

# FINANCIAL INFORMATION FORUM

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212-422-8568

July 24, 2009

Gary Grey  
Product Manager, Business Solutions  
FINRA  
One Liberty Plaza, 51st Floor  
New York, NY 10006

Re: LOPR Implementation Strategy

Dear Mr. Grey,

The Financial Information Forum (FIF)<sup>1</sup> would like to take this opportunity to express our concerns about the LOPR Implementation Strategy as currently outlined. We believe there is an opportunity to modify the implementation strategy to meet ISG's regulatory goals while also reducing the implementation effort for firms. In addition, we believe the outlined approach is consistent with other market and regulatory changes.

With significant modifications to the record layouts only recently published in May 2009 (Reference Guide Version 1.2), FIF members have reviewed the updated LOPR documents published in 2Q2009 and respectfully request that ISG consider the following:

## **Reduce Implementation Effort –Parallel Production NOT Dual Submission**

FIF recognizes the requirement to move to the new FIXML formats prior to February 12, 2009 in order to be OSI-compliant but respectfully requests that November 23 be the start of **parallel production not dual submission**; allowing firms to migrate to the new OCC format anytime after November 23, 2009. The move to a FIXML format requires a completely different approach to LOPR reporting. Requiring dual submissions will necessitate performing dual back-office processing for two full months; essentially doubling the effort required to submit a single LOPR report. From an input perspective, this means duplicate entry of LOPR information into both the SIAC and OCC formats which have different requirements. Such an approach increases both the cost and complexity of the implementation effort and will cause confusion for end users responsible for LOPR reporting. In addition to interfacing with a newly designed screen based on the OCC LOPR formats, end users will also have to enter data a second time using the SIAC formats increasing the possibility of user error. Offering a migration period provides firms

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<sup>1</sup> FIF ([www.fif.com](http://www.fif.com)) was formed in 1996 to provide a centralized source of information on the implementation issues that impact the financial technology industry across the order lifecycle. Our participants include trading and back office service bureaus, broker-dealers, market data vendors and exchanges. Through topic-oriented working groups, FIF participants focus on critical issues and productive solutions to technology developments, regulatory initiatives, and other industry changes.

the flexibility to adopt the new OCC formats over time without requiring dual infrastructures and multiple input mechanisms to be maintained.

It is important to note that while we understand that the dual submission deadline does not mean that OCC records will be considered the official LOPR reports, from an implementation perspective much of the work in making the transition to OCC will be required to establish dual submission.

### **Use Testing Not Dual Submission for Data Quality Checks**

It is our understanding that ISG considers dual submission a requirement in order to ensure that the new OCC formats yield results that are consistent with the old SIAC formats. We respectfully submit that data quality can be ascertained as part of the testing process. ISG should mandate testing and identify specific test scripts. Such an approach is consistent with other regulatory changes like those made to OATS where testing is mandatory and well-defined.

In order to meet rigorous testing requirements, we respectfully request that ISG/OCC make testing available though the end of December 2009.

### **Consider Resource Constraints**

It should be noted that in addition to OSI development and testing, changes in deadlines for other options initiatives will necessitate concurrent development over the next several months including the August 31 linkage date (formerly 1Q2009) and potential expansion of the penny pilot (extended until October 31). Offering firms the flexibility to implement the changes according to their internal development schedules will help in managing these concurrent work streams. Additionally, eliminating the dual reporting structure will reduce costs and free up resources for other projects.

### **Offer Submission Acknowledgements**

It is our understanding that ISG seeks to improve the quality of LOPR reporting as part of this process, we would like to suggest that OCC enhance the functionality of the platform by providing confirmation or acknowledgement of transmission similar to acknowledgements provided by EBS and OATS. We believe market participants will be better served by confirmations/acknowledgements and that offering this functionality is consistent with other regulatory systems.

### **Summary**

In summary, we ask the ISG to consider the following points as they look to implement the new OCC requirements in the most efficient manner:

- Dual submission increases the implementation effort in both cost and complexity; requiring duplicate entry of LOPR information in different formats.
- Rather than dual submission, November 23 should be the start of PARALLEL production at which time firms can start to convert to the OCC LOPR formats

- ISG should consider ways to reduce the implementation costs at firms recognizing that resource constraints are significant given other options initiatives currently underway (OSI, new Options Linkage, Penny Pilot)
- In order to ensure data quality, ISG should mandate testing and identify specific test scripts. Such an approach is consistent with other regulatory changes like those made to OATS where testing is mandatory and well-defined.
- Testing should be available through the end of December 2009.
- The effective date (when all firms must be on OCC for LOPR reporting) could remain January 19.

We have considered the move to the new LOPR format from a technical and development perspective. Having reviewed the specifications we understand that the shift to the FIXML layouts represents a new LOPR reporting process with different requirements from the ASCII based SIAC system. The significant effort involved in making these changes would be further complicated by dual submission. We look forward to working together to meet the regulatory needs of the ISG in a manner consistent with implementation efficiency. Please don't hesitate to contact me at 312 953 9228 to discuss this issue further.

Sincerely,



Manisha Kimmel  
Executive Director  
Financial Information Forum