

To ESMA – Reference ESMA74-2119945925-1689

**COVERING NOTE TO SUPPORT THE RESPONSE OF THE FIX TRADING COMMUNITY TO THE ESMA CALL FOR EVIDENCE ON SHORTENING OF THE SETTLEMENT CYCLE.**

The FIX Trading Community (FIX) has taken the opportunity to review the call for evidence on shortening the settlement cycle, ESMA74-2119945925-1616, posted October 5<sup>th</sup>, 2023.

The FIX Trading Community has a long history of working with regulators and industry participants to assist with the process of implementing regulatory change. Our role is never to take a position on the appropriateness of regulatory rules, instead focusing on potential challenges arising from the implementation of such rules and making recommendations to assist with such implementation.

We have only responded to 2 questions that we feel that focus on the use of free and open standards to maximize simplification and minimize the cost and complexity to the industry, as well as ensuring where possible interoperability with other standards.

The FIX Trading Community is a unique body of industry participants representing all aspects of financial services from exchanges, venues, sell-side, buy-side to technology and data providers. Through its members, FIX can bring together experts to share knowledge and develop voluntary, consensus-based data standards and protocols which do not solely represent one aspect of the financial services ecosystem. Work is progressed through technical working groups in specific areas which allows for user in-depth knowledge and experience to establish optimal solutions.

This also provides knowledge and oversight to different market participants which facilitates;

- the ability of the market overall to adapt to regulatory change – irrespective of the size of the market participant and their ability to invest in technology,
- the wider improvement of operational efficiency,
- lowering of unnecessary cost and complexity to mitigate unnecessary risk,
- which in turn provides greater clarity and transparency for members and the investor community, and
- improves innovation across the industry in the longer term.

We understand this will be a lengthy process with further analysis and working groups and we would very much appreciate the opportunity to discuss and explore how the knowledge and expertise of our member community, which has over 300 industry participants, can best be utilized to help drive this initiative through to a successful implementation.

We would also feel that it will aid ESMA in the analysis of output of this call for evidence for us to walk you through the trade lifecycle and how it fits in with the coverage of the FIX Protocol.

Once again we thank you for the opportunity to take part in this process and look forward to working with in the coming months.

Jim Kaye

Executive Director – FIX Trading Community