
FIX France Trading Conference Event Summary

14th November 2023, Paris

From Maria Netley, FIX EMEA Regional Director and Jim Kaye, FIX Executive Director

The FIX Trading Community brought its France Trading Conference back for the first time since 2019, with nearly 200 delegates on the day and over a dozen panels covering a wide range of topics. Some of the key points from these can be found below.

Paris as a key financial centre

The opening panel of the day covered the 'Growth of the Parisian trading desk', with panellists exploring the impact of regulation and the relative role of Paris compared with other EU financial centres, London and financial centres further afield. Panellists noted that there was healthy competition between Paris and London, and that this could be beneficial to both cities, though the real competitive focus needed to be on other international financial centres such as New York. Regarding regulation, the panel observed that it is expected that there will be some, but limited, divergence between UK and EU regulation, that the FCA is likely to experiment more and there could be an interesting side-effect of Brexit, being to make the FCA more influential in European regulation.



Are markets broken?

Comments from panellists included the shrinking of European equities markets and the fact that they are hard to navigate (not helped by the complexity and size of Europe's financial markets infrastructure, particularly post-trade). Regulation has been broadly effective at minimising shocks, though it was noted that although there is some commonality in regulation, differing implementations raise complexity. There is a role for FIX here to help to smooth out such differences.

The panel felt that, rather than markets being 'broken', the real issues were broader – losing out to other financial centres, a lack of financial education and a cultural lower appetite for risk/return compared with, say, the United States.

A related session on competition and efficient markets concluded that consolidation in the industry carried benefits (scale, reduced fragmentation) but came with implementation costs for clients and a concentration of risk (particularly regarding outages). There was also a session covering retail, noting a general drive to encourage greater retail participation in the markets (noting Europe's far lower participation rate than some other markets), and greater interest by younger investors in newer asset classes (e.g., crypto).



Shortened settlement and other post-trade topics

A quick poll of delegates indicated that around 1/3rd were ready for US T+1, but most firms still had work to do. A further poll found that around 1/3rd thought Europe should move straight to T+0. FX was noted as a key pain point, with the panel commenting that the current daily fixes would need to move to something more frequent. Automation of FX hedging and securities lending was felt to be key (noting that FIX is currently engaged in developing messaging and workflow standards for the latter). The panel felt that regulators should consider moving asset classes at different times to reduce implementation risk, and re-evaluate after a few years.

The post-trade panel covered other aspects of this space, noting that prioritisation decisions and investment generally favour front office work, meaning we are still a long way from having true straight through processing. In addition, outsourcing has resulted in a loss of detailed knowledge within firms.

Other topics

There was a popular session on the similarities and differences between equities and fixed income markets. The panel was keen to emphasise the key differences between shares and bonds and why that causes difference in trading behaviour and market structure - trading in bonds tends to be concentrated in the period close to issuance, of which there are a lot more than equities and borrowing/lending is harder.

Artificial intelligence, and its impact on financial industry jobs, was covered. Most delegates felt their jobs were safe though a number indicated they would need to adapt in the way that they work. Opportunities were felt to be the highest in analytical areas (e.g., research), with AI felt to be a productivity opportunity rather than a direct career threat.

in the panel on digital assets, the panellists explored the various use cases and investment strategies employed both now and expected in the future. It is clear that the industry is still working how best to approach this, and there is a huge level of innovation both in new entrants and traditional firms.



In summary

As expected, a busy and intellectually exhausting day for everybody. We are very grateful to our France Subcommittee co-chairs, David Angel of Virtu Financial and Eric Heleine of Groupama Asset Management, and our EMEA Regional Committee co-chairs, Matthew Coupe of Barclays Investment Bank and Rebecca Healey of Redlap Consulting, all our speakers, our sponsors and of course our delegates. All our event content is put together by our members with a truly neutral and non-commercial approach to agenda creation and speaker selection, and this is evidenced by the high quality of debate and informational content this provides.

We regularly welcome new firms to this vital community - it is the collective knowledge and efforts of our membership community that keeps FIX moving forward at the forefront of capital markets, developing solutions for real industry issues and helping our industry become more efficient.

If you would like to learn more or get involved, please contact us at fix@fixtrading.org.

