

# The FIX Protocol: An Introduction



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# The FIX Protocol: A Brief Introduction

- For many market participants the FIX Protocol is the enabling technology for electronic trading
- FIX is an open messaging standard that was developed in 1992 by Fidelity Investments & Salomon Brothers.
- FIX was originally created to facilitate a bi-lateral communications framework for Equities trading, but it has significantly expanded since this time in response to evolving industry needs
- FIX is now the predominant messaging standard for pre-trade and trade communication globally within the Equity markets
- FIX functionality has expanded horizontally across the asset classes to support the Derivatives, Fixed Income and Foreign Exchange markets
- FIX functionality is now rapidly moving into the post-trade space, supporting Straight -Through- Processing (STP) from Indication-of-Interest (IOI) to Allocations and Confirmations.
- Functionality has steadily expanded through different version releases of the protocol



# FIX Functionality

Message Support	FIX Version							
	4.0	4.1	4.2	4.3	4.4	5.0	5.0 SP1	5.0 SP2
Equities	Good Support	Good Support	Good Support	Good Support	Good Support	Good Support	Good Support	Good Support
Futures and Options	No Support	Good Support	Good Support	Good Support	Good Support	Good Support	Good Support	Good Support
Fixed Income	No Support	Some Support	Some Support	Good Support	Good Support	Good Support	Good Support	Good Support
Foreign Exchange	No Support	Some Support	Some Support	Some Support	Some Support	Good Support	Good Support	Good Support
Exchanges and Markets	No Support	No Support	Some Support	Some Support	Good Support	Good Support	Good Support	Good Support
General	Good Support	Good Support	Good Support	Good Support	Good Support	Good Support	Good Support	Good Support
Program Trading	Some Support	Some Support	Good Support	Good Support	Good Support	Good Support	Good Support	Good Support
Algorithmic Trading	Some Support	Some Support	Some Support	Some Support	Good Support	Good Support	Good Support	Good Support
Security & Position Reporting	No Support	No Support	No Support	No Support	Good Support	Good Support	Good Support	Good Support
Collateral Management (Listed Derivatives)	No Support	No Support	No Support	No Support	Good Support	Good Support	Good Support	Good Support
Transport Independence Framework	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Good Support	Good Support	Good Support
Regulatory Compliance (MiFID, Reg NMS, Reg SHO, OATS, ACT, NYSE 80A)	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Good Support	Good Support	Good Support

<b>Legend</b>	No Support	Some Support	Good Support	Not Applicable
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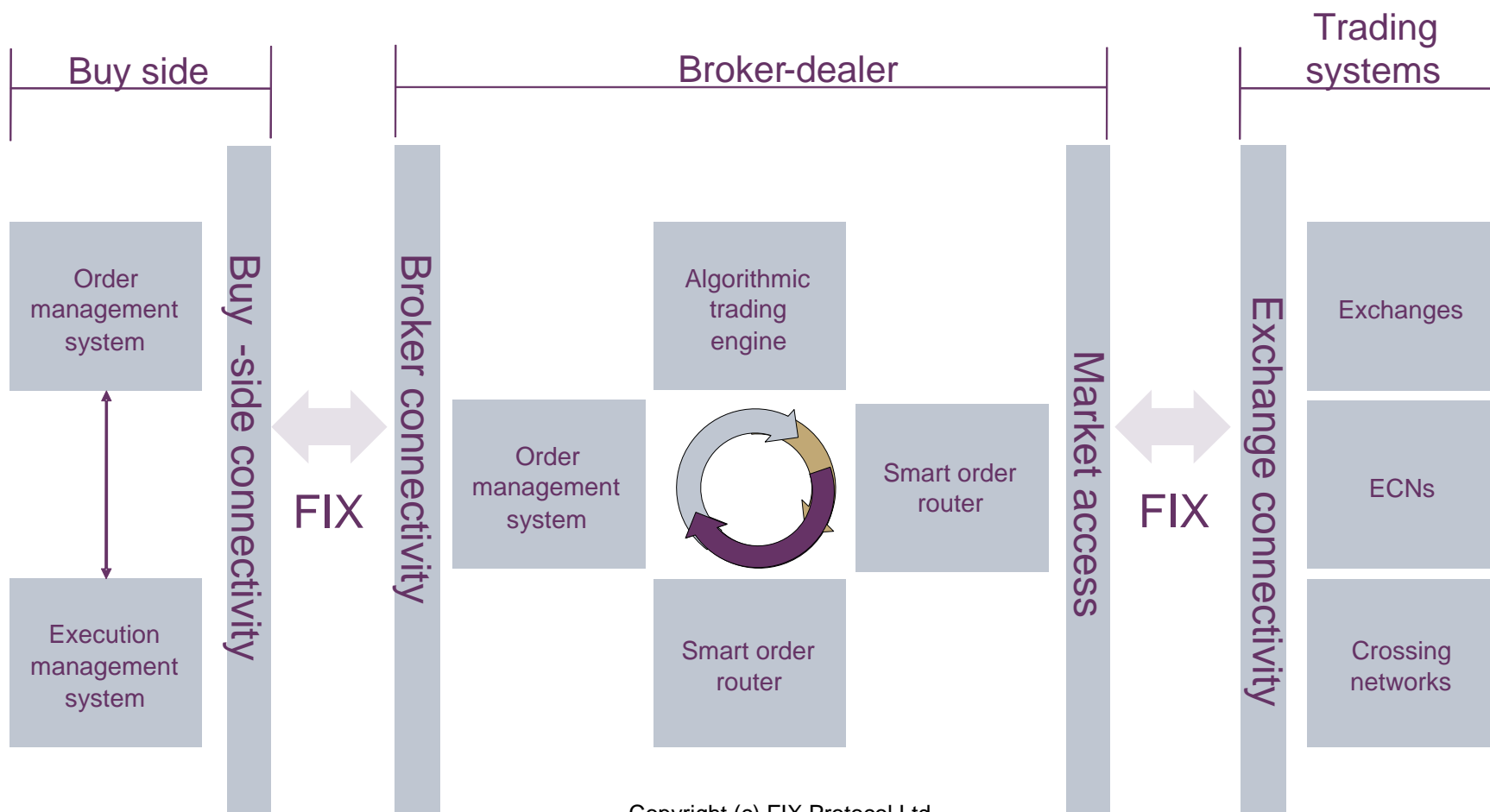
NOTE: levels of support are based on fields incorporated into the core protocol at a given stage. This rating does not include custom fields, which can be added to earlier versions of the protocol to achieve given functionality.

