

Ovation Platform Changes and Enhancements for Clearing Members

OCC

**THE FOUNDATION
FOR SECURE
MARKETS®**

Ovation Platform Changes and Enhancements for Clearing Members

May 2024

Redistribution of this material is not permitted without The Options Clearing Corporation's (OCC) express written consent.

©2024 The Options Clearing Corporation. All Rights Reserved.

OCC and Ovation are trademarks owned by The Options Clearing Corporation.

Operating under the jurisdiction of the U.S. Securities and Exchange Commission (SEC), the U.S. Commodity Futures Trading Commission (CFTC), and the Board of Governors of the Federal Reserve System, OCC issues, clears, and settles U.S. listed options and futures.

The information contained herein and the functionality of any associated tools or reports are intended for general purposes only and are subject to change without notice. OCC makes no recommendation as to when or if a user should utilize the functionality or tools described in this guide, nor does it guarantee the accuracy of the information generated.

THE TOOLS AND INFORMATION CONTAINED HEREIN ARE PROVIDED "AS IS" WITHOUT WARRANTY OF ANY KIND. OCC EXPRESSLY DISCLAIMS ALL IMPLIED AND EXPRESS WARRANTIES INCLUDING, WITHOUT LIMITATION, IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE, OR NON-INFRINGEMENT. OCC is not responsible for any error, omission, accuracy, timeliness or availability of services, or for the interpretation of any law or regulation contained herein; users must make their own independent decisions regarding the information provided.

OCC takes no responsibility for changes in market conditions or laws or regulations, and no obligation is assumed to revise this material to reflect changes, events, or conditions, which occur subsequent to the date hereof.

The material is not intended as an offer or solicitation for the purchase or sale of any financial instrument and does not constitute and should not be relied on as legal, regulatory, accounting, tax, investment, or trading advice.

Contents

OVATION PLATFORM CHANGES AND ENHANCEMENTS FOR CLEARING MEMBERS	1
Trades.....	1
Positions	2
Transfers.....	3
Exercise Intentions (Non – expiring exercises).....	5
Expiration	6
Obligations	7
Broker to Broker	7
Member Agreements.....	7
Futures.....	7
Assets	9
Accounts	9
Corporate Actions	9
Collateral & Settlement.....	10
Risk.....	11
Reporting	12
Additional Resources.....	12
OCC Contacts	12

Ovation Platform Changes and Enhancements for Clearing Members

OCC is building its new clearing system, the Ovation platform, with state-of-the-art technology, moving from a single mainframe to microservices in the cloud that will help us to accelerate time to market for new exchange products, enhance access to data for our stakeholders, and quickly deploy technical upgrades.

This document provides a summary of changes and enhancements to the Clearing, Risk and Data processing in Ovation. The document will continue to be updated as development continues. For DDS changes to inbound and outbound transmissions, see the [Clearing and Risk Data Layout Changes Summary document](#).

Additional training material on each topic is available on OCC Learning which can be accessed on MyOCC.com.

Trades

- Contra Party – Contra parties are no longer displayed on trades. This includes both the user interface and DDS trade transmissions. All information for your side of the trade will continue to be included, including any CMTA information. Clearing Members should contact the exchange for contra party information.
- Trade Status – Clearing Members can see the status of a trade including active, busted, backed out, or unfinalized trades.
 - Active – OCC validated and cleared the trade.
 - Busted – Trade has been canceled by the trade source.
 - Backed Out – Trade has been backed out by OCC. This could be due to an OCC issue or a trade source issue.
 - Unfinalized – Futures trade from a previously finalized average price group that has been returned to a pending state by the Clearing Member.
- Rejected Trades – Rejected trades are now viewable on a separate tab.
- Universal Market Makers – Market Maker firms can see market maker (trade source) acronym and the clearing acronym. With ENCORE, only the clearing (Universal Market Maker) acronym was displayed.
- Firm Flips – When a firm flip is in place, information identifying both the original account and target account is included on each trade.
- Improved filter capability for CMTA trades allowing users to select both executing, Take-Up, non- CMTA or all trades in a single query.
- Extended Trading Hours (ETH) session – Firms can view trades for both current day and the extended trading session. With ENCORE, ETH activity could only be viewed in the Global session.

