

Global Technical Committee and CME Group

 AllocationInstructionAlertRequest Proposal

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# Document History

| **Revision** | **Date** | **Author** | **Revision Comments** |
| --- | --- | --- | --- |
| 0.1 | Sept. 19, 2017 | Brook Path Partners, Inc. for CME Group | Initial draft |
| 0.2 | Sept. 25, 2017 | CME | Sections 1 and 2 |
| 0.3 | Sept. 26,2017 | CME | Section 4 |
| 0.4 | Sept. 26, 2017 | CME | Updated Section 4 |
| 0.5 | Sept. 26, 2017 | Brook Path Partners, Inc. for CME Group | Additional updates based on discussions of remaining requirements. |
| 0.6 | Sept. 27, 2017 | CME | In table 5.1 edited the name of tag 1731 from AllocPxGroupID to AvgPxGroupID, changed “an” to “a” as appropriate based on edits. |
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The above document history section, including date, author, and comments, is required to track editing changes to the document. List revisions in **ascending order**. Please insert additional rows in the table as needed.

Template version information:

r2: 2010-11-13 Revised to support abbreviations, inlined component references

r3: 2011-12-02 Revised to add additional usage clarification

r3.1: 2013-01-04 Revised Copyright year, changed template to Office 2013 .docx version, updated font to Calibri for cleaner look. Added additional template usage clarification.

R3.2 2016-05-23 – revised the copyright date, corrected document references and replaced the FIX logo with the most current graphic.

2016-09-14 – Removed blue highlighting from hidden text content, removed ICR column from 5.1 and 6.1 tables and added “FIX Spec” to the Comments column header of table 6.1 and revised notation of optional elaboration for fields and enums in the data dictionary.

# Introduction

This proposal includes several enhancements required to support a new average pricing concept for allocated trades called Notional Value Average Price (NVAP). In this model, clients allocate all of their trades to one group, which they do not have to close, but rather keep as a continuously updated record of what they have available to allocate. Enhancements include new values for AllocType (626) and AvPxIndicator (819), as well as extension to the AllocGrp component, the AllocationInstructionAlert (35=J) message, and a new AllocationInstructionAlertRequest (35=tbd) message.

## Summary of Proposed Changes

The summary of proposed changes to support the business requirements described in Section 2 are:

* to add an enumeration for Notional Value Average Price to AvgPxIndicator (819),
* to add an enumeration for Notional Value Average Price to AllocType (626),
* to extend the AllocGrp component by adding AllocGroupAmount (tbd) to contain the notional value an allocation
* to extend the AllocInstructionAlert (35=J) message to include a GroupAmount (tbd) to show the total notional value of an NVAP group, GroupRemainingAmount (tbd) to show the notional value not yet allocated from the group, HighPx (332) to indicate the highest price in the group, and LowPx (333) to indicate the lowest price in the group,
* to create a new light-weight AllocationInstructionAlertReqeust (35=tbd) message to request an AllocationInstructionAlert (35=J) message showing the current status of an allocation group, which would contain an AllocRequestID (tbd), AllocGrpID (1730), AvgPxGroupID (1731), and TradeDate (75).

# Business Requirements

## Notional Value Average Price Allocations

Clients allocating a trade need a way to indicate that the trade they are marking for allocation should be allocated using the NVAP model. Clients will continue to be able to submit trades for allocation as they have done previously, however, they will now have an additional option of using the NVAP allocation model. In order to determine the client's intention, we need a way for the client to indicate that they would like a trade to be allocated to a NVAP group. This can be accomplished by adding a new enumeration for Notional Value Average Price to AvgPxIndicator (819). A similar enumeration can be added to AllocType (626) to communicate what type of allocation they are receiving information about.

## Notification of NVAP Group Creation

When a trade is marked for allocation using NVAP method and a group does not yet exist to which the trade can be added, one must be created. The client must be informed of the new group creation, and the details of the group in its initial state. This can be accomplished by extending the AllocationInstructionAlert (35=J) message with a GroupAmount (tbd) field to indicate the notional value not yet allocated, a GroupRemainingAmount (tbd) field to show the remaining notional that can be allocated, the HighPx (332) field to show the highest price in the group, and the LowPx (333) to show the lowest price in the group.

## NVAP Group Status Request

NVAP allocation groups remain open which allows clients to continuously add trades to it and allocated from it, clients may not have, or may not want to keep track of the correct value of the group's NVAP on their own. However, an accurate picture of the state of the group is necessary in order to manage and allocate from it. Consequently, clients must have a way to request the current status of a particular group. This can be accomplished using a new AllocationInstructionAlertRequest (35=tbd) message, containing an AllocRequestID (tbd), AllocGrpID (1730), AvgPxGroupID (1731), and TradeDate (75).

