To: DMIST
From: J.P. Morgan
Re: Execution Source Code Consultation Paper
Date: November 7, 2025

CONSULTATION QUESTIONS	
Questions for Clients	**PFS Clearing Responses**
1 Do you believe an industry standard will improve the brokerage process?	NA
2 How would an industry standard impact your day-to-day processing?	NA
Questions for Executing Brokers	
1 Do you currently use The Schema best practice to identify Execution Source Code? If not, why?	Yes for CME, EUREX, ICE
2 Do you believe an industry standard will improve the brokerage process?	From an execution perspective, adopting an industry standard for defining execution sources across venues will reduce complexity and improve accuracy by removing manual mappings. Ensuring that accurate data is provided from upstream systems will enhance the process downstream.
3 Do you believe an industry standard will improve the billing process?	From an execution perspective, adopting an industry standard for defining execution sources across venues will reduce complexity and improve accuracy for billing by removing manual mappings. Ensuring that accurate data is provided from upstream systems will ultimately enhance the process downstream.
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?	From an Execution perspective we would need the standard adopted by trading and clearing vendors, exchanges and clearing houses in their systems to be able to support. Coordination is required across the industry including internal technology teams for integration and wider adoption. There would need to be a transition plan to manage migration of legacy Execution Source Code already supported i.e. CME, ICE and EUREX.
5 For non-member, carry-broker trading, would additional execution source codes be needed when executing through another exchange member firm?	Additional execution source codes should be available to represent how the order was handled through the order flow and would provide transparency, facilitate accurate billing, and improve the audit trail. There are multiple execution scenarios and these need to be identified and an execution source code defined for each step in the order flow. In addition, whether in this standard, or another standard, the parties and the roles they have played in the order handling need to be identified. To define terms with respect to this question, an exchange member has a "client" who is a non-member broker taking orders from their own clients which we refer to as indirect clients. In this scenario the client and exchange member may use different execution platforms (voice, electronic e) or the client may use the execution platform or market access method (eg sponsored) provided by the exchange member. The execution source code therefore may be the same or it may be different for the client and the exchange member. Also the billing arrangements needs to be considered. The client (non-member broker) may be billing the indirect client or the client (non-member broker) may be billing the clearing broker used by the indirect client. The indirect client may clear with a clearing firm affiliate of the non-member broker, or an independent third party broker or the clearing 'arm' (affiliate or same legal entity) of the exchange member. The exchange member will billing its client (the non-member broker). For every leg of the transaction - indirect client to client, client to exchange member information is required concerning which party is billing directly or on behalf of another party and the execution source code for that order leg is required to be able to bill the right party with the right amount
6 For non-member, carry broker trading, do you use the Execution Source Code to determine how to charge brokerage?	There are 2 use cases. 1. we use a carry broker, and 2. we act as a carry broker. 1. Use a carry broker: We use carry brokers on some markets but the markets where we use carry brokers do not support tag 1031. In the event a market provided execution source code where we executed using a carry broker (an exchange member), we would want the clearing broker arm clearing for the exchange member (clearing firm may be same firm as exchange member, may be an affiliate, and could also be that we are a trading member/non-clearing member using a third party clearing member) to receive the relevant execution source code for our trades with the carry broker so we can bill our client accurately representing the execution method/platform the client used and also to identify how we executed the trade with the carry broker so we can correctly accrue to pay the carry broker in the usual scenarios where the carry broker executed the trade for us. 2. Act as a carry broker: Where we act as a carry broker this can mean we execute and give up all, some or none of the trades where we clear for the client. As an execution only broker we need the execution source code to work out the rate to bill our client. We need to know whether to bill the client directly or their clearing broker. As a clearing broker we also need the execution source code to bill our client although in this case we can charge the brokerage to the client's account. Where the client has clients of their own then the scenarios described above in the answer to question 5 apply. Although we use tag 1031 for this scenario we have to use additional information, when we can source it, for example trader id, to try and derive who and how a trade was executed to bill the client.
Questions for Exchanges	
1 What obstacles exist that would prevent or complicate implementing Execution Source Code on execution messages?	NA
2 What obstacles exist that would prevent or complicate making Execution Source Code mandatory?	NA
3 What additional obstacles exist that would prevent or complicate your adherence to the proposed standard?	NA
4 Do you have concerns around the transmission of Execution Source Code upstream from Executing Brokers and downstream to the CCPs?	NA
Questions for CCPs	
1 What obstacles exist that would prevent or complicate providing Execution Source Code on clearing feeds?	NA
2 What obstacles exist that would prevent or complicate your adherence to the proposed standard?	NA
3 Do you have concerns around the transmission of Execution Source Code upstream from Exchanges and downstream to Clearing Brokers?	NA
