

FIX PROTOCOL LTD. and INTERNATIONAL PRIMARY MARKET ASSOCIATION

The financial services industry, through initiatives such as straight through processing (STP) both within the UK and abroad, is demanding greater efficiency in the securities transaction life cycle. In response to these demands, FIX Protocol Ltd. (FPL) and the International Primary Market Association [IPMA] have agreed to combine efforts in developing a common industry protocol for the distribution and trading of primary products within the global securities marketplace.

This document outlines the steps and conditions that both FPL and the IPMA agree are necessary to achieve our mutual goals.

Background

IPMA (www.ipma.org.uk) is the trade association for the leading banks and investment banks of the world in their capacity as underwriters and managers of international issues of debt for the public sector and of debt and equity for the corporate sector. IPMA's core role is to organize the market from the inside, helping the market define itself in the context of the overall regulatory environment by codifying and harmonizing international market practices. The Association strives to standardize market practices and commonly used documentation, both to promote efficiency and to reduce costs. IPMA has sponsored the development of IPMA Match, an online New Issue network which reduces the costs and increases the efficiency of the business process. The primary achievement of this initiative has been the development of an industry-wide messaging system and a standard for essential new issue transaction functions in fixed income securities. This standard, owned by IPMA on behalf of its members is known as the IPMA Match API.

FPL (www.fixprotocol.org) is a non-profit organization that owns the intellectual property rights of the Financial Information eXchange protocol (FIX), which is provided for free in the public domain. FIX is a globally recognized messaging standard that enables the electronic communication of pre-trade and trade messages between financial institutions, primarily investment managers, broker/dealers, and exchanges. An entire industry of order management systems, network services, and software service providers has grown out of the evolution of FIX as the front office messaging standard. FIX presently exists in two syntaxes: "tag=value" format and XML format (FIXML). The FIXML format is currently based on XML Schema definitions that are unique to the FIX Protocol. Within FPL, the Global Fixed Income Committee has been engaged with fixed income industry professionals to expand the FIX Protocol to include a complete set of FIX messages in support of fixed income transactions.

Points of Understanding

This statement represents a formal understanding between IPMA and FPL to contribute to the FIX Protocol standard, share market expertise, and collaborate in the extension of FIX to encompass the Fixed Income New Issue marketplace.

- IPMA agrees to encourage its member firms to engage with the Global Fixed Income Committee to expand the FIX Protocol, in particular in extending it to New Issue invitations and book building.

- IPMA and FPL agree to work with the IPMA Match XML Schema as the basis of technical discussions regarding the extension to the FIX standard.
- IPMA will submit the latest version of the IPMA Match Schema to FPL for a 'gap analysis' against the FIX Protocol to be performed
- Both parties agree to confidentiality on any IPR disclosure until such time that both parties agree that any work product may be released to the public domain.
- IPMA will continue to work with the e-Syndicate project in conjunction with The Bond Market Association.

The above Statement of Understanding was developed on the basis of meetings and discussions involving various key industry participants, including representatives of FPL and the Association. The undersigned officials of these respective organizations represent that they are authorized to approve the points of understanding set forth hereinabove and that they hereby commit each of their respective organizations to the mutual implementation of such points of understanding in a manner consistent with fostering the integrity of the bond markets.

The undersigned officials of these respective organizations represent that they are authorized to approve the points of understanding set forth hereinabove:



Peter Randall
Executive Director
FIX Protocol Ltd.



Cliff Dammers
Secretary General
International Primary Market Association