DMIST

DERIVATIVES MARKET
INSTITUTE FOR STANDARDS

Consultation Paper for Execution Source Code Standard

August 15, 2025

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1. EXECUTIVE SUMMARY

The Derivatives Market Institute for Standards ("DMIST") was formed to encourage widespread adoption of standards in the exchange-traded derivatives industry that will help make markets more efficient, resilient, and competitive for all. One aspect of improving market efficiency is the ability to accurately identify the method of execution on all trades. Proper identification allows for application of correct and timely brokerage rates. It also aids in the reconciliation process, allowing similar trades to be differentiated by execution type.

One of the primary methods for identifying execution source is FIX Protocol Tag 1031. In 2019, FIA and FIA Tech jointly announced the FIA Execution Source Code Schema ("The Schema"), which is a set of technical guidelines around the use of Tag 1031. Since then, CCPs have worked to implement the use of this tag on their venues.

Despite widespread agreement on the need for an identifier of the execution source, challenges remain that prevent universal adoption of this field. As such, execution source code identifiers need to be revisited to determine how to standardize the identification of execution source and further widespread roll-out and utilization.

This Consultation Paper seeks input from the industry outlining the challenges of implementing the current best practice.

2. Summary of The Schema

- The Schema aims to clearly identify the execution method used for exchange-traded derivative trades at point of origin, allowing executing and clearing brokers to easily reference the appropriate brokerage rate for the execution method.
- The Schema aims to reflect common industry practice regarding different types of execution, providing both a simple model that differentiates between “high touch” and “low touch” execution, and a more complex model that allows for greater granularity regarding different types of electronic (“low touch”) execution.
- “High touch” execution reflects intermediation by an executing broker’s desk and may be identified through the desk’s use of the executing broker’s own order routing systems, their use of third-party software provider’s systems, or the use of an exchange’s own trading interface. In all cases the execution source code would be “W”.
- “Low touch” execution reflects the client’s use of systems to facilitate self-execution of trades without manual intervention by an executing broker. In the simple model, all client self-executed order flow would use an Execution Source Code value of “Y”.
- Self-execution can be further split into the following categories (with suggested Execution Source Codes values), allowing greater granularity for the more complex model proposed:
    1. All client self-executed order flow using a premium algorithmic trading provider, Execution Source Code value = “H”;
    2. All client self-executed order flow using a third-party software provider, Execution Source Code value = “C”;
    3. All client self-executed order flow using sponsored access, Execution Source Code value = “G”;

    For any other client self-executed order flow use Execution Source Code value = “Y” (for example using the executing broker’s infrastructure).

    For further details please refer to the more comprehensive document Guidelines for the simplified FIA Execution Source Code Schema.

The following table and figures outline the current best practice.

Value	Description	High/Low Touch	Mandatory?
W	Desk	High	Yes
Y	Electronic (Default)	Low	Yes
C	Vendor-provided Platform billed by Executing Broker	Low	Optional for complex model
G	Sponsored Access via Exchange API or FIX provided by Executing Broker	Low	Optional for complex model
H	Premium Algorithmic Trading Provider billed by Executing Broker	Low	Optional for complex model
D	Other, including Other-provided Screen	Low	Optional, used with discretion

