Considerations for Implementing FIX

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The Basics

- Trading Platform Considerations
- FIX Connectivity Considerations
- Deployment
- Additional Benefits of FIX
- Summary

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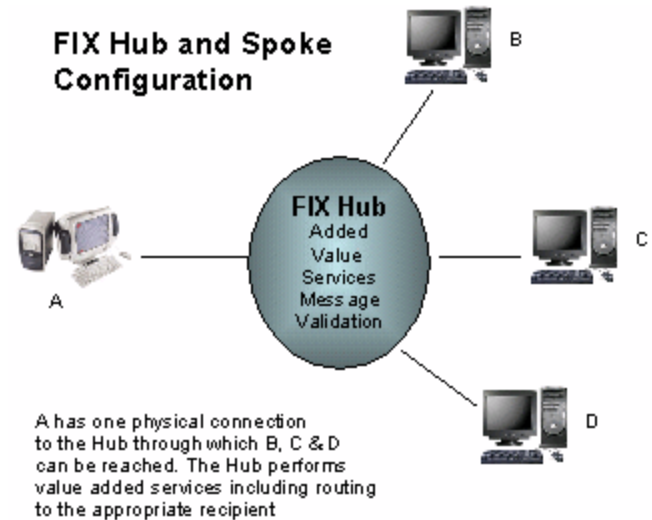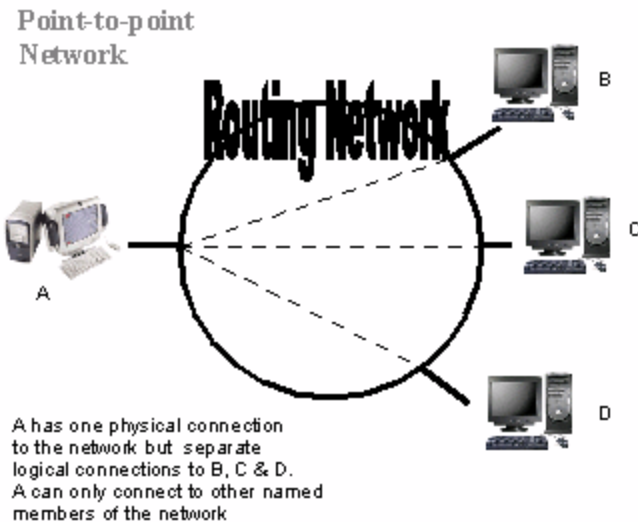INDUSTRY-DRIVEN MESSAGING STANDARD℠

Trading Platform

- FIX Infrastructure / Trading Platform
  - Build or Buy?
  - EMS or OMS? Or Both?
  - Local install? Hosted?
  - Integration effort required

- Workflow Requirements
- On-going cost of ownership
- Scalability Requirements

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FIX Connectivity

- Point to Point Network

- Hub and Spoke Connectivity

Point-to-point
Network

Routing Network

B

C

A

D

A has one physical connection
to the network but separate
logical connections to B, C & D.
A can only connect to other named
members of the network

**FIX Hub and Spoke
Configuration**

B

FIX Hub
Added
Value
Services
Message
Validation

A

C

D

A has one physical connection
to the Hub through which B, C & D
can be reached. The Hub performs
value added services including routing
to the appropriate recipient

More Info: www.fixprotocol.org/implementation-guide/network.shtml

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FIX Connectivity

Point to Point

- Multiple connections
- Dedicated IP and Port for each connection
- Network level managed services
- Certification required with each counterparty
- EOD process with each counterparty
- No message validation
- Lower latency due to direct connections

Hub and Spoke

- One-to-many connections
- Application level managed services
- Single Certification required with Hub
- Single EOD process with Hub
- Streamlined Operations & Infrastructure
- Hub adds value – but can potentially limit functionality

More Info: www.fixprotocol.org/implementation-guide/network.shtml

FIX Connectivity

- Key Aspects
  - Scope of "Managed Service"
  - Community
  - Value Added Services
  - Resiliency Considerations
  - Flexibility for future changes / enhancements

- Trading Requirements
- On-going support

More Info: www.fixprotocol.org/implementation-guide/network.shtml

Key Consideration – for the Brokers

- HOW DO MY CLIENTS WANT TO CONNECT TO ME?

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Deployment & Testing

- Deployment is Customized in almost EVERY case
- Project Management is KEY
- Internal Deployment Processes
- External Deployment – Rules of Engagement
- Testing
- Leverage the resources available:
  - Counterparties
  - Vendors
  - Peers
  - FPL: http://fixprotocol.org/implementation-guide/testing.shtml

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Connecting to Counterparties – Rules of Engagement

- Certification
  - Network Level
  - FIX / Session Level
  - Message / Application Level
- Details to confirm with counterparties
  - FIX version
  - Comp IDs
  - Start of Day / End of Day
  - Order / Message types to support
  - Markets & Asset Classes
  - Symbol Sets
  - Custom Fields
  - Regulatory Requirements
  - Algo Support
  - … and More!
- UAT Environment
- Production Tests
- Go Live!

- More information: http://fixprotocol.org/implementation-guide/rules.shtml

Additional Benefits of FIX

- Extended Uses:
  - FIX can support multiple asset classes: FX, Futures, Options, Fixed Income
  - FIX can be extended to pre-trade and post-trade functions
    - IOIs / IOLs
    - Allocations
    - Securities Lending*
    - Executable IOIs*
  - Facilitate "Best Execution"
    - Access Alternative Trading Venues
    - Smart Order Routing
    - Algorithms
  - Flexible
    - Compatibility
    - "Best of Breed" Services as required
- Customizable & Evolving
  - FIX is an open platform to support custom tags and requirements as needed
  - FIX is continually evolving to suit needs of trading community
  - FIX is defined by the industry for the industry

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Summary

- Key Considerations for Trading System & Connectivity:
    - Workflow Requirements
    - Trading Requirements
    - Endless options to suit each firms' needs
- Deployment
    - Project Management
    - Rules of Engagement & Best Practices
- Benefits
    - Streamline operations
    - Enhance entire trading process
    - Leverage existing knowledge base
- Get Involved!
    - FPL welcomes participation: help FIX evolve to support evolving needs of trading

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Thank you for your attention!

More Information:
www.fixprotocol.org/implementation-guide/

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