- Dashboard – Clearing Members will see the number of rejected trades and pending trade busts along with the trade status signoffs from each trade source.
- CMTA Give-up/Take-up terminology – New terminology with CMTAs. Executing firm is now called give-up firm and the firm receiving the trade is the take-up firm.
- Right-click functionality provides access to post-trade activity such as transfers.
- Trade History – Trade history allows you to see the lifecycle of a trade including the original trade, busts, backouts, etc.
- Decommission of Global – Trades for both the current business date and the next business date will be available within one environment. Trades will be processed based on the trade date. Only trades for the current date and the next business date will be allowed. There will not be a 'Global' instance of the system for viewing the next business date activity.

Positions

- Current positions do not reflect exercise intentions. View the Remaining Long Quantity column which reflects your current position reduced by an exercise intention.
- Price is no longer displayed on the Position window. It will be available on the Ex by Ex window
- New filter capability to identify non-zero quantities or premiums which may assist execution firms in reconciliation.
- Excess Closing transactions – A column identifies excess closing transactions. In ENCORE, the information was italicized and could not be filtered.
- Use the Position History window to see transactions that created the position including trades, post trades, exercise, assignment, corporate actions, etc.
- Right-click functionality provides access to actions that may be taken with a position such as entering Position Adjustments, CMTA Transfer, External Transfer, Intentions (Standard and Contrary), Position Open-up, Position Close Out, PCS, View Position Details, View Position History, or View Trade.
- End-of-day (EOD) open interest is available via the user interface for viewing. Open Interest gets updated nightly.

Transfers

There are several different types of transfers and each is described within this section:

- CMTA
- External
- Adjustments
- ACATs
- Bulk
- Open-ups and Close Outs

CMTA Transfers:

- CMTA Give-up/Take-up terminology – There is new terminology with CMTA transfers.
 - Give-up firm is the firm that executed the trade
 - Take-up firm is the firm receiving the trade
- Trade Sources (Exchanges) – Trade Sources are no longer required on CMTA transfers.
- Actionable Identifier – Two actionable identifier fields will be included on CMTA transfers; one for the give-up and one for the take-up Clearing Member. Actionable identifier on the take-up side is required.
- Reversals Replace Deletes – Rather than deleting a CMTA transaction, Clearing Members can reverse the transaction. Either party can reverse the transaction.
- CSV Uploads – OCC will allow uploads of CMTA transfers if firms are unable to send via DDS. See *CSV Input Guide for Clearing Members* for the record layout.
- Right-click functionality provides access to actions that may be taken with a position such as reverse, clone, modify or view position transfer history.
- Invalid Position Transfers – Users can see invalid CMTA transfers along with the reject reason. Only transactions sent via DDS will be displayed on this tab.
- Settlement of Commission and Regulatory Fees (SCARF) – This functionality will be decommissioned since it has not been used since 2016.
- Transfer History – Transfer history allows you to see the lifecycle of all transfers (CMTA, External Transfers, Position Adjustments, Bulk Transfers) including the original transfer, reversals and cancels.

External Transfers

- Transfer of Account/External Transfer terminology – Transfer of Account has been renamed and is called External Transfers.
- Reversal – If an external transfer is done in error, it can be corrected via a reversal. Contra party approval is required for any reversal. This must be entered and approved on same day as original transfer.

- CSV Uploads – OCC will allow uploads of external transfers if firms are unable to send via DDS. See *CSV Input Guide for Clearing Members* for the record layout.
- Account Transfers – For External Transfers submitted via file, firms only submit one side of the transfer and the contra party can approve via the Ovation window. ENCORE currently allows one firm to send both sides of the transfer but this will not be allowed with Ovation. The Account Transfer Request form on MyOCC will be decommissioned.
- Dashboard – Dashboard alerts user to pending transfers requiring approval.
- Right-click functionality provides access to actions that may be taken with a position such as approve, cancel, modify, reject, clone or view position transfer history.
- Invalid Position Transfers – Users can see invalid external transfers along with the reject reason. Only transactions sent via DDS will be displayed on this tab
- Transfer History – Transfer history allows you to see the lifecycle of all transfers (CMTA, External Transfers, Position Adjustments, Bulk Transfers) including the original transfer, reversals and cancels.

