FIXPROTOCOL
INDUSTRY-DRIVEN MESSAGING STANDARD℠

August 5, 2010

Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: File No. S7-11-10: Consolidated Audit Trail

FIX Protocol Limited (FPL) (www.fixprotocol.org) would like to take the opportunity to comment on File No. S7-11-10 - Consolidated Audit Trail. FPL will leave it to our member firms to reply on the specific requests for comment throughout the Consolidated Audit Trail release but agrees that standardized regulatory oversight is important. FPL's purpose of responding to this is because the efficiency and transparency desired by both regulators and market participants can only be achieved if a consistent approach is taken. Therefore, we wish to recommend the use of the Financial Information eXchange ("FIX") Protocol as the reporting format for the Consolidated Audit Trail. As an existing standard used by thousands and thousands of firms in the financial services industry globally, FIX would have less of an impact than other alternatives would have to those firms directly reporting to the SEC.

FPL is a global not-for-profit industry association consisting of over 230 firms in the financial services industry that owns and maintains the FIX Protocol which is the free and open de-facto messaging standard for pre-trade and trade communication globally. FIX has also expanded vertically into the post-trade space, supporting Straight-Through-Processing (STP) from Indication-of-Interest (IOI) to Allocations, Confirmations, and Regulatory and other reporting. Having achieved significant levels of adoption within the Equity markets, it is now experiencing horizontal expansion across Derivatives, Foreign Exchange and Fixed Income. FIX is utilized by virtually every major stock exchange and investment bank as well as the world's largest mutual funds and money managers, and thousands of information technology providers, smaller investment firms and regulatory bodies across the globe. The chart in Appendix 1 details the breadth and depth of the FIX Protocol throughout the trading process and across each of the different asset classes.

Originally, FIX was established as a bi-lateral communications framework for the buy-side to send their orders to the sell-side and receive their trades back electronically from the sell-side. Over the past few years, FIX has also been adopted by exchanges, matching and reporting utilities and new marketplaces across the globe. Additionally, internally, many firms now use FIX for routing orders and trades between the different internal programs used for order processing. It is important to note that the FIX specification consists of two parts: the session layer transport protocol and the data format / content or application layer. It is possible to have one without the other and we are suggesting using the application layer or FIX data definitions. The true effort of hooking up report submitters lies in the semantics (content) of the messages.

In response to the proposal, it does not make sense to require firms to convert from a FIX format to a proprietary format for reporting. The firms and the regulators would have to build cross reference tables which creates additional work and would not only be inefficient but subject to error and interpretations. FIX already tracks the entire lifecycle

of an order or trade within an organization, and even across multiple organizations once again making it a strong candidate as the recommended reporting format for the Consolidated Audit Trail.

New regulation is often costly for market participants, however, the additional financial burden can be minimized by framing such new rules and regulations around the use of a common standard such as the FIX Protocol. FPL has worked closely with some of the regulatory bodies across the globe and here are a few examples:

- CFTC (U.S. Commodity Futures Trading Commission) – enhancements were made to the FIX Protocol to support the trade capture requirements of the CFTC.
- FINRA (Financial Industry Regulatory Authority) – FIX will be used for asset- and mortgage-backed securities trade reporting to TRACE.
- ASIC (Australian Securities and Investments Commission) – ASIC published FIX requirements for the disclosure and reporting of short sales.
- IIROC (Investment Industry Regulatory Organization of Canada) – IIROC adopted FIX for market surveillance and transactional reporting.

Additionally, FPL has worked closely with the Financial Information Forum (FIF) to promote standardization in trade reporting and have collaborated on such initiatives as Regulation SHO and Regulation NMS.

In terms of FIX benefits to the overall industry in ensuring transparency:

- <u>Standard Point of Reference</u> – all industry participants speak the same global language – the FIX protocol.
- <u>Quicker Implementation</u> – implementation time can be shortened and the process made more efficient.
- <u>Faster Processing</u> – information is delivered to the regulator in a way that information processing is made easier.
- <u>Data Completeness</u> – existing information flows can be used, so flow of data is efficient.
- <u>Reduces Regulatory Resources</u> – data aggregation is simplified and market participants can more easily monitor compliance.

FPL is willing to participate with the SEC in further industry discussions on this topic and hopes the SEC will consider using FIX as the recommended reporting format for the Consolidated Audit Trail. Thank you for your consideration.

Sincerely,

_____
Courtney Doyle McGuinn
FPL Operations Director
FIX Protocol Limited

	No Support		Some Support		Good Support		Not Applicable
(Red)	No Support	(Yellow)	Some Support	(Green)	Good Support	(Blue)	Not Applicable

NOTE: levels of support are based on fields incorporated into the core protocol at a given stage. This rating does not include custom fields, which can be added to earlier versions of the protocol to achieve given functionality.

