



Important Notice

Fixed Income Clearing Corporation - GOV

GOV #:	GOV861-20
Date:	March 23, 2020
To:	Government Securities Division Members
Category:	Service Update
Subject:	Enhancements to When Issued Trade Submissions – Negative Yield Submissions

Currently, the Government Security Division of the Fixed Income Clearing Corporation (GSD) allows its Netting Members to submit When Issued (WI) transactions on eligible U.S. Treasury securities into the Delivery vs. Payment (DVP) Real-Time Trade Matching (RTTM®) Web system.

What is Changing

Due to current market events, the yields on U.S. Treasury securities are at historic lows, thus it is possible that the yields could drop below zero. For this reason, GSD is making an enhancement to its Interactive Messaging (IM) Participant Specifications for Comparison Input and Output as well as to the DVP RTTM Web system to allow for negative yield submissions on WI trades in eligible U.S. Treasury securities.

Updates to the DVP RTTM Web System

The Netting Members using the DVP service can now use a negative yield in the Price field when entering a WI trade in the RTTM Web system.

Example:

Trade Entry » CASH		
Transaction Type *	<input checked="" type="checkbox"/> BUY	<input type="checkbox"/> SELL
Trade Date (mm/dd/ccyy)	03/20/2020 *	
Trade Time		
Settlement Date (mm/dd/ccyy)	03/23/2020 *	
Pricing Method	Yield ▾ *	
Broker Xref		(* Required if Broker submitted trade.)
BUY Transaction		
Allocation		
PAR	PRICE	AMOUNT
10,000,000.00 *	-0.125 *	

Updates to the Interactive Messaging Specifications (MT515 and MT518)

DTCC offers enhanced access to all important notices via a Web-based subscription service. The notification system leverages RSS Newsfeeds, providing significant benefits including real-time updates and customizable delivery. To learn more and to set up your own DTCC RSS alerts, visit http://www.dtcc.com/subscription_form.php.

DTCC Non-Confidential

The tag “:90A:” on both, the MT515 and MT518 messages, is used to indicate whether a given Buy/Sell trade is submitted with a Price, Yield or Discount. When a WI trade is submitted with a negative yield the sender would put an “N” in front of the yield.

Example:

“:90A::DEAL//YIEL/N0,125”

YIEL indicates that the trade is submitted with a Yield.

N0,125 indicates that the yield is “-0.125%”

Below are 3 examples of MT518 message where the yield is negative, zero and positive:

NEGATIVE YIELD	ZERO YIELD	POSITIVE YIELD
GSCCTRRS518/000/GSCCDVP1 :16R:GENL :20C::SEME//0000000346914502 :23G:NEWM :98C::PREP//20200318094502 :22F::TRTR/GSCC/CASH :16S:GENL :16R:CONFDET :98C::TRAD//20200303000000 :98A::SETT//20200323 :90A::DEAL//YIEL/N0,125 :19A::SETT//USD0, :22H::BUSE//SELL :22F::PROC/GSCC/CMPR :22H::PAYM//APMT :16R:CONFPRTY :95R::BUYR/GSCC/PARTDVP1 :20C::PROC//DUGSWIFTNEG318 :16S:CONFPRTY :16R:CONFPRTY :95R::SELL/GSCC/PARTDVP2 :16S:CONFPRTY :36B::CONF//FAMT/1000000, :35B:/US/912828ZG8 :16S:CONFDET -	GSCCTRRS518/000/GSCCDVP1 :16R:GENL :20C::SEME//0000000346914504 :23G:NEWM :98C::PREP//20200318094651 :22F::TRTR/GSCC/CASH :16S:GENL :16R:CONFDET :98C::TRAD//20200303000000 :98A::SETT//20200323 :90A::DEAL//YIEL/0, :19A::SETT//USD0, :22H::BUSE//SELL :22F::PROC/GSCC/CMPR :22H::PAYM//APMT :16R:CONFPRTY :95R::BUYR/GSCC/PARTDVP1 :20C::PROC//DUGYIELDZERO318 :16S:CONFPRTY :16R:CONFPRTY :95R::SELL/GSCC/PARTDVP2 :16S:CONFPRTY :36B::CONF//FAMT/5000000, :35B:/US/912828ZG8 :16S:CONFDET :16R:SETDET :22F::SETR//RPTO :17B::STAN//N :16R:AMT :19A::LOCO//USD10, :16S:AMT :16S:SETDET -	GSCCTRRS518/000/GSCCDVP1 :16R:GENL :20C::SEME//0000000346914510 :23G:NEWM :98C::PREP//20200318095132 :22F::TRTR/GSCC/CASH :16S:GENL :16R:CONFDET :98C::TRAD//20200303000000 :98A::SETT//20200323 :90A::DEAL//YIEL/0,125 :19A::SETT//USD0, :22H::BUSE//SELL :22F::PROC/GSCC/CMPR :22H::PAYM//APMT :16R:CONFPRTY :95R::BUYR/GSCC/PARTDVP1 :20C::PROC//DUGYIELDPOS318 :16S:CONFPRTY :16R:CONFPRTY :95R::SELL/GSCC/PARTDVP2 :16S:CONFPRTY :36B::CONF//FAMT/1000000, :35B:/US/912828ZG8 :16S:CONFDET :16R:SETDET :22F::SETR//RPTO :17B::STAN//N :16R:AMT :19A::LOCO//USD10, :16S:AMT :16S:SETDET -

A general format for the “:90A:” tag is:

MT515 TRADE INPUT MESSAGE					
GENERAL FORMAT					
M/O	TAG	BLOCK/ QUALIFIER	SUBQUALIFIER/ OPTIONS	FIELD DESCRIPTION	DATA FIELD FORMAT
M	:90A:	:DEAL/	/PRCT/	Deal Price – Percentage	or 15d
			/YIEL/	Yield	or [N]15d
			/DISC/	Discount	

Test of Interactive Messaging with GSD

FICC is recommending that Netting Members using the DVP service who transact in WI securities contact FICC Integration (FICCIntegration@dtcc.com) to schedule time to perform the following tests in a PSE environment:

1. Netting Member will submit an MT515 message for Trade Instruct, Cancel message, and Modify Message for a given WI trade with a negative yield to GSD.
2. Netting Members will test their ability to receive GSD output in the form of an MT518 Comparison Request message when a WI trade is submitted against them and it contains a negative yield.

The following securities can be used for this test:

- WI 2yr Note: 912828ZG8. Issue date 03/31/2020
- WI 5yr Note: 912828ZF0. Issue date 03/31/2020
- WI 7yr Note: 912828ZE3. Issue date 03/31/2020

If you have any additional questions, please reach out to your Relationship Manager.