



Solutions for a Complex Credit Marketplace

A Q&A with Lee Olesky, CEO, Tradeweb Markets

Institutional investors continue to face shifting market conditions and new influences on corporate bond liquidity. How are these changes influencing the adoption of e-trading and the roles market participants are playing?

We've seen years of record issuance in the corporate bond marketplace recently, with corresponding growth in institutional trading activity. Meanwhile, market participants have become more sophisticated and focused in the ways they leverage information and technology to trade.

The combination of these forces over the last several years has driven innovation with technology that helps deliver greater access to liquidity, improved pre-trade price discovery and increased efficiency throughout the trade workflow.

These technologies are helping to better connect investors with the other side of their trade, find best execution and even explore new ways of participating in the credit market — including making prices in all-to-all markets.

Where is electronic trading making a meaningful impact on corporate bond liquidity, especially with more constrained balance sheets?

The industry has been focused on connecting traditional buy-side participants in an all-to-all market structure for credit over the last few years, broadening the pool of potential liquidity providers.

However, Tradeweb is taking a comprehensive approach to delivering solutions that enhance the complete trade lifecycle, and market participants are being enabled with more flexible technology to increase their overall credit trading performance.

Clients adopting electronic trading can now access more diverse pools of liquidity in one integrated portal. They benefit from an aggregate view of market liquidity, and can leverage a complete set of trading protocols to match their investing strategy more effectively.

All-to-all trading is a new and important component of that evolution, but we're also seeing very significant growth through our improved request-for-quote [RFQ] and electronic trade processing technology — especially for larger block and round lot trades.

What are the key differentiators in technology and market structure that are driving adoption of electronic trading in credit?

There is not a one-size-fits-all solution for the entire

spectrum of credit market liquidity. The global credit marketplace is extraordinarily complex, and relationships are essential to finding the other side of a trade. We've embraced these idiosyncrasies to enhance and evolve the workflows credit traders are used to, while offering new ways to inform their perspective and ability to navigate the market.

First, we've dramatically increased access to counterparties through trade intermediation of corporate bonds with our Tradeweb Direct platform. Tradeweb's value is underscored by its ability to integrate institutional and retail market liquidity, where we support one in seven corporate bond trades in the U.S., according to TRACE data.

Empowered with access to a more diverse pool of liquidity, institutional investors can also see a centralized view of the largest scale of pre-trade information on an electronic platform, including inventories, axes, runs and other price streams.

Credit traders are now looking to manage execution risk and avoid information leakage. We help them achieve this through the industry's most diverse range of trading protocols, including electronic trade processing, RFQ and all-to-all trading.

Finally, we streamline trade processing downstream to improve operational efficiency, including our unique ability to automate Treasury spot reference pricing through Tradeweb's leading U.S. Treasury platform.

How do you see fixed-income trading technology developing over the next few years? What changes do you foresee?

We're only beginning to see the impact of more centralized liquidity and the tools investors need to operate more intelligently and efficiently in electronic markets. In time, we'll be able to leverage more data science to better inform pre-trade price discovery and counterparty selection in more meaningful ways. Investors will be able to pair new levels of market intelligence with a complete set of execution protocols, delivering more strategic execution in an integrated and streamlined workflow — a total market solution for credit. —Jennifer Kelly

