IORS – Suppress Counterparty Clearing Changes on Drop Copy

Issue 1.2

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Related documents

None

Summary of changes

A history of significant changes to this template is described in the table below.

Issue	Date	Author	Change
0.1	03/13/2014	J. Frondoso	Initial draft
0.2	03/27/2014	J. Frondoso	Incorporated review feedback from Dev
1.0	03/28/2014	J. Frondoso	First issue
1.1	07/03/2014	J. Frondoso	Updated with suppression as the Day 1 and default behavior.
1.2	08/11/2014	J. Frondoso	Corrected default in section 3.2

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Chapter 1. Introduction

1.1. Business Case

Some members are trying to reconcile trades in their system against the trade drop copy we provide them. However, their reconciliation process fails because they cannot distinguish between clearing changes done on their side of the trade versus clearing changes on the other side of their trade. Our Trade Item Broadcast sends DCA subscribers execution reports whenever the counterparty makes a clearing change or ISE's Market Operations makes a clearing change on the counterparty's behalf. The originating side receives dozens of trade cancel/replaces messages daily on their trade drop copy. As a result, their reconciliation process falsely reports breaks.

We suppressed these particular ERs in ORA because ORA subscribers also did not want these extra messages. We will implement a similar configurable logic in Drop Copy.

1.2. Scope

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This change affects the order and trade drop copy and any clearing changes made by a trade's counterparty or any clearing changes made by ISE's market operations on behalf of the counterparty.

Deal changes made by Market Operations are not impacted.

1.3. Planned Benefits

The benefit: Members who wish to use our drop copy to reconcile their trades against their system can do so without the extra ERs that are generated from counterparty post trade clearing changes.

1.4. Priority

Priority is high and requested for R10.

1.5. Key Definitions, Acronyms, and Abbreviations

Acronym	Description
IORS	ISE Order Routing Service
ORA	Order Router Adapter
DCA	Drop Copy Adapter
DB	Database
ER	Execution Report
TIB	Trade Item Broadcast
DIB	Deal Item Broadcast

Chapter 2. Overview

2.1. Current Behavior

When a post trade clearing change is made by the counterparty or by Market Operations on behalf of the counterparty, the trade drop copy of the originating side will receive two ERs: a cancel followed by a new.

The 'Cancel' has:

- ExecRefID (tag 19) that references the ExecID (tag 17) on the record being canceled
- A new value in ExecID (tag 17)

The 'New" has:

- ExecRefID (tag 19) that references the cancel's ExecID (tag 17). Note: ExecRefID (tag 19) should only be for a cancel.
- A new value in ExecID (tag 17)

2.2. Proposed Solution

If the member chooses, IORS order and trade drop copies will suppress any execution reports generated from post trade counter party clearing changes. These changes can come from the counterparty of the trade or from our own Market Operations on behalf of the counterparty.

This will be a configurable suppression feature per BU. Members will opt into suppressing counterparty clearing changes on their drop copies. On Day 1, the default behavior will be to not suppress these changes.

2.2. Assumptions

Chapter 3. Detailed Requirements

3.1. ORA

No impact to ORA.

3.2. DCA

Order and trade drop copies will have the ability to suppress any execution reports generated from post trade clearing changes that come from the counterparty of the trade or from our own Market Operations on behalf of the counterparty. This suppression is configurable.

When a new trade is processed, a trade info record that contains the dealItemID is created and cached into a trade info table. Trade info record is accessible by the combination of both clOrdId and tradeId.

When a replaced or reversed trade is processed, the trade info table is accessed to retrieve dealtItemID. If it is neither a trade bust nor deal bust, and the dealItemID didn't change, and suppress flag is turned on, this TIB is suppressed. Otherwise, this TIB is processed.

New configuration

A new configuration on the adapter level will control suppressing post trade clearing change updates on the order and trade drop copies. The default behavior will be to not suppress these changes. This means on Day 1 the counterparty clearing changes on DCA will continue to be processed as it is today in production.

3.3. POB

No impact to POB.

Chapter 4. Non-Functional Requirements

4.1. Connectivity

No change to IORS' connectivity to the core.

4.2. Monitoring

No changes to the trading tools.

4.3. Security

No changes to entitlements, security, etc.

4.4. Reliability

No changes – the applications will continue to generate the current alerts to Market Ops and Computer Ops if there are errors or disconnections.

4.5. Availability

The BU level configurations in DCA cannot be changed intraday. It will be changed EOD, effective the next trading day.

4.6. Auditability

Application logs always have start-up, connection, and configuration information. No changes to the logs or generation of the logs.

4.7. Documentation

FIX manual and Ops document will need to be updated with the new configuration.

4.8. Data Requirements

TBD

4.9. Billing

No changes.

4.10. Acceptance Criteria

The application must confirm to ISE Operations standards. Specifically, the application must go through BAT, OAT, PAT and MAT process for acceptance.

4.11. Legal

No changes.

4.12. Rollout Strategy
TBD

4.13. Appendix

4.14. Open Questions / Future Enhancements