



**FIX Trading Community Execution Venue
Working Group and EMEA Business Practices
Subcommittee**

**FIX Trading Community
Execution Venue Reporting Recommended Best
Practices**

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Table of Contents

1	- Executive Summary	4
2	- Objective	4
3	- Scope	4
4	- Tag 29.....	5
5	- Tag 30.....	8
6	- Tag 851 (Alternative UDF: 8010)	9
7	EMEA Trade Scenarios	Error! Bookmark not defined.

1 - Executive Summary

Ensuring that the needs of the buy-side community are effectively addressed is a central goal of the FIX Trading Community, the non-profit industry standards organization at the heart of the global trading community. Historically a key issue prioritized by the buy-side has been an inconsistent response from the broker-dealer community with regard to broker reporting of the execution venue as well as the nature of the transaction for each fill. To address this issue, recommended best practices for execution venue reporting have been developed, encouraging increased consistency and enhanced transparency.

2 - Objective

The best practices define the usage expectations for the FIX fields that describe the final destination point of an execution, the capacity of the broker for that execution and the nature of liquidity (added or taken) for that trade. The buy-side encourages the sell-side community to implement these best practices after consulting with their clients on the readiness of the client's systems. The following recommendations have been produced by the FIX Trading Community Buy-Side Execution Venue Subgroup in cooperation with the EMEA Business Practices Subcommittee.

3 - Scope

The best practice recommendations focus on the following FIX tags:

- Tag 29: LastCapacity
- Tag 30: LastMkt
- Tag 851: LastLiquidityInd

4 - Tag 29

LastCapacity – Represents the capacity of the broker dealer entity executing the order. This field is applicable only for fills bearing an OrdStatus(39) value of Partially Filled (39=1) or Filled (39=2).
 Note: “CSA Eligible” below refers to eligibility for Commission Sharing Arrangements (CSA).

Valid Values:

Capacity (FIX Tag 29)	Proposed Global Usage	Definitions
1	Agency Only CSA Eligible: Yes MiFID: AOTC	<ul style="list-style-type: none"> <u>Global:</u> <ul style="list-style-type: none"> An execution on a public market or with an external party (e.g. broker) conducted on an agency basis.
2	Cross as Agent CSA Eligible: Yes MiFID: AOTC	<ul style="list-style-type: none"> <u>Global:</u> <ul style="list-style-type: none"> An execution between two clients of the executing broker-dealer, where the broker-dealer is acting as agent on behalf of both clients, including when the execution takes place within the broker-dealer's electronic matching engine in an agency capacity (i.e. client order vs. another client order).
3	Cross as (Riskless) Principal CSA Eligible: Yes MiFID: MTCH – Matched Principal	<ul style="list-style-type: none"> <u>Americas:</u> <ul style="list-style-type: none"> An execution between two clients of the executing broker-dealer, where the broker is acting as a principal solely for the purpose of effecting the execution between the clients, including when the broker is acting as principal to collect consideration for the transaction by printing one or both clients at net prices, without committing capital. An execution performed on a public market in riskless principal capacity. <u>EMEA:</u> <ul style="list-style-type: none"> An execution on a public market or from an external party (e.g. broker) conducted on a matched principal basis in line with the MiFID definition of 'MTCH' capacity.

<p style="text-align: center;">4</p>	<p>Principal</p> <p>CSA Eligible: No</p> <p>MiFID: DEAL</p>	<ul style="list-style-type: none"> • <u>Global:</u> <ul style="list-style-type: none"> - An execution where the broker-dealer is acting as a dealer and is the principal on the opposite side of the client execution. - An execution where the executing firm is committing capital (e.g. a risk fill or change in price on fills obtained from markets or external parties). - An execution taking place within the broker-dealer's electronic matching engine in a principal capacity (e.g. client order vs. a house order). - Where the execution message is being used to communicate an indicative price and quantity (for example when being used by the broker to write a swap), regardless of the source of liquidity.
<p style="text-align: center;">5</p>	<p>Riskless Principal (Average Price MiFID reported)</p> <p>CSA Eligible: Yes</p> <p>MiFID: DEAL <i>(To be used for MiFID markets only)</i></p>	<ul style="list-style-type: none"> • <u>EMEA:</u> <ul style="list-style-type: none"> - An execution on a public market or from an external party (e.g. broker) conducted on a riskless principal basis, reported as an average-price execution. - This is equivalent to 29=3 except that it indicates the price being reported is a MiFID average priced execution.

Further Guidance on use of LastCapacity(29)

The following guidance is provided for usage of LastCapacity(29) as a means for determination of Commission Sharing Arrangement (CSA) eligibility:

- Riskless Principal / Cross as Riskless Principal - **CSA Eligible:**
 - Riskless Principal includes situations where after receiving a customer order, a broker-dealer executes it in their book principally and then fills the client from their book at the same price without committing capital. These fills are CSA Eligible and should be assigned value of 3.
 - The value 5 (Riskless Principal) in the LastCapacity(29) definition was created specifically for the EMEA region and should be used only when reporting Riskless Principal transactions at Average Price level per the MIFID regulation.
 - Fills for Orders with special settlement are considered riskless principle.
- Principal – **Not CSA eligible:**
 - Fills resulting from a broker committing capital or taking risk are considered principal transactions and are to be assigned value 4 (Principal).
 - For swap orders, executions (hedges) should be marked as 4 (Principal).
- When reporting fills involving a cross-border affiliate of the broker, the value reported in LastCapacity(29) should represent the actual capacity of the entity executing the order on the market in order to provide the most transparency regarding how the order was executed (CSA eligibility must be agreed upon by the participants based on legal guidance).
- When reporting an execution representing multiple fills that have been average priced, if any of the underlying fills were completed on a principal basis per the definitions above, the average priced fill should be reported as value 4 (Principal) in LastCapacity(29).
- For further information on use of LastCapacity(29) in MiFID markets, please see [MiFID Trading Capacity and FIX Tag 29 guidelines](#) on the FIX Trading Community site.

