

Letter from the Executive Director



Peter Randall

As business entities get bigger, more complex and more international the regulatory environment in which they operate becomes extremely important. The rules are there for the protection of investors, for the stability of markets, for certainty and to create a framework in which complex and difficult questions can be resolved. An essential adjunct to the regulatory environment is the adoption, use and development of standards. In a sense, regulations provide the framework in which we operate and standards provide the means by which we operate. The critical point is that the two disciplines are essentially symbiotic and business entities that recognise these links usually enjoy significant competitive advantage.

The FIX Protocol throughout its life has been adopted as an evolutionary approach to the issues posed by regulation and standards. Our essential neutrality has enabled us to approach complex messaging issues from the perspective of finding a workable solution that can be implemented. A critical part of our process is the 'community based' approach that we use to describe the challenges that the trading and broader Financial Services community face. We are constantly mindful of the need not to re-invent the wheel when we begin to look at solutions to real time, real life business problems. The other side of this coin is that we are able to deal with issues as they arise, security, extensibility, new asset classes and new regulations such as MiFID in Europe and Reg SHO in the United States. This approach has been successful as measured by the adoption of FIX based solutions to the messaging requirements of our industry.

It is clear that there is no common approach taken by regulators around the world to the industry that they regulate. However there are some common themes that can be identified, chief amongst these is the need to 'describe, understand and manage' the various risks that industry participants adopt and use as an adjunct to their 'reward based' business models. Implicit in the need to manage risk is the need to capture all the risk based information that exists within a firm and then present that information on a common basis. The FIX Protocol is extensively used for presenting trade based information for this process and as such is an essential tool for effective, accurate and timely risk management processes.

It is often remarked that the financial services industry is an industry of constant innovation. This innovation coupled with the need to be able to control risk and to be able to standardise message formats is best supported by the adoption of industry driven messaging standards which allow fast, clear and widely accepted messages to form the mechanism by which innovation is turned into profit. The growth of electronic trading and the adoption of FIX as the de facto standard are intrinsically connected.

This edition of *FIXGlobal*, which is the fifth one published, contains many interesting and topical discussions on matters of industry interest. I am sure that the continued success of FIX Protocol and its members will be enhanced as this debate continues and the challenges outlined in this edition are surmounted and tamed. Our appetite to confront change remains undiminished, our determination to develop the FIX Protocol to meet new challenges continues to burn brightly. Our commitment to neutrality, openness and community informs all our actions

Yours truly
Peter C Randall

Events

TradeTech 2005 - Equity Trading & Market Structure: 27 - 28 April : Paris Expo - CNIT La Defense, France

ISIPS [International Securities Industry Practitioners Symposium] 2005: 23 May : London, England

The 2nd Annual Fund of Funds World Asia 2005: 24 - 27 May : The Grand Hyatt, Singapore

FPL Canadian Electronic Trading Conference: 7 June : Toronto Board of Trade, Toronto, Canada

SIA 2005 - Technology Management Conference: 21 - 23 June : Hilton New York, New York, USA

TradeTech 2005 - Fixed Income: 29 - 30 June : Sofitel Bercy Hotel, Paris, France