



<b>A#:</b>	<b>8055</b>
<b>P&amp;S#:</b>	<b>7630</b>
<b>DATE:</b>	<b>JULY 14, 2015</b>
<b>TO:</b>	<b>ALL PARTICIPANTS</b>
<b>FROM:</b>	<b>PRODUCT MANAGEMENT</b>
<b>ATTENTION:</b>	<b>MANAGING PARTNER/OFFICER; P&amp;S MANAGER, CASHIER; OPERATIONS MANAGER; MANAGER, DATA PROCESSING MANAGER, IT MANAGER</b>
<b>SUBJECT:</b>	<b>TRADE CAPTURE INPUT CHANGES IN 2015</b>

In Important Notice A# 8009, P&S # 7584, dated March 26, 2015, NSCC announced plans to revise the submission structure of correspondent clearing transactions by requiring real time trade submission and prohibit aggregation of submissions, and to require submission of two current Universal Trade Capture fields. These changes are expected to be implemented **effective November 6, 2015**.

**Real-Time Submission of Clearing Firm Input to Correspondent Clearing**

Subject to the approval of a required regulatory filing, NSCC plans to require position movements between non-affiliates to be submitted fill-for-fill (i.e. single transaction for each execution) in real-time. Position movements between affiliate firms are encouraged to be submitted in real-time on a fill-for-fill basis, but will be not be subject to these requirements.

The below table provides a summary of expected changes:

Activity Type	Submission Time	Market Name	Market Code (tag 30)	Source of Transaction (tag 578)	Required change(s) in Clearing Firm input
Position movement – non-affiliate	Real-time	Correspondent Clearing	100	“ ” (Space)	-UTC input format -Real-time submission
Position movement – affiliate	Real-time, intraday or end of day	Correspondent Clearing	100	M	-UTC input format -“M” source of transaction

**Special Notes:**

- For correspondent clearing (market 100) transactions, NSCC will require that space (“ ”) or “M” be populated in the source of transaction field. Any other values will result in a rejected transaction, with a reject code of “6” = invalid trade source.

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- If a correspondent clearing (market 100) transaction is submitted with an “M” source of transaction, then NSCC will verify that the buyer and seller are identified as affiliates within NSCC’s internal records. If the two firms are not identified as affiliates, NSCC will pend the transaction with a reject code of “33”= pend invalid relationship and reject at the end of the day with a reject code of “53”= invalid relationship.
- The “P” source of transaction value will no longer be accepted for the correspondent clearing market. Submission of a “P” source of transaction will result in a rejected transaction, with a reject code of “6” = invalid trade source.
- NSCC will discontinue legacy correspondent clearing file input (datatrak 03701) shortly after implementation of these changes. As a result, correspondent clearing submitters must convert to UTC messaging input.

**All Input – Newly Required Fields**

NSCC will also require that all trade submissions through UTC include the following data fields. Omission of these fields will result in trade submissions being rejected by UTC. This requirement is also expected to be effective on **November 6, 2015**, the effective date of the trade submission requirements described above, but will not be subject to a proposed rule change filing.

Field	UTC message tag	UTC MRO output position	Description	Reject Code	Reject Criteria
Entering / Executing Broker	Buyer = tag 448 value, tag 452 party role 01  Seller = tag 448 value, tag 452 party role 37	Buyer = 256-263  Seller = 280-287	<ul style="list-style-type: none"> <li>• Commonly identifies the clearing firm’s customer.</li> <li>• Is not required to be a valid MPID.</li> </ul>	20 (invalid entering/executing broker)	Transaction will be rejected if non-alphanumeric values.
Trade Execution Time (Transaction Time)	60	69-77	<ul style="list-style-type: none"> <li>• HHMMSSMSS structure</li> <li>• Must be Eastern Time, military format</li> <li>• Reported to the millisecond, if available</li> </ul>	50 (invalid execution time)	Transaction will be rejected if non-numeric values or fewer than 9 digits are reported in this field.

## **Onboarding and Testing**

NSCC currently supports connectivity and testing requests for FIX and MQ messages. Firms that will require conversion to UTC real-time input to NSCC are encouraged to begin this process as soon as possible. Firms may convert at any time.

Firms may also test affiliate-family position movement submissions, and should contact their Relationship Manager or the undersigned at [tgarrett@dtcc.com](mailto:tgarrett@dtcc.com) to set up that testing.

## **Trading Relationship Management System Changes**

In addition to UTC processing changes, NSCC also plans to update the trading relationship management system to allow the following actions by users. Implementation details will be provided in a separate important notice.

- View contact information to other system users
- Retract previously submitted relationship requests that have not been acted upon
- Search and download entering/executing broker information
- View a list of your firm's affiliates

## **NSCC Clearing Activity Fees**

NSCC continuously reviews its fee structure to ensure that fees are allocated equitably among participants, and are aligned with the costs of delivering services to participants.

The current clearing activity fee structure includes an items, or per transaction, fee component. The requirement that participants submit correspondent clearing transactions in real-time on a fill-for-fill basis, could increase correspondent clearing transaction volume. Therefore, NSCC plans to track the impact of this requirement on volumes and analyze its clearing activity fee structure. NSCC may consider modifying its fees to address the impact of this requirement.

## **Additional Information**

Additional information about UTC: <https://dtcclearing.com/learning/clearance/> then select the Topic "Universal Trade Capture".

For questions related to this notice please contact your Relationship Manager or the undersigned at [tgarrett@dtcc.com](mailto:tgarrett@dtcc.com).

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Product Management, Equities Clearance