

Actionable Identifier

May 2019

The logo for the OCC (Office of the Comptroller of the Currency) is a white square containing the letters 'OCC' in a bold, black, sans-serif font.

OCC

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Actionable Identifier

- On May 6, 2019, the SEC approved OCC's Actionable Identifier Rule filing
- OCC Rule 401 has been amended to include an Actionable Identifier on all customer and firm trades submitted to OCC for processing

Industry Issue

- Clearing Members asked OCC to assist in finding a solution to reduce mis-cleared trades.
- Worked with Members and determined that an identifier had to be included on the trade for the Carrying Clearing Member to identify the client
- Initially trying to solve issues with CMTA trades but realized the same issue occurs with Exchange Give-up
- Actionable Identifier Solution

Actionable Identifier

- What is an Actionable Identifier?
 - 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
 - Identifier may include name, series of numbers, or other identifying information
- Actionable Identifier will be required on ALL customer and firm trades
 - Includes Exchange Give-ups and CMTA Trades
 - Not required for Market Maker Trades
- OCC will not reject trades that do not include an Actionable Identifier but will monitor for compliance with Rule 401

What do firms need to do?

- Actionable Identifier will be determined by Clearing Firms working with Executing Firms
 - Sufficient information allowing the clearing firm to promptly clear the transaction
- Actionable Identifier can be included in Tag 1 on all exchanges except Cboe which is Tag 440 (Cboe will convert to Tag 1 in Oct 2019)
 - Tag 1 - 10 character field
- In 2018, several firms worked together in a Proof of Concept to determine what should be included on trade

Implementation Timeline

Timeframe	Required Action
March 20, 2019	Formal Rule Filing to amend Rule 401 to require an Actionable Identifier on trades
May 6, 2019	SEC approval
June 8, 2020 (13 months after approval)	<p>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.</p>
December 7, 2020 (19 months after approval)	<p>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.</p> <p>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.</p>

Monitoring

- OCC will monitor transactions for compliance to the new requirement throughout the process
- Statistical information will be supplied to Clearing Members to Monitor progress
 - Execution and Clearing data representing transactions that do not contain account information
- OCC has created an additional filter on the Trade Inquiry screen for Clearing Members to monitor their transactions for account information

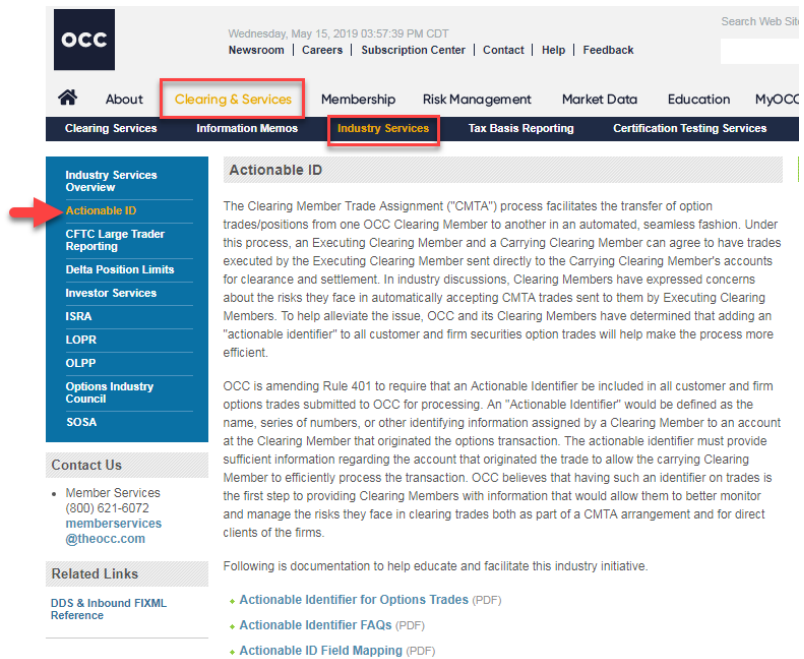
Trades/Positions > Trades > Trade Inquiry

The screenshot displays the 'Trade Filter' interface with the following sections and fields:

- Activity Date:** 05/16/2019
- Trade Source:** [Dropdown]
- Account Information:** CMO: [Dropdown], CG: OCC, CM#: [Dropdown], Account Type: [Dropdown], Account ID: From: [Text] To: [Text]
- Financial Instrument Information:** Instrument Type: Option, Classification: [Dropdown], Sub-Class: [Dropdown], Symbol: [Text], Series/Contract Date: [Dropdown], Strike Price: [Text], Integer: [Text], Frac/Dec: [Text], Call/Put Code: Call, Put, Both (Both selected), ETF Based, PP Based
- Transaction Information:** Allocation Type: [Dropdown], Order ID: [Text], Account#: [Text] (with a red box around the 'No Account#' checkbox), Trade Price: [Text]

Industry Outreach and Education

- OCC will continue to have meetings as needed and will also provide updates through OCC Monthly Operations calls, one-on-one meetings, and emails
- OCC has posted documentation under the “Actionable ID” link on www.theocc.com
 - Actionable ID documentation
 - FAQs
 - Trade Mapping documentation



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Contact Us

- Member Services
(800) 621-6072
memberservices@theocc.com

Related Links

DDS & Inbound FIXML Reference

Actionable ID

The Clearing Member Trade Assignment (“CMTA”) process facilitates the transfer of option trades/positions from one OCC Clearing Member to another in an automated, seamless fashion. Under this process, an Executing Clearing Member and a Carrying Clearing Member can agree to have trades executed by the Executing Clearing Member sent directly to the Carrying Clearing Member’s accounts for clearance and settlement. In industry discussions, Clearing Members have expressed concerns about the risks they face in automatically accepting CMTA trades sent to them by Executing Clearing Members. To help alleviate the issue, OCC and its Clearing Members have determined that adding an “actionable identifier” to all customer and firm securities option trades will help make the process more efficient.

OCC is amending Rule 401 to require that an Actionable Identifier be included in all customer and firm options trades submitted to OCC for processing. An “Actionable Identifier” would be defined as the name, series of numbers, or other identifying information assigned by a Clearing Member to an account at the Clearing Member that originated the options transaction. The actionable identifier must provide sufficient information regarding the account that originated the trade to allow the carrying Clearing Member to efficiently process the transaction. OCC believes that having such an identifier on trades is the first step to providing Clearing Members with information that would allow them to better monitor and manage the risks they face in clearing trades both as part of a CMTA arrangement and for direct clients of the firms.

Following is documentation to help educate and facilitate this industry initiative.

- [Actionable Identifier for Options Trades \(PDF\)](#)
- [Actionable Identifier FAQs \(PDF\)](#)
- [Actionable ID Field Mapping \(PDF\)](#)