



FIX Brexit Working Group

Share Trading Obligation Extension Proposal

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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 Share Trading Obligation (STO) of an order.

2 Business Requirements

2.1 Share Trading Obligation of an Order

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 will be challenging in the short term, and a FIX standard solution should be developed, even if Brexit is delayed, as a new tag implementation is not a trivial exercise. ESMA has revised their statement end of May 2019 (see <https://www.esma.europa.eu/file/51511>) and suggests to focus on the country code in the first two letters of the ISIN of an order to identify the appropriate jurisdiction. However, the Brexit WG has agreed that the wider implications of the EU TOTV survive beyond EEA ISINs, and therefore a solution to identify STO on an order is still required.

It is proposed to use the existing repeating group OrderAttributesGrp to identify the STO 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 two new valid values as follows in conjunction with OrderAttributeValue(2595) set to "Y" or "N".

- **TBD** = Subject to EU STO
- **TBD** = Subject to UK STO

Note that a single order may carry both attributes, i.e. it is subject to UK STO as well as EU STO. The values are not mutually exclusive. 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

3.1 Determination of STO

Issue (UBS): As discussed in the previous working group, we believe it should be up to each firm to determine the correct interpretation of the regulatory requirements around the share trading obligation, so we would suggest updating section 2.1 to remove the flow diagram, and also remove any references regarding how to determine the correct tag value.

Resolution (WG): Remove flow diagram and preceding sentence.

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 ... 9 = Hidden</p> <p>TBD = Subject to EU STO [Elaboration: 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 TBD = Subject to UK STO.]</p> <p>TBD = Subject to UK STO [Elaboration: 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 TBD = Subject to EU STO.]</p>	@Typ	

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