Adjustments

- Position Adjustment/Adjustment terminology – Position Adjustments have been renamed to Adjustments which move a position from one account to another within the same Clearing Member number. Adjustments do not include Open Buy/Open Sell or Close Buy/Close Sell transactions which are considered Open-ups or Close Outs.
- CSV Uploads – OCC will allow uploads of adjustments if firms are unable to send via DDS. See *CSV Input Guide for Clearing Members* for the record layout.
- Right-click functionality provides access to actions that may be taken with a position such as modify, delete, clone or view position transfer history.
- Invalid Position Transfers – Users can see invalid adjustments along with the reject reason. Only transactions sent via DDS will be displayed on this tab.
- Transfer History – Transfer history allows you to see the lifecycle of all transfers (CMTA, External Transfers, Position Adjustments, Bulk Transfers) including the original transfer, reversals and cancels.

ACATS

- Automated Customer Account Transfer Service (ACATS) are no longer commingled with external transfers and will have their own separate transfer type.
- Transfer History – Transfer history allows you to see the lifecycle of all transfers (CMTA, External Transfers, Position Adjustments, Bulk Transfers) including the original transfer, reversals and cancels.

Bulk Transfers

- Firms can initiate a bulk transfer from the user interface. Contra party approval is still required. The Bulk Transfer Request form on MyOCC will be decommissioned.

- After both parties approve, bulk transfers are reviewed and approved by OCC prior to processing within Ovation.
- Right-click a bulk transfer record to select an action (Approve, Reject, Reverse)
- Transfer History – Transfer history allows you to see the lifecycle of all transfers (CMTA, External Transfers, Position Adjustments, Bulk Transfers) including the original transfer, reversals and cancels.

Open-ups and Close Outs

- Open-up/Close Out Definition – Opening Buy/Opening Sell transactions increase positions within the same account type of a Clearing Member number. Closing Buy/Closing Sell transactions decrease positions within the same account type of a Clearing Member number. These are no longer considered adjustments.
- CSV Uploads – OCC will allow uploads of Open-up/close out transactions if firms are unable to send via DDS. See *CSV Input Guide for Clearing Members* for the record layout.
- Right-click functionality provides access to actions that may be taken with a transaction such as clone, cancel or modify.
- Invalid Position Transfers – Users can see invalid Open-up/close out transactions along with the reject reason. Only transactions sent via DDS will be displayed on this tab.
- Position History – Position history allows you to see the lifecycle of Open-up/Close-Out transactions.

Exercise Intentions (Non – expiring exercises)

- New Terminology
 - Moneyness represents if the exercise is at-the-money (ATM), in-the-money (ITM), or out-of-the-money (OTM). This information does not get populated until prices are finalized in Ovation.
 - Standard Intentions/Contrary Intentions – Standard intentions represent non-expiring exercises and contrary intentions represent DNEDs and EEDs submitted on expiring options.
- Long positions are not reduced intraday by exercise intentions. A new column titled Remaining Long Quantity reflects the long positions minus the exercise intention.
- Within the user interface, each position will have a single line indicating the exercise quantity. If you attempt to add another exercise for the same position, the user is directed to a modify screen to adjust the current instruction. Multiple exercise intentions submitted via FIXML will accumulate and display the collective total as the exercise intention quantity.
- Dashboard – Dashboard notifications and warnings will alert you to insufficient positions or out-of-the-money (OTM) exercises greater than \$10,000.
- CSV Uploads – OCC will allow uploads of exercise intentions if firms are unable to send via DDS. See *CSV Input Guide for Clearing Members* for the record layout.
- Right-click functionality provides access to actions that may be taken with an exercise intention such as update, clone, delete or view intention history.
- Exercise Summary screen – This screen will no longer be available in Ovation and is being decommissioned.

- Invalid Exercise Intentions – Users can see invalid exercise intentions along with the reject reason. Only transactions sent via DDS will be displayed on this tab
- Intention History – Intention history allows you to see the lifecycle of all exercises and assignments.
- E&A tab displays all exercise and assignment activity that has been processed for both expiring and non-expiring options. The screen is populated during nightly finalization.