5 - Tag 30

LastMkt – Market of execution for last fill, or an indication of the market where an order was routed. Whenever possible, the market reported should be the market where the execution occurred.

General comments

- Use only Market Identifier Codes (MICs) regardless of FIX version.
- The actual destination where the fill was executed should be relayed in this tag¹. Intermediate hops that were taken to get to the final point of execution are irrelevant for scope of this effort and should not be considered a valid entry for LastMkt(30).
- For a list of current MICs or information on how to apply for a MIC follow this link - [Market Identifier Code Homepage](#).

Trading Venue Executions

- All market centers, including broker crossing systems and alternative trading systems, should register or be encouraged to register for a MIC code. Where a market center has separate segregated order books, such as a 'Dark' and a 'Lit' order book, run by a single exchange or MTF, the market center should register for a separate MIC for each order book. Where a market center runs an integrated order book containing both dark and lit orders, this will have a single MIC.
- If the venue does not distinguish dark/lit, the convention is to base the dark/lit nature of an execution as being taken from the order that caused that execution. So if the order was a lit order, all executions will be treated as lit (even if the order crossed with a dark order, where the market counterparty's executions would be flagged as dark).
- If a valid MIC doesn't exist on the venue that the trade occurred, LastMkt(30) should still be included and should use the XXXX MIC code as per the [list of ISO 10383 Exchange/MarketIdentifier Codes \(xls\)](#).

Broker Executions

- All brokers are to have an operator-level MIC in each major location in which they operate².
- All brokers that operate automated execution systems (e.g. BCN, MTF, ATS) should have a segment-level MIC for each one and use that MIC in LastMkt(30) on executions arising from these systems.
- Systematic Internalisers are to have their own MICs.
- For OTC executions outside Systematic Internalisers, brokers may either use the appropriate operator-level MIC in LastMkt(30) or have separate segment-level MICs at their discretion.

The use of MICs is standard from FIX version 4.3 and above, but the proliferation of markets has made it imperative to use this standard in the earlier versions of FIX as well. This departure from the FIX 4.2 protocol is recognized but from our viewpoint is unavoidable and necessary.

¹ Note that LastMkt(30) should not be used to communicate information concerning the execution between the broker and their client. The trading venue for MiFID II transaction reporting purposes should be provided using the Parties component repeating group with PartyRole(448) = 73 'execution venue' or user defined field PartyIDExecutionVenue(20073).

² This is a requirement from SWIFT, the registration authority (RA) for the ISO MIC standard.

6 - Tag 851 (Alternative UDF: 8010)

LastLiquidityInd – Indicator to identify whether this fill was a result of a liquidity provider adding or a liquidity taker removing the liquidity. This field is applicable only for OrdStatus(39) of Partially Filled (39=1) or Filled (39=2). Tag 851 is a FIX 4.4 field that we advocate be used in any version of FIX. For systems unable to use LastLiquidityInd(851) in lower versions, the equivalent custom tag 8010 may be used.

Valid Values:

- 0 = Neither Added Nor Removed Liquidity
- 1 = Added Liquidity
- 2 = Removed Liquidity
- 3 = Liquidity Routed Out
- 4 = Auction
- 5 = Triggered Stop Order
- 6 = Triggered Contingency Order
- 7 = Triggered Market Order
- 8 = Removed Liquidity After Firm Order Commitment
- 9 = Auction Execution After Firm Order Commitment

This tag should be required, for the purposes of these best practices, for every execution where fill information is being relayed and that the information be as accurate as possible.

- **0 (neither added nor removed liquidity)** to be used for executions arising from a venue in which none of the other values apply, such as in an ATS that crosses orders at discrete time intervals.
- **1 (added liquidity)** or **2 (removed liquidity)** to be used where the venue explicitly provides it. If not explicitly provided by the venue, then do not supply this tag (except where a value of 0 or 4 is appropriate).
- **3 (liquidity routed away)** used for liquidity from external liquidity providers routed to from other venues or by a specific liquidity provision service provided by this venue.
- **4 (auction)** for auction uncrosses. This applies to any auction, including intraday auctions and those arising from volatility interruptions and similar. Note that executions taking place on a venue not itself in an auction phase while another market (e.g. primary market) is in an auction phase will not count as '4'.
- **5 (triggered stop order)** for fills arising from a stop order that was triggered and immediately executed.
- **6 (triggered contingency order)** for fills arising from a contingency order (OCO, OTO, OUO) that became active (after cancelling or updating another order) and immediately executed.
- **7 (triggered market order)** for fills arising from a market order being triggered due to an executable overbook situation.
- **8 (removed liquidity after firm order commitment)** for fills arising from an order that was submitted for continuous trading that required a firm order commit prior to execution. "Conditional order" is an alternate term used for such orders.
- **9 (auction execution after firm order commitment)** for an order that was submitted for auction trading that required a firm order commit prior to execution. "Conditional order" is an alternate term used for such orders.