Table 1: Simplified Execution Source Code values for use in FIX Tag 1031

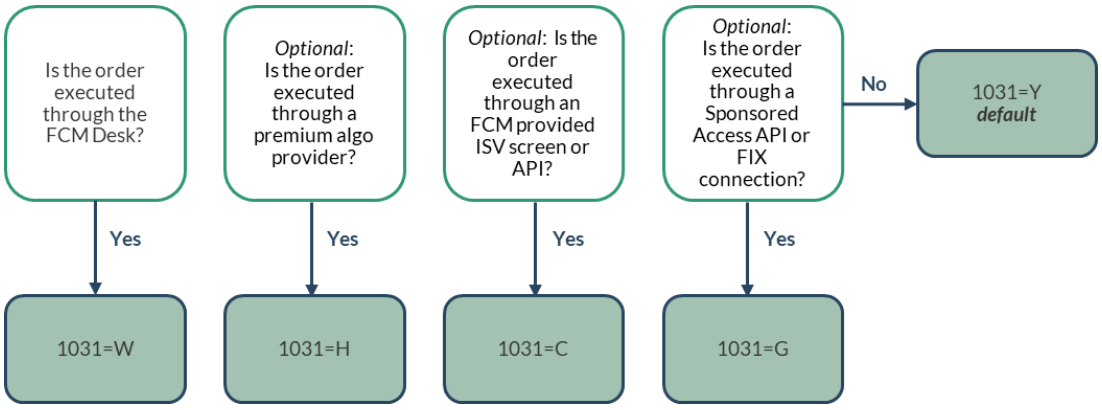

Figure 1: Execution Source Code Determination

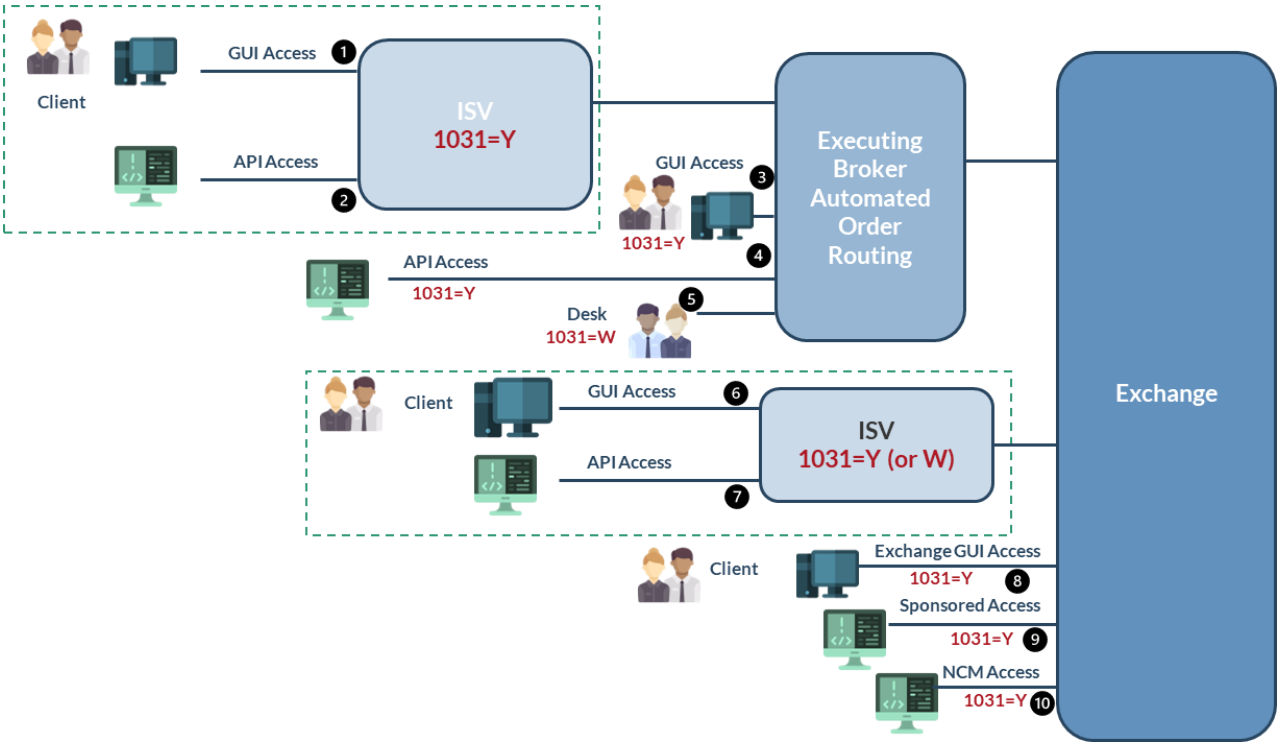

Figure 2: Execution Source Code Simple Model – Desk vs. Electronic

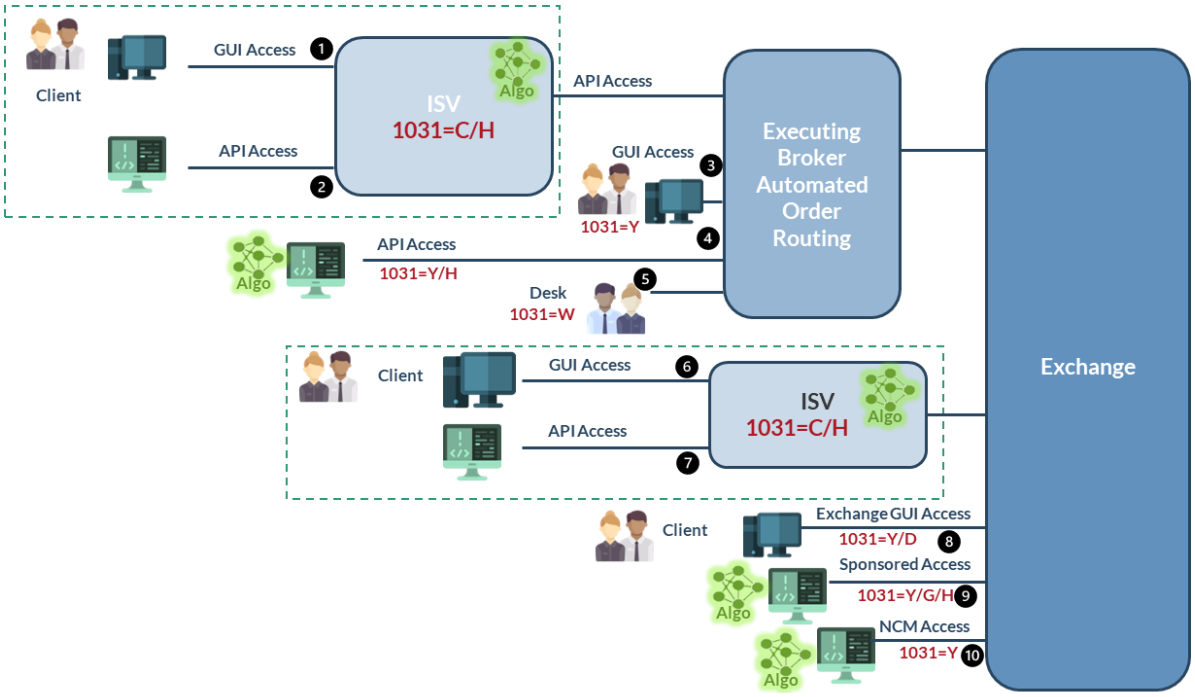

Figure 3: Execution Source Code Complex Model – Desk vs. Multiple Electronic Flows

Challenges of Current Best Practice

Since 2019, the Schema has existed in the industry, allowing for the identification of a trade's execution source using FIX Tag 1031. In that time, the following challenges have been identified:

- Current state of use at **exchanges** globally is well below even 50% use:

Implemented on Execution Messages	Mandatory	Provided on Clearing Feeds
39%	11%	28%

- Populated values are not validated and therefore cannot be utilized by downstream participants.
- At times, the correct execution method, from the perspective of the client, is not reflected which can cause incorrect brokerage to be charged.
- Some market participants do not use the FIX Protocol (instead using other binary protocols, Web APIs, etc.) and may therefore not have the ability to support The Schema. It is important for a standard to offer the ability for market participants to implement and adopt a solution regardless of their technology stack.

3. PROPOSED STANDARD

In order to have widespread adoption and use of an execution source identifier, DMIST concludes that a new standard is necessary and recommends creating a standard that focuses on areas of standardization for all market participants.

Areas for Standardization

The following table outlines the details of this new, proposed standard. This standard may draw from the Schema but should also accommodate non-FIX points of view.