Expiration

- Terminology
 - Moneyness represents if the exercise is at-the-money (ATM), in-the-money (ITM), or out-of-the-money (OTM). This information does not get populated until prices are finalized in Ovation.
 - Contrary Intentions – Contrary intentions represent DNEDs and EEDs submitted on expiring options
- ExByEx tab – Contrary intentions (EEDs and DNEDs) and expiring positions are viewable and maintained on one tab in Ovation: ExByEx tab.
- EED and DNED Changes:
 - For customer and firm accounts, both EED and DNEDs can be submitted for the same series. EEDs will be applied to at-the-money (ATM) or out-of-the-money (OTM) intentions, and DNEDs to in-the-money (ITM) intentions. Once OCC finalizes the prices, if an intention does not meet these criteria, it will be ignored.
 - For market-maker accounts, the current expiration process remains in place, with OCC accepting both EEDs and DNEDs and processing the first transaction received.
- Late Contrary Intentions – There will be an indicator of late contrary intentions on the user interface. With ENCORE, firms could not see this information.
- Dashboard – Dashboard notifications and warnings will alert you to insufficient positions or out-of-the-money (OTM) exercises greater than \$10,000.
- CSV Uploads – OCC will allow uploads of contrary intentions and ex by ex updates. See *CSV Input Guide for Clearing Members* for the record layout.
- Right-click functionality provides access to actions that may be taken with an expiring option such as update, clone or delete contrary intention or update exercise quantity. Intention history can also be viewed.
- Invalid Contrary Intentions – Users can see invalid contrary intentions along with the reject reason. Only transactions sent via DDS will be displayed on this tab
- Intention History – Intention history allows you to see the lifecycle of all exercises and assignments.
- E&A tab displays all exercise and assignment activity that has been processed for both expiring and non-expiring options. The screen is populated during nightly finalization.
- Exercise by exception data will be available via an API when Ovation goes live. See [Query Exercise by Exception API Guide](#).
- ExbyEx Totals Listview – This screen will no longer be available in Ovation and is being decommissioned.

Obligations

- Option Details – Users will be able to see the obligation and contact details in one window. With ENCORE, you can see the obligation on one screen and the contract details on another screen.

Broker to Broker

- Fail Physical Delivery – Delivering firm can indicate they will fail to make physical delivery through the user interface.
- Reversals – Users can reverse a settled broker to broker transaction if the reversal is entered on the same day that it was initially approved. The reversal must also be approved by the contra firm.
- Right-click functionality provides access to take actions such as mark the obligation as settled in full, fail physical delivery or approve or reject instruction.
- Instruction History – Instruction history allows you to see the lifecycle of the broker to broker transactions.

Member Agreements

- Member Agreements are CMTA Agreements for options and Give-Up Agreements for futures.
 - CMTA Give-up/Take-up terminology – There is new terminology with CMTA Agreements. Executing firm is now called give-up firm and the firm receiving the trade is the take-up firm.
 - Allocation Agreements which are used for futures products are now called Give-Up Agreements.
- Trade Sources (Exchanges) – Trade Sources are no longer required on CMTA Agreements.
- Give-Up Agreements – If there is a give-up transaction within the same CMO, Clearing Members will be required to accept them. They do have an option of setting up a Give-Up Agreement which will allow for the give-up to be automatically accepted.
- CSV Uploads – OCC will allow uploads of Agreements. See *CSV Input Guide for Clearing Members* for the record layout.
- Purges – Inactive agreements are automatically purged from Ovation after five days.
- Dashboard – The number of pending agreements is displayed on the Dashboard.
- Right-click functionality provides access to actions that may be taken with a member agreement such as approve, reject, remove, or re-add.

Futures

Trades

- Tag 1031 – New tag (Tag 1031 – Customer Order Handling Instruction) will be received from trade sources and passed on to Clearing Members through DDS and screens
- Trade tab – Displays both exchange trades and Give-Up trades. Give-Up trades represent trades given up from one member to another.
- Average Price Groups (APG) – Users can see APG and average price trades on the trade window.