The new proposed message will allow clients to request the status of the group on a per request basis (i.e. status snapshot).

## NVAP Group Status Response

Customers must be able to receive a response to their status request messages. These can be in the form of an AllocatoinInstructionAlert (35=J) message, with the extensions detailed in section 2.2 so that clients know what is available to them to allocate.

## Notification of NVAP Group Allocations

Once an allocation has been made from a NVAP group, the client must be informed of the details of how much notional value from the group was actually used on each allocation. This can be accomplished using an AllocationReport (35=AS) message containing multiple instances of the AllocGrp component extended with an AllocGroupAmt (tbd) to contain the notional value per an allocation.

# Issues and Discussion Points

|  | **Issue** | **Date** | **Status** | **Discussion** |
| --- | --- | --- | --- | --- |
| 1 |  |  |  |  |
|  |  |  |  |  |

# Proposed Message Flow

There is no change to the message flow for allocation group method of allocating with the CCP. The diagram below illustrates the typical flow for NVAP group allocation using existing FIX messages.



# FIX Message Tables

## AllocationInstructionAlertRequest (35=tbd)

|  |
| --- |
| To be completed at the time of the proposal – all information provided will be stored in the repository |
| Message Name | AllocationInstructionAlertRequest |
| Message Abbreviated Name (for FIXML) | AllocInstrAlertReq |
| Category | Allocation |
| Action | \_X\_New \_\_Change |
| Message SynopsisRequired, short, one or two paragraph description of the message. | This message is used in a clearinghouse 3-party allocation model to request for AllocationInstructionAlert(35=BM) from the clearinghouse. The request may be used to obtain a one-time notification of the status of an allocation group. |
| Message ElaborationOptional longer description of the message usage  | [enter the message elaboration here] |
| To be finalized by FPL Technical Office |
| (MsgType(tag 35) Enumeration |  |
| Repository Component ID |  |

| *Tag* | *Field Name* | *Req'd* | *Action* | *Mappings and Usage Comments* | *FIX Spec Comments* |
| --- | --- | --- | --- | --- | --- |
| ***Standard Header*** | Y |  |  | MsgType=(TBD) |
| tbd | AllocRequestID | N | NEW |  | Unique identifier for this message. |
| 1730 | AllocGrpID | N | ADD |  |  |
| 1731 | AvgPxGroupID | N | ADD |  |  |
| 75 | TradeDate | N | ADD |  |  |
| ***Standard Trailer*** | Y |  |  |  |

## AllocationInstructionAlert (35=BM)

|  |
| --- |
| To be completed at the time of the proposal – all information provided will be stored in the repository |
| Message Name | AllocationInstructionAlert |
| Message Abbreviated Name (for FIXML) | AllocInstrAlert |
| Category | (no change) |
| Action | \_\_New \_X\_Change |
| Message SynopsisRequired, short, one or two paragraph description of the message. | (no change) |
| Message ElaborationOptional longer description of the message usage  | (no change) |
| To be finalized by FPL Technical Office |
| (MsgType(tag 35) Enumeration | BM |
| Repository Component ID |  |

| *Tag* | *Field Name* | *Req'd* | *Action* | *Mappings and Usage Comments* | *FIX Spec Comments* |
| --- | --- | --- | --- | --- | --- |
| ***Standard Header*** | Y |  |  | MsgType=BM |
| *(…truncated…)* |  |  |  |  |
| 626 | AllocType | Y |  |  |  |
| tbd | AllocRequestID | N | NEW |  | Identifier of the request this message is responding to when responding to an AllocationInstructionAlertRequest(35=tbd). |
| 793 | SecondaryAllocID | N |  |  |  |
| *(…truncated…)* |  |  |  |  |
| 1736 | AllocGroupQuantity | N | CHANGE | *remove redundant field usage text - duplicates data dictionary* | ~~Indicates the total quantity of an allocation group. Includes any allocated quantity.~~ |
| 1737 | AllocGroupRemainingQuantity | N | CHANGE | *remove redundant field usage text - duplicates data dictionary* | ~~Indicates the remaining quantity of an allocation group that has not yet been allocated.~~ |
| tbd | GroupAmount | N | NEW |  |  |
| tbd | GroupRemainingAmount | N | NEW |  |  |
| 30 | LastMkt | N |  |  |  |
| 229 | TradeOriginationDate | N |  |  |  |
| *(…truncated…)* |  |  |  |  |
| 6 | AvgPx | N |  |  |  |
| 860 | AvgParPx | N |  |  |  |
| 332 | HighPx | N | ADD |  | Maybe used to indicate the highest price within the specified allocation group. |
| 333 | LowPx | N | ADD |  | Maybe used to indicate the lowest price within the specified allocation group. |
| ***SpreadOrBenchmarkCurveData component*** |  |  |  |  |
| *(…truncated…)* |  |  |  |  |
| ***Standard Trailer*** | Y |  |  |  |

