

Actionable Identifier Call
December 11, 2019 – 10:00 am

OCC held an industry call on December 11, 2019 to discuss the Actionable Identifier initiative. We provided a high-level overview of the project and the timelines associated with the project.

Overview

- On May 6, 2019, the SEC approved OCC’s Actionable Identifier Rule filing which required an Actionable Identifier on all customer and firm trades submitted to OCC for processing
- Actionable Identifier will be required on ALL customer and firm trades
 - Includes Exchange Give-ups and CMTA Trades
- Actionable Identifier is information included on a trade that contains sufficient information regarding the account that originated the trade, allowing the clearing firm to promptly clear the transaction

Timeline

Timeframe	Required Action
May 6, 2019	SEC approval to amend Rule 401 to require an Actionable Identifier on trades
June 8, 2020 (13 months after approval)	Clearing Members would be required to populate Customer ID fields with Actionable Identifiers on all customer and firm trades and should have in place policies and procedures reasonably designed to include Actionable Identifier data to allow prompt clearance of the trades. However, OCC would not treat as a violation of Rule 401 the failure of such policies and procedures to provide that sufficient information is included in the Actionable Identifier field.
December 7, 2020 (19 months after approval)	Clearing Members would be required to populate Customer ID fields on trades with Actionable Identifier data and the data should be actionable to identify clients. This is for all customer and firm trades other than market-maker trades. Clearing Members must have policies and procedures in place reasonably designed to provide that sufficient information is included in the Actionable Identifier fields to allow the receiving firm to promptly clear the trades.

- OCC will not be rejecting trades if the identifier is not included. However, we will monitor trades and if the Actionable Identifier is not included, firms may face a rule violation.
- OCC does have information on our public website regarding the project.

Clearing Member Perspective

Several Clearing spoke on how their firms were implementing the project for their firms. Depending on the firm and their business lines, they were utilizing different information for the actionable identifier fields. Below is a sample of what firms were using:

- Internally generated order number
- MPID
- Account numbers

Firms indicated that this would benefit the clearance of trades, reduction of mis-cleared trades and ability for risk systems to utilize data for monitoring of accounts.

Questions:

There were several questions regarding floor broker. What if they don't put the identifier on the trade? Who is responsible? Firms are expected to work with the floor brokers if they do not populate the trade with the correct information. It is a behavior change and we expect the behaviors to change if there is enforcement. Ultimately the clearing firm is responsible. Firms can also reach out to OCC if they are not making any progress with the executing firm/floor broker. OCC will try to assist.

If a firm is self-clearing and the firm does not plan on using the information for self-cleared trades, is the identifier really needed? Yes, it is needed. Firms can just make sure that the firm number, name or other identifier is included. They can have one identifier on all their trades.

What if a trade goes through and it is not updated by end of day? OCC understands that there will be exceptions. However, if it is a repeatable pattern with no improvements, OCC can enforce a rule violation.

With phone or voice orders, how will the identifier get populated? After the trade is executed, the clearing reconciliation team should update the identifier on the trade. OCC will not stop a trade from clearing. Firms can utilize real time trade messages or ENCORE screens to view trades without identifiers.

If a firm clears trades and then allocates them out later via post trades, is an identifier needed on the trade? Yes, the firm needs something on all trades. They can put their clearing number, firm identifier or other indicator on all trades. When they allocate out later via post trades, they need to put the client information on the post trade.

What happens if a client utilizes a new execution firm and the clearing firm doesn't know the identifier? Firms should work with the execution firm and client. OCC understands that there will be exceptions. However, if it is a repeatable pattern with no improvements, OCC will enforce a rule violation.

Can OCC update contact facility to include the Actionable Identifier contact for each firm? Yes, OCC can do that.