



FPL Canadian Electronic Trading Conference 2009

*Toronto Hilton
June 1 and 2, 2009*

Enhancing Operational Efficiency via STP and FIX

FIX Flyer™

Newedge



streambase



Tradeweb



Session Participants

Enhancing Operational Efficiency via STP and FIX

- Kim Bolton, Toronto & Calgary Branch Manager; Head of Global Services, Newedge (Moderator)
- Tom Brown, Manager Trade Support & Settlements, RBC Asset Management
- George Kledaras, Co-founder, FIX Flyer
- Jonathan Kelley, VP, TradeWeb
- Mark Palmer, CEO, Streambase



Session Agenda

- **Theme One - Use of Standards to facilitate/stimulate operational efficiencies.**
 - concern over the many versions of standards that are used by both the buy-side and the sell-side; the problems of using different versions that are not compatible; the difficulties to integrate between applications.
 - the significance of IIROC's endorsement of FIX.
 - what are the hurdles to cross before true STP is achieved.
- **Theme Two - Rationalizing/absorbing cost of standards based solutions.**
 - difficulty of forecasting future benefits of standard based solutions.
 - clients insist on state of the art technologies, customized to their internal structure; how to balance the many short term implementation costs with the long term gains.
- **Theme Three - Scalability of standards based systems**
 - ability for standards based systems to exceed throughput/latency/message volume is not well understood, especially since protocols have built in "overhead" data and may not be streamlined.
 - do standards have a capacity problem.
 - issues surrounding the maintenance of these systems.
- **Theme Four - Are standards evolving quickly enough to address multi-asset trading requirements ?**
 - FIX has primarily focused on equities; What are the protocols for fixed income, options, commodities, foreign exchange ...
 - Will the use of FIX by buy-side firms continue to grow (i.e. the use of FIX messaging in their portfolio accounting/management/reporting systems).
- **Wrap-up -impact of standards based solutions on the evolution of your business, and the future of your respective industry sectors**



FIX Life Cycle

Tom Brown

Manager Trade Support and Settlements
RBC Asset Management

June 1st, 2009

FIX LIFE CYCLE

- **10:00 am** **PM places order in OMS**
- **10:01 am** **Trader grabs order and sends to counterparty**
- **10:02 am** **Broker executes and sends back completed fill to trade desk-trader acknowledges**
- **10:03 am** **Trade Support reviews completed trade and sends allocation/trade details to the counterparty**
- **10:04 am** **Broker sends back acknowledgment that allocations and details are correct**
- **10:05 am** **Trade Support sends completed and matched trade to accounting and custodian**

Note:

If broker sends back not acknowledged or a discrepancy then we add more time but still end up with a matched status trade prior to sending downstream





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The Audacity of FIX

George Kledaras, FIX Flyer LLC



Gaining New Efficiencies through FIX

- Brand new types of business are being developed around FIX
- More functionality to service straight through processing
- FIX technology for faster trading also used for fast allocation processing
- Eliminate post trade errors due to manual file handling and proprietary feeds
- Increased transparency into all processes
 - Monitoring and measuring tools
 - Leveraging open standards for common understanding



Cases

- Wealth Management Trading and Allocations
- High Volume Trade Surveillance
- Real-time Risk Management Integration



Wealth Management

- Wealth Management sponsors must be efficient in order to compete for assets
- Straight through processing equities & fixed income
- Convert FIX to & from legacy back office file formats
- Manage FIX sessions, converting versions as necessary
- Results
 - 27% efficient before
 - 97% efficient after
- Further automation
 - Create street side settlement information from execution report drop copies and allocations
 - Monitoring and measuring tools



Trade Surveillance

- Major US clearing firm handling high volumes of traffic due to algorithmic trading
- Drop copies of Execution Report messages from 200 FIX sessions
- Over 100MM messages per day
- Index messages in real time
- Create trade history, compliance reports delivered as web pages
- Keep history indefinitely as storage space permits
- Let compliance, trading operations find everything in less than 500ms using search



Risk Management Integration

- Growing derivatives desk for a major global bank in New York
- Take Execution Report drop copies from Tradebook, Liquidpoint, Redi
- Integrate to Murex Portfolio & Risk Mgmt platform
- Traders get real time updating with no double entry, cut and paste errors
- Completely outsourced solution -- all FIX sessions and engines are managed by FIX Flyer
- Scaling
 - Volume to millions of trades per day
 - Trading systems expansion
 - Multiple asset types as business requires