in the future such that it wouldn't be instead misused to specify the SPSA ID or the Master SPSA ID.

Resolution: We will add a note to the recommended practices such that new enum SPSA ID and Master SPSA ID will be used for Stock Connect trading while '5' (Chinese Investor ID) will be kept for other China market A/B shares trading.
2. A Master SPSA ID could be setup even at a Fund level rather than at a Fund Manager level. So, it might be needed to allow specifying even a Master SPSA ID in the AllocAccount (79) tag, thereby requiring to add a new value TBD = Master SPSA ID to AllocAcctIDSource(661).

Resolution: Technically speaking, a Master SPSA is not set up at either the Fund Level or Fund Manager Level. Rather, it is the underlying SPSA accounts that are linked to the MSPSA ID that can either be set up at the Fund Level or Fund Manager Level (and by extension, the BCAN).

SPSAs that are set up at either the Fund Level or the Fund Manager Level can be linked to a Master SPSA ID, however, they cannot be mixed. For example, if 10 SPSAs are being linked to one Master SPSA ID, all 10 SPSA accounts have to be set up at either the Fund Level or the Fund Manager Level, but they cannot be 5 at the Fund Level and 5 at the Fund Manager Level.

Based on the idea above, AllocAccount(79) tag will be SPSA ID for pre-trade allocation. Whereas the Master SPSA ID is used when trading on exchange.