



Important Notice
National Securities Clearing Corporation

A #:	9453
P&S:	9026
Date:	June 27, 2024
To:	ALL NSCC MEMBERS
Category:	CLEARING SERVICES - EQUITIES
From:	NSCC PRODUCT MANAGEMENT, DTCC EQUITIES CLEARING
Attention:	DIRECTOR OF OPERATIONS, PURCHASES & SALES (P&S), SETTLEMENT, P&S MANAGER, CASHIER MANAGER, DATA PROCESSING MANAGER
Subject:	OBLIGATION WAREHOUSE (OW) – EXCLUSION OF AN OPTIONS CLEARING CORPORATION (OCC) TRADE-FOR-TRADE (TFT) BALANCE ORDER FROM RECAPS

On Friday, August 2, 2024, the National Securities Clearing Corporation (NSCC) will be making a system change to automatically exclude an Options Clearing Corporation (OCC) Trade-For-Trade (TFT) balance order from the Obligation Warehouse (OW) Reconfirmation and Pricing Service (RECAPS). Additionally, the system change will prohibit an OCC TFT balance order from being included in the RECAPS process. Further details about this are below.

OCC Trade-For-Trade Balance Order(s)

An OCC TFT balance order is from a trade submitted by the OCC to NSCC for option exercise and assignment activity in a security that is either: 1) not Continuous Net Settlement (CNS) eligible or 2) CNS eligible but undergoing a voluntary corporate action being supported in CNS. The OCC maintains the guarantee on the trade submitted to NSCC until the two counterparties confirm to the OCC the balance order has settled. By excluding an OCC TFT balance order from RECAPS, it ensures the counterparties to the original OCC submitted trade always remain the same.

When processed at NSCC, an OCC TFT balance order can be identified on the Consolidated Trade Summary (CTS) with a Net Reason Code 56 or 57. Additionally, the balance order will be populated with a **O=OCC** in Byte 7 of the Balance Order Control Number and sent to OW (from Obligation Source: NSCC Balance Order), where it will be populated in the X-Ref field as illustrated below.

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OW Control # - View Obligation		Participant: 00000122	
Xref	241691O0000C	Obligation Source	NSCC
Receiver Id	00000123	Deliverer Id	00000122
Receiver MPID		Deliverer MPID	
Receiver Prime Broker	No	Deliverer Prime Broker	No
Trade Date		Settlement Date	06/18/2024
ISIN/CUSIP	US87621P2092	Currency Code	USD
Original Quantity	75.0000	Original Final Money	75000.00
Open Quantity	75.0000	Open Final Money	75000.00
Pending Quantity	0.0000	Pending Money	0.00
Delivered Quantity	0.0000	Accrued Interest	0.00
Receiver X-CNS Indicator	Yes	Deliverer X-CNS Indicator	Yes
Receiver X-RECAPS	Yes	Deliverer X-RECAPS	Yes
Receiver X-REORG	No	Deliverer X-REORG	No
Receiver Pair Off Indicator	Yes	Deliverer Pair Off Indicator	No
Participant Notes		OW Control #	W202417000000131
Status	OPEN	No Price Indicator	

Additional Data + History +

Upon initial implementation, the OW Web UI screen will continue to display the option to include an OCC TFT balance order in RECAPS. However, upon submission, the instruction will be rejected. A message will be displayed at the top of the screen **“ACTION NOT ALLOWED”**. A coding change to remove this functionality from the OW Web UI will be implemented later this year. If an instruction is submitted systemically to OW to include the OCC TFT balance order in RECAPS, it will also be rejected.

OW Control # - I-RECAPS		Participant: 00000122	
Xref	241691O0000C	Obligation Source	NSCC
Receiver Id	00000123	Deliverer Id	00000122
Receiver MPID		Deliverer MPID	
Receiver Prime Broker	No	Deliverer Prime Broker	No
Trade Date		Settlement Date	06/18/2024
ISIN/CUSIP	US87621P2092	Currency Code	USD
Original Quantity	75.0000	Original Final Money	75000.00
Open Quantity	75.0000	Open Final Money	75000.00
Pending Quantity	0.0000	Pending Money	0.00
Delivered Quantity	0.0000	Accrued Interest	0.00
Receiver X-CNS Indicator	Yes	Deliverer X-CNS Indicator	Yes
Receiver X-RECAPS	Yes	Deliverer X-RECAPS	Yes
Receiver X-REORG	No	Deliverer X-REORG	No
Receiver Pair Off Indicator	Yes	Deliverer Pair Off Indicator	No
OW Control #	W202417000000131	Status	OPEN
Participant Notes			

Additional Data + History +

I-RECAPS

This system change will be effective to any new OCC TFT balance order received in OW with a settlement date of Monday, August 5, 2024, and thereafter. Any OCC TFT balance order received in OW with a settlement date on or before Friday, August 2, 2024 will not be eligible for this change.¹

Participant Testing

Effective immediately, testing for this enhancement will be accommodated in the Participant Services Environment (PSE) region. Although OW does not run RECAPS in PSE, testing can be performed to:

- 1) Identify an OCC TFT balance order
- 2) Validate it has been excluded from RECAPS
- 3) Validate it cannot be included in RECAPS

To test the changes in PSE, Members can either request to have the OCC submit a test trade(s) or they can submit their own test trade(s) by using the UTC Transaction Management Web tool. A copy of the user documentation (UTC Trade Capture Portal) can be obtained on the on the DTCC Learning website at:

<https://dtcclearning.com/products-and-services/equities-clearing/utc/utc-users.html>.

If submitting their own test trade(s) in PSE, the following **must** be used in the submission detail:

Settlement Type	Regular Way (RW)
Market	070 – Options Clearing Corporation
Special Trade	4 = Special Trade
Contra	0122 or 0123
CUSIP	87621P209 or 380795104
<i>The rest of the required fields can be populated with any information as provided by the submitter</i>	

If you require assistance with testing, please contact NSCCIntegration@dtcc.com. Additionally, if you have any further questions regarding this notice, please reach out to your DTCC Relationship Manager.

¹ The exception would be if the OCC submits a cash trade or an “As of” regular way trade on Friday August 2, 2024 (after the system coding change was deployed) for settlement day Friday, August 2, 2024 which generates an OCC TFT balance order for settlement date Friday, August 2, 2024.