#	Standardization Type	Details
1	Identification	Agreed table of values for all execution methods including data format.
2	Rules	Agreed ruleset that outlines how and when a value should be used.
3	Applicability and Use	Determination of mandatory vs. optional population in various use cases.

Benefits

An Execution Source Code standard with broad adoption would provide the following benefits to market participants:

1. Identification of every trade's execution method.
2. Proper calculation of brokerage and fees by Clearing Brokers.
3. Proper calculation of fees on Client statements.
4. Reduction of manual trade amendments due to incorrect brokerage and fees on T.
5. Simplified reconciliation process when researching similar trades.

DMIST is seeking comments on the adoption of an industry standard which would outline recommendations around functionality/features for the identification of Execution Source Code. DMIST welcomes comments on this proposed standard from any member of the public. Instructions for submitting comments are provided in Section 5.

Potential Challenges

Despite the fact that the industry would benefit from an Execution Source Code standard, there are challenges that must be considered:

1. Market participant workflows and systems may require updates to align to this new standard.
2. Regional regulations may impact widespread adoption of this standard.
3. Periodic updates may be required to this standard as execution methods evolve.

4. CONSULTATION QUESTIONS

Questions for Clients

1. Do you believe an industry standard will improve the brokerage process?
2. How would an industry standard impact your day-to-day processing?

Questions for Executing Brokers

1. Do you currently use The Schema best practice to identify Execution Source Code? If not, why?
2. Do you believe an industry standard will improve the brokerage process?
3. Do you believe an industry standard will improve the billing process?
4. Are there any limitations or barriers that would prevent you from adopting a new Execution Source Code standard? For example, do you have internal systems that have been built to accommodate the lack of a standard that would need to be decommissioned?
5. For non-member, carry-broker trading, would additional execution source codes be needed when executing through another exchange member firm?
6. For non-member, carry broker trading, do you use the Execution Source Code to determine how to charge brokerage?

Questions for Exchanges

1. What obstacles exist that would prevent or complicate implementing Execution Source Code on execution messages?
2. What obstacles exist that would prevent or complicate making Execution Source Code mandatory?
3. What additional obstacles exist that would prevent or complicate your adherence to the proposed standard?
4. Do you have concerns around the transmission of Execution Source Code upstream from Executing Brokers and downstream to the CCPs?

Questions for CCPs

1. What obstacles exist that would prevent or complicate providing Execution Source Code on clearing feeds?

2. What obstacles exist that would prevent or complicate your adherence to the proposed standard?
3. Do you have concerns around the transmission of Execution Source Code upstream from Exchanges and downstream to Clearing Brokers?

Questions for All

1. Do you think that the current execution source code identifier, Tag 1031, is used/implemented as much as it should be?
2. Do you currently utilise Tag 1031 where is it available?
3. Would you utilise an Execution Source Code identifier if it was more widely available and passed through the full end-to-end trade flow?
4. Do you think additional codes/values are needed to handle additional trade types (e.g., tiered pricing algo)?
5. Do you think the addition of new codes/values will help or hinder the adoption of an Execution Source Code standard?
6. What impediments exist for Clients, Executing Brokers, Clearing Brokers, Exchanges and CCP's respectively, to meet the proposed standard?
7. Are there certain transaction types of particular concern?
8. Are there certain assets classes of particular concern?
9. Will delivery and roll periods prove particularly challenging? If so, why?
10. What metrics would assist Clients, Executing Brokers, and Clearing Brokers, respectively, in analysing where they currently stand regarding the proposed standard? What difficulties exist in collecting these metrics?
11. What additional standards would be helpful to support or facilitate this proposed standard?

Additional Comments

DMIST welcomes any comments that you may have that were not covered in the above consultation questions.

5. GLOSSARY

"CCP" – A central counterparty is a financial institution that interposes itself between counterparties to trades that have been executed at an Exchange. It becomes the buyer to every seller and the seller to every buyer, takes on the counterparty risk and provides clearing and settlement services to its customers/members.

"Clearing Member" – A firm meeting the requirements of, and approved for, clearing membership at the Exchange.