Appendix 1 – FIX Functionality Matrix
FIX Support for Equities and Derivatives

Message Support	FIX Version							
	4.0	4.1	4.2	4.3	4.4	5.0	5.0 SP1	5.0 SP2
Equities								
Basic Order Flow	Green	Green	Green	Green	Green	Green	Green	Green
IOI's and Advertisements	Green	Green	Green	Green	Green	Green	Green	Green
Quotes	Green	Green	Green	Green	Green	Green	Green	Green
Market Data	Red	Red	Green	Green	Green	Green	Green	Green
Allocations	Yellow	Yellow	Green	Green	Green	Green	Green	Green
Confirmations/Affirmations	Red	Red	Red	Red	Green	Green	Green	Green
Trade Reporting	Red	Red	Red	Yellow	Green	Green	Green	Green
Program Trading	Yellow	Yellow	Green	Green	Green	Green	Green	Green
Algorithmic Trading	Yellow	Yellow	Yellow	Yellow	Green	Green	Green	Green
Futures and Options								
Basic Order Flow	Red	Yellow	Green	Green	Green	Green	Green	Green
Multi-leg Order Flow	Red	Yellow	Yellow	Green	Green	Green	Green	Green
IOI's and Advertisements	Yellow	Green	Green	Green	Green	Green	Green	Green
Quotes	Red	Yellow	Green	Green	Green	Green	Green	Green
Market Data	Red	Red	Green	Green	Green	Green	Green	Green
Allocations	Red	Red	Green	Green	Green	Green	Green	Green
Confirmations/Affirmations	Red	Red	Red	Red	Green	Green	Green	Green
Trade Reporting	Red	Red	Red	Yellow	Green	Green	Green	Green
Security & Position Reporting	Red	Red	Red	Red	Green	Green	Green	Green
Collateral Management (Listed Derivatives)	Red	Red	Red	Red	Green	Green	Green	Green

FIX Support for Fixed Income and Foreign Exchange

Message Support	FIX Version							
	4.0	4.1	4.2	4.3	4.4	5.0	5.0 SP1	5.0 SP2
Fixed Income								
Basic Order Flow	Red	Red	Yellow	Green	Green	Green	Green	Green
Multi-Leg Order Flow (Repos, Swaps, Switches, Rolls)	Red	Red	Red	Yellow	Green	Green	Green	Green
IOI's (Offerings)	Yellow	Green	Green	Green	Green	Green	Green	Green
Quotes	Red	Yellow	Green	Green	Green	Green	Green	Green
Allocations	Red	Yellow	Green	Green	Green	Green	Green	Green
Confirmations/Affirmations	Red	Red	Red	Red	Green	Green	Green	Green
Trade Reporting	Red	Red	Red	Yellow	Green	Green	Green	Green
Collateral Management	Red	Red	Red	Red	Yellow	Yellow	Yellow	Yellow
Foreign Exchange								
Basic Order Flow (Spots, Forwards)	Red	Yellow	Green	Green	Green	Green	Green	Green
Basic Order Flow (Swaps)	Red	Yellow	Yellow	Green	Green	Green	Green	Green
Quotes (spots, outright forwards, FX swaps)	Red	Yellow	Yellow	Green	Green	Green	Green	Green
Market Data (executable streaming prices)	Red	Yellow	Yellow	Green	Green	Green	Green	Green
Allocations	Red	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Confirmations/Affirmations	Red	Red	Red	Red	Yellow	Yellow	Yellow	Yellow
Trade Reporting	Red	Red	Red	Yellow	Yellow	Yellow	Yellow	Yellow

FIX Markets and General Support

Message Support	FIX Version							
	4.0	4.1	4.2	4.3	4.4	5.0	5.0 SP1	5.0 SP2
Exchanges and Markets								
Market Data (Including Price Dissemination)	Red	Red	Green	Green	Green	Green	Green	Green
Reference Data (Instruments and Products)	Red	Red	Yellow	Yellow	Green	Green	Green	Green
Parties Reference	Red	Red	Red	Red	Red	Red	Red	Green
Market Structure	Red	Red	Red	Red	Red	Red	Green	Green
Quote Driven Markets	Red	Red	Green	Green	Green	Green	Green	Green
Order Driven Markets	Green	Green	Green	Green	Green	Green	Green	Green
General								
News	Green	Green	Green	Green	Green	Green	Green	Green
Email	Green	Green	Green	Green	Green	Green	Green	Green
Transport Independence Framework	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue
Regulatory Compliance (MiFID, Reg NMS, Reg SHO, OATS, ACT, NYSE 80A)	Blue	Blue	Blue	Blue	Blue	Green	Green	Green