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?	No. There is a lack of adoption by exchanges, clearing house and by members. There is a lack of consistency between exchanges, members and vendors regarding the use of the field and the content provided in the field. We would like to see broader adoption of execution source by more exchanges, clearing houses, exchange members, clearing members. To make the standard effective, the technology systems used by exchanges, clearing houses, executing brokers, and clearing firms, whether developed in-house or by vendors supplying technology for trading or clearing, need to support the execution source field. The standard will only be effective if there is consistent, accurate and standard adoption by brokers, clearers, exchanges and clearing houses. It may be appropriate for use of the execution source code to be optional for a period and then subsequently made mandatory to drive up standards allowing firms to upgrade over time. As there are significant commercial issues for clients and firms if billing data is inaccurate there needs to be accountability and consequences for inaccuracy and non-compliance. Consideration should be given as to how market-wide adoption could be incentivised.
2 Do you currently utilise Tag 1031 where is it available?	Yes. Additional workarounds are used because of lack of coverage and issues with data quality and consistency
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?	Yes, Definitely. As noted in the additional comments section we would be open to obtain the execution source code from exchanges, clearing houses or industry platforms or networks that connect clients, execution brokers and exchange members.
4 Do you think additional codes/values are needed to handle additional trade types (e.g., tiered pricing algo)?	There are different interpretations of the codes used by different parties so the first priority is to align and simplify the existing codes and standardise use by all parties. Future changes could include allowing execution brokers to use an execution source code to indicate that a particular type of transaction or strategy applies, which would mean a difference in the commission charged. For example if a strategy trades implies difference in billing approach for different legs of the order. Execution brokers can incur different levels of fees charged by different ISV's (independent software vendors providing execution platforms) so need to be able to charge different rates based on the ISV platform the client has used.
5 Do you think the addition of new codes/values will help or hinder the adoption of an Execution Source Code standard?	First priority is to simplify and standardise the understanding and of the references. The next priority is to extend use of execution source code to more markets and participants. The development of an appropriate FIX type tag containing space to record multiple pieces of information may be the best way to accommodate future enhancements.
6 What impediments exist for Clients, Executing Brokers, Clearing Brokers, Exchanges and CCP's respectively, to meet the proposed standard?	All relevant participants do not currently consistently and accurately populate the field. A 1 field tag is very limiting. Ambiguity in the definitions with different characters potentially having the same meaning for billing is unhelpful. There is critical missing data required for billing. For example an order may have been processed through a chain of parties (e.g. end clients of client facing broker or broker with internal trading desks, in turn facing exchange member). Similarly clearing may involve a carry broker clearing through a clearing member. The execution broker may be a different entity to the carry broker or clearing member where the trade was given up. Impediments include the adoption of the execution source code across the market place as noted above. The majority of the effort will relate to making technical changes. Technical changes without any degree of compulsion or sufficient or measurable commercial benefit are hard to achieve. In addition it is important that processing events such as splits, allocations, average pricing, give ups or other events, whether performed at the exchange or clearing house, or away from the exchange or clearing house, do not lose or incorrectly change the execution source code.
7 Are there certain transaction types of particular concern?	Yes. There can be inconsistency or ambiguity between the recorded execution platform (e.g. a platform that is used to record block trades indicating high touch) and the Tag 1031 code where the trade may be sent through with a low touch indicator. Further the use of an indicator on precisely which individual executed a trade may or may not be available and may or may not be reliable. In many scenarios the billing rate has to be derived or assumed from multiple data fields including parties, tag 1031, trader key, execution platform. For scenarios where there is a client facing broker and that broker executes through an exchange member the detail may be lost that there are 2 (or more) brokers involved in the transaction. Additional complexity and data loss can occur i) if there is a give up involved, or if ii) the execution method differs for different legs of the order (eg high touch to executing broker, low touch to exchange member)
8 Are there certain assets classes of particular concern?	Commodities. There is a broad range of specialist brokers and execution platforms, and more bespoke billing methodologies. In addition, there are cases where non-members can arrange transactions and book them into the membership of an exchange member. The exchange member may only be aware of the trade when receiving the cleared trade and has no control over the data quality and the trade may also be booked as executed by the exchange member (implying full service execution and clearing applies) when the exchange member may be legal y and under the rules of the exchange regarded as responsible for the trade, but has played no role in the execution.
9 Will delivery and roll periods prove particularly challenging? If so, why?	Generally not, although bespoke billing arrangements relating to specific trade types, (basis trades, rolls, EFRPs etc) may apply