Give-Ups

- Allocations/Give-up Terminology – Allocation are now called Give-up and can be viewed on the trade screen after they are claimed.
- Ability to Give-up Trade from Previous Days – Clearing Members can select and give-up trades from the current day or for the previous five business days.
- Multi-select for Give-ups – Clearing Members can multi-select trades to give-up multiple at the same time. Multi-select is also available for modifying, deleting, claiming, and rejecting give-ups.
- Ability to Further Allocate Claimed Give-ups – Clearing Members will have the ability to further allocate a trade once it is claimed and see full traceability from original trade through final give-up.
- Prevent 'Over-Allocating' – It will not be possible for Clearing Members to move a trade quantity that is greater than the original trade.
- Open and Close Indicators – Clearing Members are no longer required to indicate open and close on give-ups. Any give-up that is not coded will default to an opening transaction. Clearing Members can choose to change the open and close indicators.
- Account Type on Give-ups – The Clearing Member entering a give-up does not need to indicate the account type on the contra side. It will be the take-up Clearing Member claiming the give-up who will be required to indicate the account type.
- Give-ups within the same CMO – If there is a give-up within the same CMO, Clearing Members will be required to accept them. They do have an option of setting up a give-up agreement, which will automate accepting the give-up.
- Give-ups must be entered using the OCC Trade ID on DDS – With DDS, the give-up must use the OCC Trade ID in order to connect the give-up to the trade. The original exchange trade will contain both the exchange and OCC trade ID for traceability. This is a change from ENCORE which used the Exchange Trade ID.
- Reversals – For claimed give-ups, Clearing Members will have new functionality that reverses the transaction and generates a reversing entry. Either party can initiate the reversal, but it will require contra party approval. Reversals must be initiated on the date the give-up was claimed.
- CSV Uploads – OCC will allow uploads of Give-Ups. See *CSV Input Guide for Clearing Members* for the record layout.
- Give-Up & Take-Up History – Give-Up & Take-Up history allows you to see the lifecycle of the Give-Up including the original give-up and take-up and status changes.
- Right-click functionality provides access to actions that may be taken with a give-up such as cancel, modify, claim, reject, and initiate reversals.
- Invalid Give-Ups and Invalid Take-Ups – Users can see invalid give-ups and take-ups along with the reject reason. Only transactions sent via DDS will be displayed on these tabs.

Average Price Group

- Enhanced Grouping and Average Pricing Abilities – Clearing Members have access to arrange trades into an average price group. Trades can be added or removed from the group throughout the day and once the member is ready to give-up the group, it can be finalized and given out to one or many Clearing Members.

- The Average Price Group History tab allows you to see the life cycle of an APG.

Trade Update

- Trade updates are only allowed on exchange trades for CFTC regulated products. They are not allowed on give-up trades.
- Give-ups cannot be created from a Trade Update. You can only create a give-up from the Give-Ups & Take-Ups window. You can multi-select trades and apply the update to all trades at once.
- Invalid Trade Updates – Users can see invalid trade updates along with the reject reason. Only transactions sent via DDS will be displayed on this tab.

PCS

- The CFTC Reporting Correction screen in ENCORE has been replaced with Late Position Change Submission (PCS). The timeframe for submission will continue to be 8:00 am CT.
- Late PCS updates the start of day position and will be immediately applied to positions if accepted.
- CSV Uploads – OCC will allow uploads of PCS and late PCS. See *CSV Input Guide for Clearing Members* for the record layout.
- Right-click functionality provides access to actions that may be taken with a give-up such modify, lock or delete.
- Invalid PCS – Users can see invalid PCS along with the reject reason. Only transactions sent via DDS will be displayed on this tab.
- PCS History – PCS history allows you to see the lifecycle of the PCS transaction including the original transactions and any updates.

Assets

- Assets/Products Terminology – Products has been renamed and is now called Assets.
- New Terminology

Tab	Definition	Example
Tradable Instruments	The option series and futures contracts cleared by OCC.	AAPL 20221021 C 135.00
Products	Underlying index, future or equity for a traded option or future.	AAPL
Derivatives	The options, futures or option on futures trading symbol.	AAPL

Accounts

- Account information will be displayed to the Clearing Member including numbers and accounts.

Corporate Actions

- Alerts – Alert showing approved corporate actions that are effective over the next 5 business days.

- Viewing of Corporate Actions – Members will be able to view corporate actions via a user interface that have been approved to process from the time they are approved until the effective date of the adjustment.
- Members will have the ability to search corporate action history for previous corporate action events that were processed in Ovation.

