

FpML Frequently Asked Questions

What is FpML®?

FpML® (Financial products Markup Language) is the open source XML standard for electronic dealing and processing of OTC derivatives. It establishes a protocol for sharing information electronically on, and dealing in swaps, derivatives and structured products.

What do you mean by XML standard?

FpML is based on XML (Extensible Markup Language), the text-based meta-language for describing data shared between applications. FpML defines the “templates” (structure and semantics) using XML language for exchanging data on the OTC derivatives market.

But, is FpML® an application for confirming trades?

No, it isn't. FpML provides the standard data content and structure to exchange derivatives transactions electronically. FpML is an open data standard but it is not an application, nor service. There are companies that provide such services. In most of the cases, they use FpML but purely as standard for electronic message communication.

Do you have any tools to show how FpML works?

Yes, we do. The FpML Editor/Viewer is a good example of a tool showing how to create, edit, and modify FpML documents. It is available on the FpML website at <http://www.fpml.org/tools/editor/> and it is free for all ISDA members.

Who are the main users of FpML®?

Dealers, asset managers, hedge funds, service providers, technology companies are the main users of FpML.

What is the product coverage?

- IRD: Interest Swaps, Swaptions, FRA's, Caps and Floors, Inflation Swaps and Bullet Payments.

- FX: Spots, Foreign Exchange Swaps, Forwards and FX Options.
- Credit: Credit Default Swaps, Credit Default Indexes, and Baskets.
- Equity: Equity Swaps, Equity Options, Variance Swaps and Total Return Swaps.
- Commodity: Commodity underlying, Commodity Swaps, Commodity Options.

Besides these derivative products FpML has a description of a broad group of underlying assets, which can be underlying assets to the derivative transaction or can be used e.g. for pricing and risk purposes. FpML also has a description of loans and deposits.

More information is available at: <http://www.fpml.org/spec/>

Does FpML® cover product description only?

No, it doesn't. In addition to the product description in XML format, FpML defines a set of business processes. The FpML specification describes the data that needs to be exchanged within these processes, as well as the message flows. Examples of processes include Request for Quote, Confirmation, Affirmation, Novations, Terminations, Increases, Amendments, Credit Event Notice, Allocations, Cash Flow Matching, and Portfolio Reconciliation.

How can I get started?

The FpML User's Guide provides a good starting point to implementers on how to use FpML. It suggests applications for FpML, describes at a high level how to write FpML and provides guidance on related topics.

The FpML specifications provide a detailed description of the standard and its different components. The specifications contain the schemas and the examples, which show how to use FpML for specific derivatives products and processes.

I want to contribute, how can I do that?

FpML is an open source project so it is open to everyone interested. The FpML website provides information about the different working groups at <http://www.fpml.org/wgroup/index.html>

If you want to join a working group, go to the following page <http://www.fpml.org/lists/?p=subscribe&id=1>

Is it possible to customize FpML® for my own needs?

Yes, it is. Extensibility is one of the main features of FpML and XML in general. The FpML Architecture Specification 2.1, available on the FpML website under the Specifications

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section (<http://www.fpml.org/spec/2006/wd-fpml-arch-2-1-2006-09-12/>), has a section describing how to Extend/Customize FpML. The section provides technical details and examples of how to do it.

The FpML Training Course, offered in London and New York, has a module on customizing FpML. In addition, The Extending FpML – An Advanced FpML Training Course, also offered in London and New York, is a hands-on training course specifically tailored to participants that need to customize FpML. For more information visit the ISDA Conferences page or FpML Services.