

# NASD Notice to Members 99-04

## Revised OATS Reporting Technical Specifications Released

### Suggested Routing

- Senior Management
- Advertising
- Continuing Education
- Corporate Finance
- Executive Representatives
- Government Securities
- Institutional
- Insurance
- Internal Audit
- Legal & Compliance
- Municipal
- Mutual Fund
- Operations
- Options
- Registered Representatives
- Registration
- Research
- Syndicate
- Systems
- Trading
- Training
- Variable Contracts

### Executive Summary

A revised edition of the *OATS Reporting Technical Specifications (Technical Specifications)* was released November 30, 1998. Members that are required to submit data to the Order Audit Trail System<sup>SM</sup> (OATS<sup>SM</sup>), in accordance with National Association of Securities Dealers, Inc. (NASD<sup>®</sup>) Rules 6950 through 6957, must use these specifications for all files and records submitted after January 18, 1999.

For more information, contact NASD Business and Technology Support Services at (800) 321-NASD.

### Discussion

The *Technical Specifications* was originally published March 9, 1998, for member firms and third parties developing systems to report to OATS. An updated edition was published June 30, 1998, to provide clarification regarding the requirements.

A revised edition of the *Technical Specifications*, dated November 30, 1998, contains significant changes from the previous editions. Member firms must ensure that these changes are incorporated into any files submitted to OATS. The changes include:

- The Reporting OSO field was added to the FORE header. This field allows a member firm to give a third party, such as a clearing firm, access to its data submitted to OATS. The addition of this field means that the party transmitting a file, the member firm that is subject to reporting, and a designated third party can view the status files, statistics, and record rejections associated with a file.
- The User ID and Password fields are no longer required in the FORE header for files submitted via file transfer protocol (FTP). (The User ID and Password are still mandatory

when submitting files as an attachment to e-mail.)

- The OSO ID field was removed from the FORE header. It will be derived from the User ID and Password used for FTP logon or contained in the header of a file submitted via e-mail.
  - The Reporting Firm MP ID field was removed from the New Order, Cancel/Replace, and Combined Order Execution Reports.
  - Any order event reported to OATS that does not link to a New Order Report that exists in OATS will be rejected. Thus, cancellations, modifications, executions, or routes of orders received before the date when OATS reporting begins should not be transmitted to OATS.
  - Certification is no longer a prerequisite for reporting production data to OATS; however, all firms that will be transmitting data to OATS should test their systems thoroughly before submitting data to the production system.
  - The definition of OATS Business Day has changed. For purposes of OATS reporting, a business day begins after the close of The Nasdaq Stock Market<sup>®</sup> on one market day (4:00:01 p.m. Eastern Time [ET]) and ends with the close of The Nasdaq Stock Market on the next market day (4:00:00 p.m. ET). Orders received during an OATS Business Day are required to be submitted to OATS by 4:00:00 a.m. ET the following calendar day or they will be considered late.
- This new edition of the *Technical Specifications* also includes a revised set of error messages in Appendix B and updated information about registration, testing, and implementation. NOTE: Only parties that are registered for OATS will be able to trans-

mit data to the NASD. In addition, only parties that are registered for OATS can obtain access to their file status, statistics, and record rejections via the OATS Web interface.

Also, the document highlights the fact that all types of Nasdaq® securities, including Nasdaq National Market® and SmallCap<sup>SM</sup> equity securities and convertible bonds, must be reported to OATS. Any order information for non-Nasdaq securities will be rejected by OATS.

All changes and clarifications made since the June 30, 1998 edition are marked in the document with revised lines, except the revisions to the error messages in Appendix B. A list of the major changes and clarifications appears in the cover letter for the document. There are additional minor formatting and grammar changes. (NOTE: The page numbering throughout the November 30 edition changed from the June 30 edition.)

The changes described in this edition take effect in the test environment as of January 19, 1999, and in the production environment on March 1, 1999. Information submitted to OATS before January 19 must comply with the June 30, 1998 edition of the *Technical Specifications*. Begin-

ning January 19, 1999, all information submitted to OATS must comply with these revised specifications.

A new edition of the companion document to the updated *Technical Specifications*, the *OATS Subscriber Manual*, will be released in January 1999, on the OATS Web pages. It will also be available from NASD Business and Technology Support Services. This new edition describes the procedures for sending and testing the capability to send order data to OATS beginning January 19, 1999, using the OATS Web interface to submit and repair record rejections, obtain feedback from OATS, and perform self-administration of user accounts and contact information.

The November 30 edition of the *Technical Specifications* is available on the OATS Web pages at [www.nasdr.com/3340.htm](http://www.nasdr.com/3340.htm). All updates to this and other documentation regarding OATS will be posted to the OATS Web pages available via the NASD Regulation<sup>SM</sup> Web Site at [www.nasdr.com](http://www.nasdr.com). These publications will not be distributed via mail, except upon specific request.

The *Technical Specifications* refers to the requirements for reporting data, as described in NASD Rules

6950 through 6957 (the OATS Rules), which were approved by the Securities and Exchange Commission in March 1998 and amended in July 1998. The effective dates and requirements for the OATS Rules vary according to the following schedule:

- Phase 1: By March 1, 1999, electronic orders received at the trading desk by Market Makers and Electronic Communication Networks must be reported.
- Phase 2: By August 1, 1999, all electronic orders must be reported.
- Phase 3: By July 31, 2000, all non-electronic, or manual, orders must be reported. (See *Notice to Members 98-33* for a complete description of the OATS Rules.)

Contact NASD Business and Technology Support Services via phone at (800) 321-NASD or via e-mail at [supportservices@nasd.com](mailto:supportservices@nasd.com) to obtain a paper copy of this document or to obtain additional information about OATS. Information about OATS is available on the NASD Regulation Web Site ([www.nasdr.com](http://www.nasdr.com)).

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