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Contact:

Martin Rabkin, martinrabkinink
+1 914-420-5739 / mrabkin@martinrabkinink.com

TABB Research Analyzes Electronic US Corporate Bond Trading Platforms that Market Participants Deem Most Relevant

Bloomberg, Electronifie, Liquidnet, MarketAxess, MTS BondsPro, Tradeweb, TruMid, Others Seen at Forefront of Market Reform as Dealers Reduce Principal-based Risk Provisioning

NEW YORK & LONDON, November 18, 2015 – With bond liquidity dissipated during the financial crisis and not yet fully returned, institutional investors have been seeking alternative forms of liquidity, this at a time when traditional market makers are burdened by new regulatory requirements limiting the amount of capital they need to commit to their secondary corporate bond market-making businesses.

As a result, electronic trading platforms have been rushing to market. According to TABB Group in [new research](#), there are now more than 20 platforms promoting services allowing dealer-to-client (D2C) or interdealer (D2D) trading in US corporate bonds.

Not since the turn of the millennium has there been such a prolific number of US corporate bond trading platforms available to institutional investors, says [Anthony Perrotta, partner, global co-head of research and consulting](#), co-author with [Colby Jenkins, a fixed income research analyst](#), of "[Platform Propagation: A Comparative Guide to E-trading US Corporate Bonds](#)." For market participants, investigating, onboarding and managing a multitude of platforms is a resource-consuming task, leading TABB to create this guide to sort through the clutter and assess platforms most appropriate for their business needs.

The report provides comparative analysis, identifying and comparing Bloomberg, Electronifie, Liquidnet, MarketAxess, MTS BondsPro, Tradeweb and TruMid as platforms described by asset managers, dealers and hedge funds representing over 70% of daily US corporate bond trading volume as most likely to make an impact during the next two years. Analysis is broken down by corporate bond markets serviced; trading protocols; investor network; connectivity interface options; clearing; daily inquiry and trading activity; fee structure; pre- and post-trade services; and registration statuses.

"Based on our analysis," says Perrotta, "we estimate 15% to 17% of institutional US corporate bond notional volume is traded electronically, up from 7% during the crisis years. For investment grade and high-yield US corporate bond trades over \$2M, riskless-principal trading now accounts for 30% and 70% of daily volume respectively." While emerging platforms are slowly starting to attract business, he adds, "MarketAxess continues to have an 80-85% share of institutional e-traded D2C market, down from approximately 90%."

In the process of conducting this research, market participants told TABB they're eager and willing to test new platforms and trading protocols, but for now, says Perrotta, this hasn't been enough to move the needle of market share dispersion. "Change isn't likely to come in the form of revolution. Although concerned about liquidity, investors aren't showing a sense of urgency to change trading behavior or workflow, habits built around a 40-year market structure. However, while change cannot come soon enough, whether the market institutes the appropriate form of change will be critical."

The 25-page, 11-exhibit report is available for download by TABB Research Alliance Fixed Income clients and pre-qualified media at <https://research.tabbgroup.com/search/grid>. For the [Executive Summary](#) or to purchase the report, write to info@tabbgroup.com.

About TABB Group

With offices in New York and London, [TABB Group](#) is the research and consulting firm focused exclusively on capital markets, based on the interview-based, “first-person knowledge” research methodology developed by Larry Tabb. For more information, visit www.tabbgroup.com.

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