



**Date:** September 27, 2022

**Subject:** Processing Sequencing Change  
\*\*\*Update\*\*\*

OCC will be modifying the processing sequence to separate open buy/open sell (Open Ups) and closing buy/closing sell (Close Outs) position adjustments that occur within the same account from position adjustments that occur between accounts. Clearing Members have requested this change since the current position adjustment process creates confusion in determining the correct quantity to be adjusted when there is an excess closing transaction.

**PCS (Position Change Submissions) sent to OCC will now be processed as Open Ups/Close Outs depending on the request. All Exercise/Assignment activity will be processed after PCS records are processed within Encore for Futures and Options on Futures.**

For example, if a Clearing Member wants to increase their long and short position by one contract, they expect to enter an Open Up of one. If the account has an excess closing transaction, the Clearing Member needs to take the excess closing transactions into consideration when determining the correct contract quantity to enter and as a result may need to submit a larger adjustment just to increase the position by one. The Position Simulator is used by many Clearing Members to assist in these scenarios.

By modifying the processing sequence to separate out Open Up and close out position adjustments, Clearing Members will not have to account for excess closing quantities when increasing or the long and short position. Below are the changes to the processing sequence:

OCC's Current Processing Sequence	OCC's New Processing Sequence
<ol style="list-style-type: none"><li>1. All Opening Buys</li><li>2. All Opening Sells</li><li>3. All Closing Buys</li><li>4. All Closing Sells</li><li>5. Position Netting for Accounts Held Net</li><li>6. Exercises</li><li>7. Assignments</li></ol>	<ol style="list-style-type: none"><li>1. All Opening Buys</li><li>2. All Opening Sells</li><li>3. All Closing Buys</li><li>4. All Closing Sells</li><li>5. Open Ups and Close Outs (processed in the order received) *</li><li>6. Position Netting for Accounts Held Net</li><li>7. Exercises</li><li>8. Assignments</li></ol> <p>* These are Position Adjustment which are open buy/sell or close buy/sell within the same account type</p>

## **Screen Changes**

The Open Up and Close Out transactions are still considered position adjustments and users will continue to use the position adjustment screen when entering these transactions. Once the change is implemented, the user only needs to enter the quantity that they want to increase or decrease. The Position Simulator will also continue to function and support these types of Position Adjustments. Users will be able to filter out Open Up and Close Out transactions using new filter criteria on the Position Adjustment filter screen. In addition, the Position Detail screen will be updated to include Open Up and Close Out transactions. The ExbyEx Totals screen will no longer reflect the column "Total Long Qty".

## **DDS Impact**

There are no DDS changes to either inbound or outbound record layouts. However, Clearing Members that had previously incorporated the excess closing transactions included in the On-Demand Position File into their internal processing when determining position adjustments will have to make changes to ignore the excess transactions.

## **Install Date**

OCC will be implementing this change on November 5, 2022, for a go-live November 7, 2022.

## **Testing Date**

OCC will be offering testing for the change from September 26, 2022, through the end of October 2022.

If you have any questions, please contact your Clearing Member representative or the Member Services Help Desk at the following numbers: 800-621-6072 or 800-544-6091. Within Canada, please call 800-424-7320. Clearing Members may also e-mail us at [memberservices@theoocc.com](mailto:memberservices@theoocc.com).