Collateral & Settlement

Positions and Transactions

- All collateral activity can be viewed on one transaction screen covering all the possible transaction states. In ENCORE the user needs to navigate to multiple screens to get the same level of detail.
- Collateral Position and Transaction History – The new system will provide the activity that resulted in the current position balance, and will provide all the interim steps involved in the lifecycle of a transaction.
- Collateral Positions – Clearing Members can view all collateral positions on one screen. With ENCORE, users need to navigate to multiple screens to view the various collateral types.

Cash/Payment Activity

- Clearing Members will be able to track the lifecycle of cash payment instruction messages sent through SWIFT from inception through completion. This tracking is not available externally with ENCORE.
- Settlement instruction breakdown details will be available in Ovation through screens and reports. For example, the breakdown would show the aggregated net amounts for components such as Trade Premium, Stock Loan MTM, and other applicable sub-types. With ENCORE, this information is currently only available via reports.

MOSS (Money Only Settlement Service)

- MOSS transaction can be submitted for same day or next day settlement. In ENCORE, MOSS transactions can only be entered for the current day settlement.

DTC Pledged Collateral

- Pledge Activity – Ovation will immediately reject invalid pledge activity and automatically return deposits to the participant account at DTC. This is a change from ENCORE where applicable transactions pend for manual correction by the pledgor, the majority of which remain pending until they are rejected at the end of the day.

Letters of Credit

- Allocations – Clearing Members will have access to set a default allocation account per letter of credit. As a result, subsequent amendments will not need to be manually allocated by the member.

Withdrawal Prioritization

- Clearing Members will have the ability to prioritize collateral withdrawal transactions. Additionally, Ovation will process non-prioritized items only after prioritized items have been processed. In ENCORE, if a prioritized item pends due to insufficient account excess, the system will attempt to process non-prioritized items.

Risk

Intraday Portfolio Revaluation

- Ovation will provide risk managers with higher frequency updates (prices, profit/loss, NAV, projected pay/collects) and more granular results. Users will be able to ascertain their portfolio exposures more frequently with current positions and at various levels of aggregation via a new graphical user interface. OCC is currently analyzing additional changes and enhancements to this module, some of which will be available to Clearing Members after launch.

What-if Margin Analysis

- Clearing Members will see enhanced functionality with more transparency into their margin requirements. The Encore Risk Application will be replaced by the Ovation What-If Margining (“WIM”) Simulation Editor. Similar to the Risk Application, WIM is a tool that provides Clearing Members with a STANS margin calculation based on a submitted portfolio of their choice.

Reporting

Core and Dynamic Reports

- With the launch of Ovation, OCC is enhancing its reporting functionality by providing Dynamic reporting for various datasets. Dynamic reporting is similar to on-demand reporting, but the output is produced in csv or pdf formats. OCC will continue to provide end-of-day Core Reports in pdf format. In addition to this new report type, Ovation will bring export functionality to all reports, giving users the ability to export to multiple file types including Excel and PDF. Below is a summary of Core and Dynamic Reports:

Core	Dynamic (On Demand)
Batch report	On Demand reporting
Regular release cadence	Ad hoc run times
Static column headers	Customizable columns
7-year historical lookup	5-day historical lookup
Output is PDF	Output is CSV or pdf formats

Print Packets

- No longer available – OCC will no longer offer Print Packets functionality in Ovation. Firms can continue to print reports using Core Report functionality.

Bundle Transmissions

- No longer available – OCC will discontinue bundle transmissions. Bundles are a transmission of the core reports and Clearing Members can continue to export or print them using the Core Report functionality in Ovation.

Additional Resources

Resource	Description
DDS Clearing and Risk Data Layout Changes Summary	DDS Changes associated with Ovation
API Guide	API guide for Exercise by Exception
<i>CSV Input Guide for Clearing Members</i>	CSV layout for Ovation transactions
OCC Learning	Quick Reference Guides and training videos of Ovation functionality. Visit MyOCC for access.

OCC Contacts

Send an email to ovation@theocc.com or call 1-800-621-6072.

Revision History

Edition	Date	Edition Updates
1.0	07/12/2022	Initial edition
1.1	05/28/2024	Updates to API information