# FIX Component Blocks

## Component AllocGrp

|  |
| --- |
| To be completed at the time of the proposal – all information provided will be included in the repository |
| Component Name | AllocGrp |
| Component Abbreviated Name (for FIXML) | Alloc |
| Component Type | \_X\_\_ Block Repeating \_\_\_ Block |
| Category | [enter the category name here] |
| Action | \_\_New \_X\_Change |
| Component SynopsisRequired, short, one or two paragraph description of the component. | (no change) |
| Component ElaborationOptional longer description of the component usage | (no change) |
| To be finalized by FPL Technical Office |
| Repository Component ID |  |

 [Other additional text detailing usage of the component may be entered below this line]

|  |
| --- |
| Component FIXML Abbreviation: <*Alloc*> |
| *Tag* | *Field Name* | *Req'd* | *Action* | *Mappings and Usage Comments* | *Comments* |
| 78 | NoAllocs |  |  |  |  |
| 79 | AllocAccount |  |  |  |  |
| *(…truncated…)* |  |  |  |  |
| 2393 | AllocRefRiskLimitCheckIDType |  |  |  |  |
| 2483 | AllocRiskLimitCheckStatus |  |  |  |  |
| tbd | AllocGroupAmount | N | NEW |  |  |
| ***TradeAllocAmtGrp component*** |  |  |  |  |
| *(…truncated…)* |  |  |  |  |
| </*Alloc*> |

# Category Changes

|  |
| --- |
| To be completed at the time of the proposal – all information provided is stored in the repository |
| Category Name | [enter the category name here] |
| Section | \_\_PreTrade\_\_Trade\_\_PostTrade\_\_Infrastructure |
| Category SynopsisRequired, short, one or two paragraph category description. | [enter the category synopsis here] |
| Category ElaborationOptional longer description of the category usage. | [enter the category elaboration here] |
| To be finalized by FPL Technical Office |
| Category Filename |  |

# Appendix A - Data Dictionary

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Tag** | **FieldName** | **Action** | **Datatype** | **Description** | **FIXML Abbreviation** | **Add to / Deprecate from Message type or Component block** |
| TBD | AllocRequestID | NEW | String | Unique identifier for the request message. | @ReqID | AllocationInstructionAlertRequestAllocationInstructionAlert |
| TBD | GroupAmount | NEW | Amt | Indicates the total notional units or amount of an allocation group. Includes any allocated units or amount.[Elaboration: Whether notional units or amount is used depends on the type of listed derivative contract and the clearinghouse. A notional unit is (price x quantity) without the derivative's contract value factor.] | @GrpAmt | AllocationInstructionAlert |
| TBD | GroupRemainingAmount | NEW | Amt | Indicates the remaining notional units or amount of an allocation group that has not yet been allocated.[Elaboration: Whether notional units or amount is used depends on the type of listed derivative contract and the clearinghouse. A notional unit is (price x quantity) without the derivative's contract value factor.] | @RemAmt | AllocationInstructionAlert |
| TBD | AllocGroupAmount | NEW | Amt | Indicates the notional units or amount being allocated.[Elaboration: Whether notional units or amount is used depends on the type of listed derivative contract and the clearinghouse. A notional unit is (price x quantity) without the derivative's contract value factor.] | @GrpAmt | AllocGrp |
| 626 | AllocType | CHANGE | int | Describes the specific type of purpose of an Allocation message (i.e. "Buyside Calculated")1 = Calculated (includes MiscFees and NetMoney)…25 = Approve take-uptbd = Notional value average price group allocation[Elaboration: Used when conducting notional value average price (NVAP) group allocation with a clearinghouse.] |  |  |
| 819 | AvgPxIndicator | CHANGE | int | Average ~~P~~pricing ~~I~~indicator.0 = No average pricing1 = Trade is part of an average price group identified by the AvgPxGroupID(1731)2 = Last trade of the average price group identified by the AvgPxGroupID(1731)tbd = Trade is part of a notional value average price (NVAP) group[Elaboration: A NVAP group is effectively closed and available for allocation as long as the NVAP of the group is non-zero.] |  |  |

# 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