

PROTOCOLS

FIXML Set for Launch

BY CRAIG MCGUIRE

From the people who brought you the Financial Information Exchange (FIX), the 1992 blockbuster dedicated to truth, justice and the development of a single electronic protocol for trading communications —now comes the eagerly awaited sequel: FIXML, the next generation. ■ While it may not be as exotic as a sci-fi movie premier, the upcoming release of FIXML is certainly causing a buzz in the industry. Since last year, FIX Technical Committee developers have huddled together rewriting the FIX protocol using Extensible Markup Language (XML), a standard language which businesses use to describe information sent over the Internet. With just a few kinks left to iron out, the committee has set a tentative schedule for the pilot launch of FIXML —including upcoming deployment at six, primarily sell-side firms.

In a battery of meetings late last year, the Committee's FIXML Working Group hammered out many key issues, including work on the Document Type Definitions (DTDs) that define the formal representation of FIXML messages as a protocol.

Although firms have been using the FIX protocol since 1992 to send trade information (such as indications of interest) between buy and sell side, FIXML could make it easier for end-user IT departments to develop applications using FIXML because the language isolates the data from the application.

The FIX protocol is defined at two levels —the session level, which receives and identifies data, and the application level, which deals with the business-related data content. FIXML separates these two layers, allowing future enhancements to be made at the application level.

The rise in the use industry standards, such as FIX, ISITC and S.W.I.F.T., has greatly improved trade communica-

tion. Due to stark underlying differences in these protocols however, counterparties using different standards are often unable to exchange trade information.

"If a buy side trader sends a quote request in a FIX-formatted message to his broker/dealer, whose systems use a different standard like S.W.I.F.T., the broker/dealer's systems may be unable to read and understand the message content correctly," according to a recent report on FIXML issued by Newton, Mass.-based consultants The Tower Group. "This may potentially cause a trade failure and may significantly increase operational risk," the report continues.

FIX Technical Committee officials hope basing FIX on XML will facilitate more cross-protocol industry collaboration. "When you look at the convergence of standards —especially when it comes to S.W.I.F.T. — XML is actually a way of achieving that, since FIX is a proprietary format and XML provides that layer that allows you to find tags that can be shared," says John Goeller, Salomon Smith Barney's representative on the FIX Technical Committee. "The technology exists, with XML, to stick these data dictionaries in common repositories that can be shared, so therefore, messages can be transferred between different types of protocols."

Before setting a pilot schedule, however, Goeller says the FIXML Working Group had to complete development of the FIXML DTD. "We've basically been working on what's called a DTD that's

kind of like a data dictionary of the elements that are going to be in FIXML," says Goeller.

While he would not reveal the names of the pilot sites, Goeller did outline the tentative schedule. "The firms have been selected, and by February we should get an update on the status of how they are doing with it," says Goeller. "By April 20th we plan to have the pilots completed and will probably make a full presentation to the FIX Technical Committee by April 30th."

If and when it is approved by the FIX Committee and becomes part of the next FIX release, FIXML will not replace the current version, FIX 4.1. Instead, users will have the option to continue with the regular FIX message rather than adopting the new FIXML message. For FIXML to succeed, though, vendors will have to develop systems and applications compatible with XML. ■

The Tower Group's report can be accessed at its Web site, www.towergroup.com. The FIX Technical Committee's white paper on FIXML, though somewhat dated, can be accessed at www.fixprotocol.org.

Welcome to The Tower Group
We provide leading source for research and consulting on all average applications of technology to financial services.

The Tower Group 1999 Annual Financial Services Technology Conference
"FINANCIAL SERVICES BY THE NEW MILLENNIUM"

For a complete schedule for program information, please contact: Sales@towergroup.com or call: 1-800-451-1000

Financial Services by the New Millennium
1999 Annual Conference
10-11 October 1999
New York, NY

For more information, please contact: Sales@towergroup.com or call: 1-800-451-1000

Tower Group Teleforum
1999-2000 Teleforum will be available in several cities. For more information, please contact: Sales@towergroup.com or call: 1-800-451-1000

New Tower Group Research Note
Electronic Commerce and Global Markets: London, Toronto and Frankfurt 2000
For more information, please contact: Sales@towergroup.com or call: 1-800-451-1000

Financial Services by the New Millennium
1999 Annual Conference
10-11 October 1999
New York, NY

For a complete schedule for program information, please contact: Sales@towergroup.com or call: 1-800-451-1000

Financial Services by the New Millennium
1999 Annual Conference
10-11 October 1999
New York, NY

For more information, please contact: Sales@towergroup.com or call: 1-800-451-1000