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# FIX Usage Throughout the Investment Lifecycle

## A Simplified View





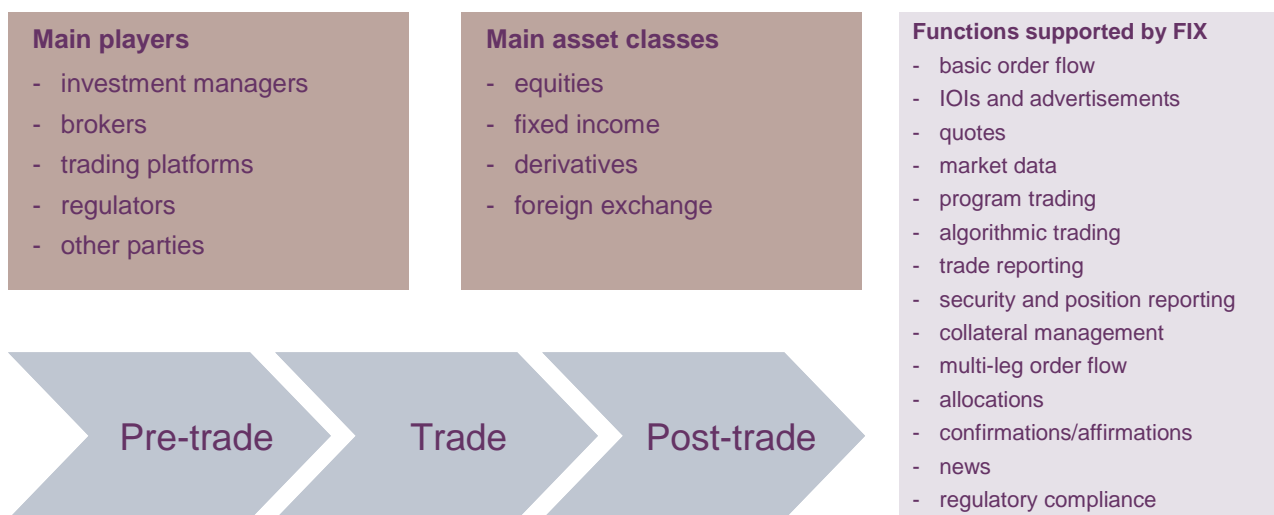
## The Benefits FIX Presents to the Latin American Trader

- Using FIX offers the Latin American trader the opportunity to connect to the many markets globally that offer FIX connections in an automated and cost efficient manner
- Offering a FIX connection could prove attractive to foreign investors who already utilise the protocol as they will benefit by using a standard method of communication
- FIX provides seamless connectivity to multiple counter-parties and enhances price transparency and access to liquidity. It is a solution that reduces reliance on broker and vendor proprietary solutions
- It enables accurate real time updating of portfolio and trading management systems for pre-trade, trade and pre-settlement
- FIX is developed in response to industry demand, if additional functionality is required for the Latin American markets these requirements can be raised to the Global Technical Committee and the support can be added in future upgraded versions of the protocol



## In Summary...

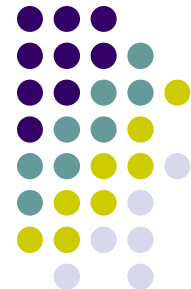
...the activities and market players impacted by the FIX Protocol are far reaching:



Source: Oxera

# FIX Protocol Limited – Working for the Industry

**FIX**PROTOCOL  
INDUSTRY-DRIVEN MESSAGING STANDARD™





# FIX Protocol Limited

The FIX Protocol is owned and maintained by FIX Protocol Limited (FPL), a non-profit organisation with more than **200 members** globally. Employees from these member firms contribute time and effort to ensure the protocol is continuously developed to meet evolving market requirements

## FPL Premier Global Member Firms:







## The Benefits of FPL Membership

FPL membership attracts a wide range of firms from across the trading community, here are some of the reasons why different firms join FPL:

- **Buy-side** firms can leverage standards and drive down costs.
- **Sell-side** firms can stay at the forefront of a mission critical component of their business models.
- **Vendors** can continue to innovate new products with the latest technical information at hand.
- **ECNs/Exchanges** can shape the evolution of the protocol as it is enhanced to further support trading and gateway requirements.
- **Regulators** can gain a stronger understanding of FIX and utilise its power for market oversight.
- **Industry Associations** benefit from the insight and knowledge of the world's leading industry practitioners.



Would you like to find out more?

Please visit the FPL website

[www.fixprotocol.org](http://www.fixprotocol.org)