"Client" – An individual or organization, typically an end-user, asset manager, proprietary trading firm or similar party, who initiates an order to buy or sell a product in the Exchange-traded market.

"Exchange" – A financial exchange where participants can trade (buy/sell) standardized products as defined and listed at the exchange. An exchange will have a relationship with a CCP to facilitate the clearing and settlement of the trades.

"FIA Execution Source Code Schema" – the best practice introduced in 2019 by FIA and FIA Tech that outlines how to use FIX Tag 1031 to identify execution source method.

"FIX Protocol" – **F**inancial **I**nformation E**x**change, a global standard messaging protocol for electronic trading.

"Tag 1031" – In FIX Protocol, the field used to identify the execution source method. Also known as CustOrdHldInst.

"Web API" – An application processing interface between a web server and a web browser. Also known as Web Service API.

6. SUBMITTING A COMMENT

Comments are due on or before October 17, 2025. Any member of the public may submit a comment by sending a PDF, Word document or substantive email to info@dmist-standards.org. All comments will be made publicly available on the DMIST web site following submission. DMIST will not review comments for personal, confidential, proprietary, sensitive, or otherwise protected information before making such comments publicly available. By submitting a comment to DMIST, the submitting party consents to such public posting. DMIST reserves the right, without obligation, to review, redact, and/or remove any comment that it considers to be inappropriate, offensive, or improper, in its sole discretion. By submitting a comment to DMIST the submitting party agrees to abide by and be bound by the Terms of Submission available here, which will constitute a binding legal agreement between you and DMIST.

7. QUESTIONS/FURTHER INFORMATION

If you have questions about this proposed standard, wish to know more about DMIST, or have an interest in joining the initiative, further details can be found here. You may also contact Don Byron at dbyron@fia.org or Staci Parrish sparrish@fia.org for more information.

8. APPENDIX

DMIST Overview

DMIST was formed as an outgrowth of industry conversations following high volume and volatility in February and March 2020, at the onset of the COVID-19 pandemic. DMIST's ultimate goal is to encourage widespread adoption of standards in the Exchange-traded derivatives industry that will help make markets more efficient, resilient, and competitive for all.

There are two levels of participation in DMIST: (1) the Sponsor Board members who consider and approve standards; and (2) the Ambassador level members, including technology vendors, who are subject matter experts and who help identify, develop, and calibrate standards for the Sponsor Board's approval. For more information on participating in DMIST, please visit our website.

For more information regarding the history and development of DMIST, please see Modernizing the Listed Derivatives Workflow: A Blueprint for Change (November 2021) and DMIST's 2023 Annual Progress Report.

DMIST Standard Process

The process that DMIST follows for a proposal to become a standard is:

Step One: Proposed standard is received from any member of the public (including, but not limited to, Sponsor Board Members or Ambassadors).

Step Two: Sponsor Board determines whether the initial proposal meets certain required criteria (e.g., the submission contains sufficient requisite information, the proposed standard addresses a topic that is considered in scope for DMIST's consideration, the proposed standard relates to a topic that would significantly benefit the industry to standardize).

Step Three: DMIST forms Ambassador Working Group(s) for review and consideration of the proposed standard.

Step Four: Sponsor Board meets to consider the feedback of the Ambassador Working Group(s) and votes to publish proposed standard for public comment.

Step Five: DMIST issues the proposed standard for public comment. Step Six: At the end of the comment period, the Ambassador Working Group(s) used to vet the standard as initially proposed will meet to review and consider the comments.

Step Seven: Sponsor Board votes to approve the standard based upon feedback and recommendations from the Ambassador Working Group(s). Once approved, the standard is considered final and is published.

Step Eight: The success of DMIST requires commitment to transparency with regards to adoption and implementation of standards. Each final, approved standard will specify transparency expectations for Sponsor Board Members regarding whether or not they have chosen to adopt or implement such a standard. Each final approved standard must also specify metrics, to be measured on an ongoing basis, related to implementation, adoption, usage, and/or effectiveness.

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