

Spotlight Blog: Orion's FIX Flyer Integration



One of my favorite things about my role is speaking with RIAs about their trading processes. I pretty much pick up on their pain points before they put them down. Nobody likes having to manipulate data in Excel and download trade files from one system, only to import them into another. And while a flat file transfer may seem more efficient, it's still a manual trade order instruction process that offers little relief to multi-custodian firms.

There is a better way, and it's been around for a long time: Financial Information Exchange (FIX). When I feel it could greatly benefit a firm, I eagerly explain that FIX trading is available as an alternative to manual processes and that there is no additional fee. More often than not, I am met with a silent but obvious...*huh?*

Even firms using third-party trading systems don't always recognize the acronym. In an effort to get ahead of those educational conversations, I thought it would be useful to define FIX and explain the benefits of FIX trading with Orion Advisor Tech. There are benefits for sure: real-time market access, digital audit trail, risk mitigation and improved operational efficiency.

But before I get into those benefits, here is a little background on FIX.

FIX was created in 1992 as a way for brokerage houses to route orders between counter-parties. At a time when flat file transfer protocol was all the rage, Fidelity Investments and Solomon Brothers (yes, those wizards of Wall Street from the Michael Lewis novel) realized there were time-to-market advantages and significant operational gains to be had by transmitting orders from trading desks electronically to back-end systems without human intervention.

Today, FIX is a standard messaging protocol maintained by FIX Trading

Community that is broker agnostic and counts more than 275 leading financial institutions as member firms. As trading systems have evolved, so too have the messages available. Orion Advisor Tech supports those most meaningful to our clients, including FIX order routing with trade qualifiers and allocation submission.

Why is this important to an RIA?

Quite simply, building block trades by ticker, direction and custodian within the order management system (OMS) reduces the amount of time and number of clicks required to send trade orders for execution. Combined with real-time pricing in Orion Trading, FIX allows immediate access to the capital markets to advantageously seize favorable prices. Certain custodians even offer a connection to their trading algorithms through FIX messaging. This advanced feature allows Orion's OMS to send not-held, VWAP (volume-weighted average price) or TWAP (time-weighted average price) identifiers for orders where liquidity of the ticker is a constraint to placing a market order.

More often, though, for the typical RIA, it is a process that allows for the routing of either a market or limit order with a single click of a button. The messaging between the custodian and Orion's FIX network operates in real time to communicate trade details, including the time stamp, fill quantity and the average price for the block.

With these data points, the Orion OMS will process the allocation for the orders to the accounts that participated in the block trade, completing the trade. Although mutual funds do not trade intraday, block across accounts or allow qualifiers, FIX trading through Orion does offer the simplicity of single-click order routing. Since all of this activity is systemically documented with a digital handshake, it populates a complete audit trail for regulatory obligations. In addition, on T+1 the pending activity sent through Orion Trading is reconciled with the confirmed trade activity.

To get started setting up FIX at your firm, contact the Orion SME trading team, who will handle the custodian set-up process through FIX flyer. Your custodian will then reach out to you with an agreement to sign.

FIX trading eliminates the inefficiency of flat file transfer and manual trade import. There is no additional fee for FIX trading with Orion. If you are not

utilizing this feature and would like to get started, please contact the trading team at empower@orion.com.

If you're not working with Orion yet, let's get started! Contact us today to learn more about how we can help operationalize your vision for success.

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