

AT FIX COMMITTEE MEETING, FIDELITY REACTS HOTLY TO PROTOCOL'S CRITICS

AT a recent FIX subcommittee meeting held at Salomon Brothers Inc. in New York City, an executive of Fidelity Investments fought back in response to a recent article in the financial press concerning the FIX protocol. The executive, Fidelity investment systems director Robert Lamoureaux, handed out photocopies of an angry letter he had written to an editor of *Traders* magazine—a letter that slammed the publication for casting aspersions on the buy side/sell side communications protocol.

FIX, which stands for Financial Information Exchange, is a set of communication formats designed to standardize messaging between the buy and the sell sides. News of the formation of the FIX committee first emerged in this newsletter more than two years ago (*IMT*, Jan. 21, 1993). In addition to Fidelity (and its buy-side affiliate) and Salomon, FIX participants include State Street Global Advisors, Alliance Capital Management L.P., Goldman Sachs & Co., Morgan Stanley & Co., PaineWebber Inc. and Lehman Brothers Inc., among others.

Brief Comments

At the April 19 subcommittee meeting, Lamoureaux took exception to the FIX-critical article, which appeared in the March issue of *Traders*. In a set

of brief general comments about the press and its handling of news concerning FIX, Lamoureaux informed the audience that he had prepared copies of his letter to the editor for distribution; the copies were made available on a handout table from which other FIX-related literature was also dispensed.

In addition to Lamoureaux, the meeting included presentations from Christopher Morstatt of Salomon Brothers, who recapped a previous meeting's agenda and spoke about data security issues pertaining to FIX. Meanwhile, Steve Tompsett of Reuters' Instinet Corp., Matthew Lavicka of CS First Boston Corp. and Mark Hoffman of Lattice Co. each offered a set of recommendations to the FIX committee.

Hysteria, Paranoia

The full text of Lamoureaux's letter follows: "I would like to express my disappointment regarding your article 'Is FIX Safe?' ... You had an opportunity to inform your audience about the leading edge work being performed by the investment community. Instead, your article did nothing more than stir up the hysteria and paranoia that is based on lack of information regarding this issue.

"The reality of the 1990s and beyond has shown that nothing in life is safe. A simple walk through downtown Manhattan requires diligence to protect your wallet as well as your life. Yet millions of people accomplish this every day. They do it by paying attention and minimizing their risks. As I had indicated in our conversation, we feel that this can be accomplished with FIX over a general purpose network. As your own article points out, the list of participants reads like the Who's Who of the financial community. Surely you weren't trying to suggest that we all have our heads in the sand? Some of the brightest data security people in the industry are involved in FIX. The truth of the matter is that people who believe that today's communication methods of dedicated circuits, fax lines and telephone circuits are more secure than an Internet line are in for a big surprise.

"Your article was very thin regarding the current sentiment in the information technology community regarding secure transactions. I have included a copy of an article from a popular technology magazine for you. The author indicates that secure transactions are not an issue anymore. Companies such as Microsoft, IBM, Visa and AT&T are also convinced that secure Internet commerce is soon to be as common as the morning newspaper.