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?	Useful data would include: -List of markets i) mandating Tag 1031, ii) making use optional and iii) not participating -% of transactions that are give ups by market -% of transactions where the parameter is populated with a valid reference currently. -If available statistics on % of transactions where brokerage has been adjusted on markets where tag 1031 is either mandated, optional, or does not apply -Statistics on the % of billing discrepancies that are caused by rate differences. -Exchanges or FIA Tech would need to cooperate to supply data. Data may not directly show that the execution method is the underlying problem as other causes may underly the cause for adjustments or open breaks. -Clearing firms could provide information on what % of trades they receive tag 1031 codes on for relevant exchanges. -Requesting more information on the % of trades where the tag 1031 was over-ridden is likely to be challenging, but it's possible some firms may be willing to assist in providing indicative data that may help with the business case for adoption of a new standard	
11 What additional standards would be helpful to support or facilitate this proposed standard?	If firms could agree the data needed to drive billing then an agree preferred source for each data element could be defined Information on the parties involved is required for trading and clearing flows involving more than 1 or 2 parties Tracing orders and fills, including for subsequent processing events applied to trades (splits, allocations, average pricing) would create a definitive means to track transactions through the entire lifecycle from order originator to cleared trades	

Additional Comments

	Response	Execution Source required
DMIST welcomes any comments that you may have that were not covered in the above consultation questions.	Clearing brokers are asked by the majority of clients to process brokerage on their behalf to pay to executing brokers. For this to be performed accurately the parties 'upstream' of the clearing firm such as non-member brokers, exchange member, and in the current model, the exchange and clearing house, must all align and provide data for all the trade legs the clearing broker needs to process. Another approach that could be considered is that parties that are connected to industry networks or hubs which perform matching of orders, fills, allocations and cleared trades could obtain the relevant party role and execution source code data direct from the relevant parties (clients, brokers and the vendors used by those parties). This may facilitate earlier implementation of the standard by reducing the dependency on exchanges and clearing houses from passing the required data to the clearing broker.	
	The following information is required for billing. There is column to indicate where we think the information is needed as part of the execution source code standard	
	- what parties were involved in the execution of the trade - client, execution broker or exchange member (+ other defined roles)	Need this information. Could be a requirement of a separate DMIST
	- what was the role of each party in the trade chain	Need this information. Could be a requirement of a separate DMIST
	- trade type - standard trade, EFRP, delivery, spread, strategy, basket etc	Exchange to publish in specific field(s)
	- Fee tag for each trade leg. Each party could be captured in a transactional role and each populated role use the relevant standard fee tag. eg Role 1 Fee tag 5, Role 2 Fee tag 2. For example there could be a fee tag for client - execution broker high touch A, low touch B etc, execution broker - exchange member high touch C, low touch D etc, exchange member - exchange ,high touch E, low touch F . Former would be easier to understand but also requires the execution source code change to also accurately identify parties and roles	Yes. Also need party and role information for anything more complicated than the basic model
	- what platform was used to execute the order for each step in the chain. Broker/client to agree rates applicable to each platform - eg broker's screen / API, ISV platform, sponsored access, premium vendor service	Yes. Also need party and role information
	- identify who should pay the exchange member	No. Broker defines with client or exchange member
	- identify who should pay the executing broker (if applicable)	No. Broker defines with client
	- what membership category does each party have at the exchange	No. Exchange publish member's status. Otherwise client/broker
	- what, if any, special membership fee category applies to this trade at the exchange	Out of scope
	- trader key used to execute the trade at the exchange	Exchange to publish in specific field. Used to identify who was
	- client to execution broker rate card - bilateral between the 2 parties, shared with Clearing Broker	No. Attached to give up agreements
	- Execution broker/exchange member rate card - bilateral between the 2 parties	No. Attached to agreement between broker and broker's client
	- for each trade leg should standard, or zero brokerage apply (eg to deal with zero comms on roll trades, basis trades etc)	Yes. Require execution broker or exchange member to publish

