

Letter from the Executive Director



Peter Randall

One of the greatest strengths of the FIX Protocol is its adaptability, this comes from two sources, the essential flexibility of the underlying protocol and the sheer inventiveness of the people who make use of it in their operational processes. Whereas we are all familiar with the issue of FIX connectivity between different counterparties in the trading world, I sense that there is less focus on the internal application of FIX Protocol within the firm. This is, in a sense understandable, there are obvious commercial benefits to being able to speak freely about FIX connectivity between buy-side and sell-side, however the application of FIX standards to internal processes is less discussed and less obvious. There are signs that this reticence is changing.

The drivers of this change are diverse, for some firms it is to deliver greater operational efficiency across their diverse platforms, for others there is a tangible risk and compliance flavour to the work that is being undertaken. However, I think that it is significant that there appears to be a migration towards using greater FIX connectivity within the enterprise as well as outside it. This development is best witnessed by the growth in interest in both the Allocations group and the Foreign Exchange group both of which are now attracting significant interest. I believe that as the Fixed Income committee's work on certification draws to a successful culmination that we will see a 'new golden age' of interest and contributions to our work.

The importance of the growth of both internal and external applications of the protocol cannot be overstated as it continues to accelerate the critical mass of applications within the broader financial services universe that are able to 'connect' with each other. This is allowing some truly innovative service initiatives to develop, for example some asset managers believing that their greatest contribution to their clients is in asset management are in the process of concluding deals which effectively establish service contracts with specialist operations enterprises. On the other hand some of the most demanding applications for the distribution of data are now being handled using FIX enabled systems. The point here is not that these are new uses of the protocol per se but that the network effect of the protocol is building in ways that were hardly imagined even five years ago.

The growth of this network effect is no more evident in the publishing history of this modest journal, over the past year we have published four editions and it has become a very significant medium for the exchange of views, best practices and new ideas. In this it complements our recently improved web-site and our commitment to make available to both our members and the broader community a substantial corpus of articles, information and guidance on the entire panoply of the world of FIX. Looking forward to the New Year, I think that the launch of the survey which we have been developing will underpin our efforts with statistically valid data and allow us to build with even more confidence on the stable foundations which already exist.

There is a palpable excitement as we go into 2005 that we are well on the way towards our goal. With all our achievements of the past ten years and the significant progress we have made this year I believe we can state with confidence that whereas we are not yet at the beginning of the end of our journey we are at least at the end of the beginning.

With best wishes.

Yours truly
Peter C Randall