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FPL Response to CESR Consultation CESR/10-394

**CESR Technical Advice to the European Commission in the context of the MiFID
Review – Equity Markets**

FIX Protocol Limited (FPL) is a not-for-profit organisation committed to ensuring that the FIX Protocol, as the predominant standard used by virtually every participant in the investment lifecycle, remains a free and open protocol.

FPL is a membership organisation comprising members from buy-side, sell-side, software vendor, data vendor, exchange and regulatory communities around the world. FPL is not a lobbying body in the way a trade association would be for its members, but is an independent standard setting body which brings market participants together to identify and establish new standards - resulting in industry-lead solutions to business challenges. FPL members recognise that the neutral position FPL holds ensures it can rise above commercial conflicts and establish standards to support more efficient market practices for the benefit of all participants. It is with this neutrality in mind that we would offer our response to the consultation.

The asset classes and areas of the investment lifecycle which are subject of this consultation fall comfortably within the scope of the FIX Protocol as it is already implemented across the markets today: Indeed, more specifically the scope of this consultation touches on the following key areas where the FIX Protocol is the only free and open standard which meets requirements in all of these areas today.

- A. Pre-trade transparency
- B. Execution reporting
- C. Post-trade transparency reporting
- D. Transaction reporting

FIX Protocol Limited is heavily committed to advancing the FIX Protocol in co-operation with other industry standards: Most relevant to this consultation is the industry standards investment roadmap¹ which has been established through the co-operation of FIX, Swift, FPML. Broadly speaking and keeping within the scope of this consultation; FIX is the ISO recommended syntax for the front office: FPL would encourage CESR to recommend that the FIX Protocol as outlined in the investment roadmap becomes the de-facto standard for resulting regulatory changes as a result of the MFID review – Equities Markets. Such an approach would enable key MiFID objectives of transparency and cost efficiency to be achieved. FPL recommends that CESR and EU Regulators should work within the scope of the ISO process to ensure that ISO data standards are used and that a single set of ISO data standards be maintained.

Where section 4 of the consultation document introduces the concepts of Approved Publication Arrangements (APA) and a Mandated Consolidated Tape (MCT), FPL's neutrality does not allow us to comment about the suitability of either regime or make recommendations of alternatives. Whichever approach is ultimately adopted, FPL contends that the efficiency and transparency desired by both regulators and market participants can only be achieved if a consistent approach is taken and that given the scope of the consultation, an ISO 20022 compliant messaging protocol such as the FIX Protocol be recommended to achieve this. FPL stands ready to participate in further industry consultation/working groups on this topic.

New regulation is often costly for market participants however, the additional financial burden can be minimised by framing such new rules and regulations around the use of a common standard which is already adopted across market participants. Some recent examples of where other regulatory bodies adopted FIX based initiatives when introducing new regulatory requirements include ASIC for short sale reporting and IIROC for market surveillance and transaction reporting. FPL commissioned OXERA to prepare a study² about the benefits of the FIX Protocol and this also highlighted the not insignificant savings which can be achieved through the use of the FIX Protocol: FIX Protocol Limited would encourage CESR to ensure that a free and open protocol is central to the recommendations to the European Commission as a result of this consultation.

If CESR has and feedback or questions on the above, please do not hesitate to contact FPL.

Yours faithfully

Stuart Adams

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¹ Details of the Investment Roadmap can be found at
<http://www.fixprotocol.org/investmentroadmap>

² The OXERA report can be found at
www.fixprotocol.org/documents/4924/TheBenefitsOfTheFIXProtocol.pdf