Other Questions

	Billing Team Response
Since the publishing of the Tag 1031 Best Practice, have you seen any improvements?	Overall, there has been noticeable improvement in determining the execution method and applying a more accurate charging where TAG1031 is used
Since CME made the tag mandatory, specifically, have you seen improvements on recs on CME?	Yes, compared to other exchanges, we have observed significant improvement in CME, where TAG1031 is mandated, particularly in reducing breaks. In contrast, exchanges like EUREX, where TAG1031 is implemented but not mandated, have not shown the same level of improvement
What is your view on a single tag to capture execution method?	Yes we support the approach to standardize the capture of execution methods—such as Voice, DMA, or ALGO—across multiple trading venues permitted by the exchange

Can you quantify the various ways your clients expect to be charged? For example, do you have certain clients who want to use value X and another set to use value Y for the same behaviour?	Where there is ambiguity regarding the execution method, some clients prefer to be charged at the Voice rate initially and have adjustments made later to minimize post-trade exposure. Additionally, while some brokers and clients are willing to execute DOCS using a simplified per-lot calculation, others do not agree to this approach. Across the industry there are large backlogs of unsettled brokerage, usually because of breaks which are often rate related due to discrepancies between the billing payer and billing receiver on how the trade was executed and what rate should have been used.
3. What role do your Give Up Agreements play in calculating fees/comms on execution?	We calculate commissions based on the rates in DOCS: Rates are first applied at the product group level. If not available, rates at the product level are used.

Examples of relationships between parties are provided to the right

We have drawn up overviews of some of the main scenarios we see

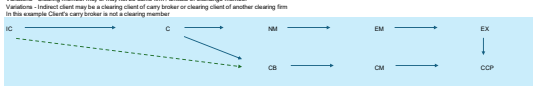
Each of these scenarios has variations - for example the trade may be given out or remain with the exchange member

There are additional complications where indirect clients (clients of clients) also happen to be clearing clients of the clearing firm. In this case (eg case 2) the clearing firm may be seeking to bill a non-exchange member for providing an execution service, charging brokerage to the indirect client for the client and charging brokerage to the client for the non-member broker. That means a single clearing house message needs to be used to support 3 billing scenarios

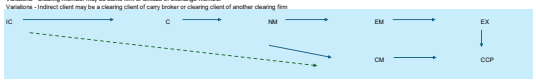
1 **Complex execution and clearing service model**

Clients with clients (indirect clients) executing via a non-member broker, executing through an exchange member

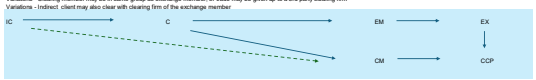
Variations - Clearing member may or may not be same firm / affiliate of exchange member
Variations - Indirect client may be a clearing client of carry broker or clearing client of another clearing firm
In this example Client's carry broker is not a clearing member



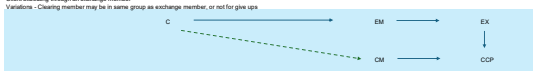
2 **Complex execution model, standard clearing model**
Client executing via a non-member broker, executing through an exchange member
Variations - Clearing member may be same firm or affiliate of exchange member
Variations - Indirect client may be a clearing client of carry broker or clearing client of another clearing firm



3 **Clients with clients execution model, standard clearing model**
Indirect client executing via a client, who is a non-member broker, executing through an exchange member
Variations - Clearing member may be in same group as exchange member, or trade may be given up to a 3rd party clearing firm
Variations - Indirect client may also clear with clearing firm of the exchange member



4 **Basic execution and clearing model**
Client executing through an exchange member
Variations - Clearing member may be in same group as exchange member, or not for give ups



5 **Commodity Model**
Client places an order with a non-member who arranges trade and then registers under the membership of a member

Billing Considerations
Client facing clearing firm may be required to calculate the execution commission and bill

Parties	Charge clearing client and pay exchange member
	Charge indirect client and pay non-exchange member
	Charge execution commission on behalf of exchange member (same firm or affiliate)
Rates	Accrue to pay ISV premium, platform charge
	Voice/High touch rates
	Electronic/Low touch rate
	Special rates for trade types - calendar rolls, basis trades, EFRPs

Key

C	Client
IC	Indirect Client
NM	Non-member execution broker, Order passing broker
EM	Exchange member
CB	Carry Broker (may be same as NM or different firm)
CM	CCP member
EX	Exchange
CCP	Central clearing counterparty/Clearing house