May 24, 2022

**By electronic mail to rule-comments@sec.gov.**

Vanessa Countryman, Secretary  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-0609


Dear Ms Countryman,

The FIX Trading Community (FIX) appreciates the opportunity to comment on the SEC’s proposed Amendments to Exchange Act Rule 3b-16.

We have chosen not to respond to any of the specific Requests for Comment at this time, believing that our members’ views are best represented by themselves or through relevant industry associations.

However, we do wish to raise a general point regarding the term “Communications Protocol” and seek assurances that this term, as we believe to be the case, is not intended to cover any of the standards developed and maintained by the FIX Trading Community. Our concern is that the choice of wording is so close to terms commonly used to describe FIX’s standards (e.g., ‘messaging protocol’ being a common term used for the FIX Protocol) that there is a risk that the FIX Protocol itself (and other FIX standards) may, perhaps accidentally, be drawn into or conflated with the definition of “Communication Protocol”.

As such we are requesting assurances from yourselves that FIX standards such as the FIX Protocol are not examples of “Communications Protocols” as defined in this Proposal.

We have provided some details on FIX’s standards below and are of course available to discuss this point should the need arise.

Sincerely,

Lee Saba,  
Co-chair, Global Steering Committee, FIX Trading Community  
Director, FIX Protocol Limited

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1 As defined in footnote 5, page 5 of the Proposal, ‘A “Communication Protocol System” would include a system that offers protocols and the use of non-firm trading interest to bring together buyers and sellers of securities’.

2 The FIX Protocol is a messaging standard used for the majority of trading-related electronic communications in the financial services industry.

3 Other FIX standards include mechanisms for encoding messages (not limited to messages using the FIX Protocol) for on-the-wire transmission, and session protocols (e.g. rules for message authentication, gap detection and the like).
Supporting Information – Description of FIX Messaging Standards

The following has been produced by the FIX Trading Community’s Global Technical Committee to describe the various components of the FIX standards suite. It is reproduced within this letter to support our view that FIX’s standards do not qualify as a ‘Communications Protocol’.

The **FIX Protocol** (a.k.a. Application Layer) is comprised of:

- **Data elements** with data types and enumerated values (a.k.a. code sets) where appropriate (a.k.a. fields).
- **Components** to combine data elements into a larger object (e.g. instrument)
- **Groups** to bundle data elements that, as a group, may have multiple instances (a.k.a. repeating groups)
- **Messages** containing all of the above.
- A set of rules that determines:
  - Who sends messages to whom (and in what order) when performing particular business tasks.
  - Context-specific rules regarding the content of individual data elements, components or groups when used in messages for the purpose of performing business tasks (e.g. a limit order must have a limit price).

The **FIX Protocol** is structured in two parts:

- The **FIX Protocol Specification – Messages and Data Elements**, being the data element, component, group and message definitions along with a minimal description about the general business purpose of each,
- The **FIX Protocol Specification – Concepts and Elaborations**, being supporting descriptive text that is considered a core part of the standard, for example the precedence table for order state, the general message usage, e.g. a NewOrderSingle(35=D) can be accepted or rejected by the ExecutionReport(35=8). Concepts and elaborations are part of the FIX Protocol and are maintained by the GTC. ‘Business Practices’ or ‘Recommended Practices’ are not part of the FIX Protocol and provide guidance for a specific subset, e.g. a single asset class or business area.

There is then **encoding** (a.k.a. Presentation Layer) which describes the **format** (a.k.a. syntax or wire format) used when communicating the above. Examples include FIX TagValue, FIXML, Simple Binary Encoding (SBE) and proprietary binary encodings as used by many exchanges.

Finally, there is the **session layer** which is the mechanism by which the above is carried, e.g. FIX Session Layer, FIX Performance Session Layer (FIXP), Advanced Message Queuing Protocol (AMQP), vendor products, and venue-specific session protocols. A session defines the choreography for counterparties to interact (e.g. authentication, confirmation of delivery, missing message retransmission, etc.). The FIX Session Layer has its own set of data elements, components, groups, and messages.

It should be noted that many proprietary interfaces look very much like the FIX Protocol, borrowing from its business concepts (e.g. LSEG Millenium, Cboe BOE, Eurex/Xetra ETI). Some proprietary exchange protocols (e.g. Eurex/Xetra ETI) use FIX-like concepts for login, retransmission, etc. whereas others (e.g. Nasdaq OUCH) differ.