



Actionable Identifier

Welcome to the Options Clearing Corporation's Actionable Identifier podcast. In this podcast we will discuss the OCC Actionable Identifier Requirement and what it means for the industry. The information in this podcast is intended to help OCC Clearing Members prepare to meet the new requirement.

On May 6, 2019, the Securities and Exchange Commission approved OCC's rule filing to amend OCC Rule 401. Rule 401 now requires that an Actionable Identifier be included on all customer and firm securities options trades that are submitted to OCC for processing. The intent of the rule is to supply useful information to a carrying clearing member to more accurately and timely identify client trades. This is especially important in the case of CMTA and give-up trades.

Throughout the years, OCC, Clearing Members and the industry have worked closely to create a solution that addresses a risk identified by OCC Clearing Members. The risk is that a Clearing Member could receive a trade through the CMTA or give-up process that they cannot timely identify or that does not belong to one of their clients. If a Clearing Member is forced to hold such a position overnight, this creates unwelcome settlement and margin responsibilities for the firm. It also opens up the Clearing Member to assignment risk. By affixing an Actionable Identifier to each trade, the carrying Clearing Member should be able to quickly identify trades as belonging to one of their clients.

As defined, an Actionable Identifier is a name, series of numbers, or other identifying information that would be used by the clearing firm to identify the account that originated the trade. The Actionable Identifier should be established through communication between the carrying Clearing Member and the firm executing the trade. It should be designed in a way that helps the carrying Clearing Member easily identify the trade when necessary.

Firms are responsible for including the Actionable Identifier on all trades in both customer and firm accounts. As a side note, because market-maker accounts already require a sub-account ID, they are not subject to the Actionable Identifier requirement.

OCC understands the effort of work needed in the industry to meet this new requirement. So, we have created a schedule to allow sufficient time for Clearing Members to make necessary changes. Keep these two dates in mind! On June 8, 2020, which is 13 months after the SEC's approval of the rule, Clearing Members must be populating all customer and firm trades with an Actionable Identifier. On December 7, 2020, 19 months following SEC approval, Clearing Members must populate trades with information that is actionable to the carrying Clearing Member.

In closing, OCC continues to partner with its Clearing Members and the industry to ensure that the Actionable Identifier project benefits all participants. By providing an Actionable Identifier on customer and firm trades, the industry is taking an important first step that could bring future benefits, such as client risk monitoring tools, and a give-up/take-up trade processing model.

For more information on the Actionable Identifier project including FAQs and technical mapping documentation, please visit our website, TheOCC.com, and click on the Actionable Identifier link.

Thank you for tuning in, and we look forward to partnering with you to make this project a success!