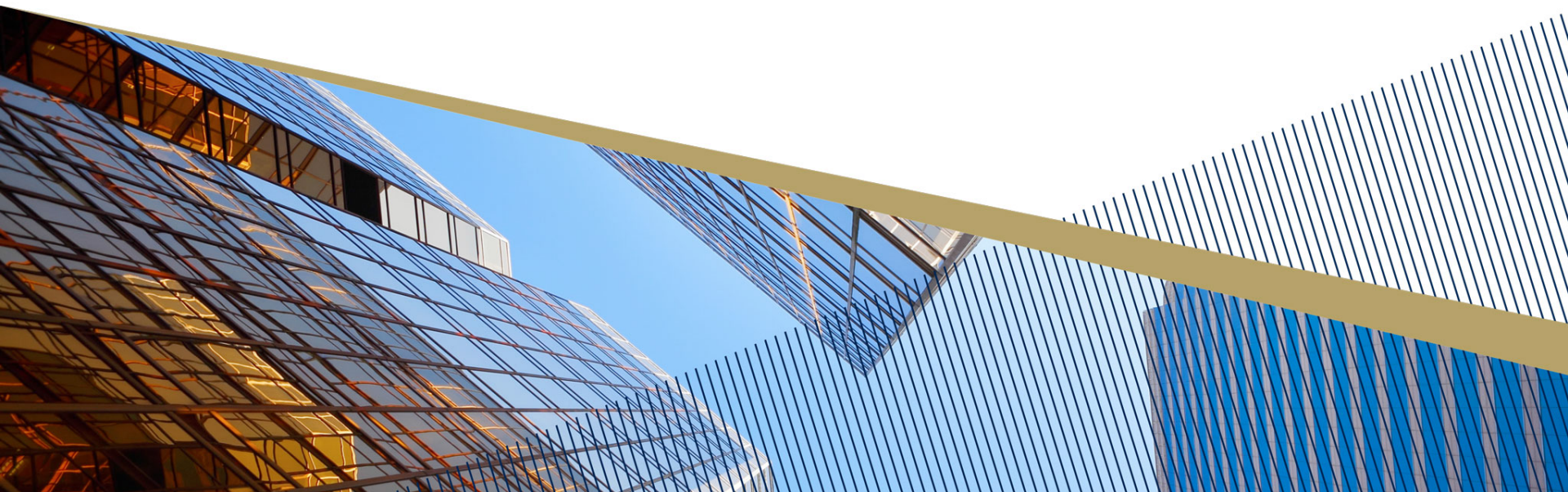


Electronic Trading Platform (ETP) Mapping Study

Martin Scheck
Chief Executive ICMA



Why the ETP Mapping Study?

Choosing the optimal platform is a major challenge for firms:

- Important decision which will likely involve significant investment of time and money.
- Factors to consider include capabilities, IT, regulations, staffing, legal and compliance.
- Understanding the differing capabilities of incumbent ETPs and new ETPs is the first step to choosing the best execution venue or information network available in the market.

ICMA's centralised source for market participants help users determine which platforms best suit their own investment and/or trading strategies and which ones warrant further detailed consideration.

Why are bond markets changing?

The European bond market is becoming more electronic/automated.

- This is due in part to the natural evolution of trading in bonds but also as a by-product of regulations, e.g. Basel III and MiFID II.

What is the impact of changing bond markets?

Fixed Income landscape is very fragmented. The reduction in balance sheet has led to a diffusion of liquidity across platforms.

- Technology is the only way to enable market participants to uncover available liquidity.

Trends emerging from the ETP Mapping

- New entrant platforms emerging - Information Networks or “INs” - whose purpose is to source & aggregate liquidity information. INs provide traders with an accurate, timely view (global or regional) of available liquidity across markets.

- Traditional trading protocols and venues are still in place but usage and weightings of categories are evolving. The overall early trend is one that is shifting from bi-lateral market participant discussions to multi-lateral. Besides the emergent INs, buy-side to buy-side anonymous trading platforms are gaining members and usage.
 - Bi-lateral: RFQ, RFS (request for streaming), OTC Market Making
 - Multi-lateral: Central limit order books (CLOBs), exchanges
 - Crossing platforms: Anonymous or semi-lit
 - Auction: Time-based bid/offer trading

Electronic Trading Platform (ETP) Mapping Study

- ICMA ETP mapping study covers 26 European cash bond electronic trading platforms, information networks and order management/execution management systems.

Study participants:

B2SCAN, BGC Trader, Borsa Istanbul, Brokertec, Dealerweb, Eurex Bonds, Euronext BondMatch, Euronext RM, EuroTLX, Borsa Italiana Extra MOT, Liquidnet Fixed Income, MarketAxess, Banca IMI MarketHub, Borsa Italiana MOT, MTS Bondvision, MTS Cash, SIX Corporate Bonds, Tradeweb, Tradingscreen (Galaxy), Tradingscreen (TradeCross), Tradition (TRADE), UBS BondPort, Algomi (Honeycomb), AxeTrader, HSBC Credit Place, Neptune

- ETP Mapping Study example of fields: type of platform, product coverage, trading protocols, eligible participant.
- ETP mapping study published 8 October 2015 and regularly updated since.

<http://www.icmagroup.org/Regulatory-Policy-and-Market-Practice/Secondary-Markets/ICMA-Rule-Book/icma-electronic-trading-platform-etp-mapping-study/>

Electronic Trading Platform (ETP) Mapping Study

Example screen shot

Microsoft Excel - ICMA ETP mapping_141215																
Electronic Trading Platforms - ICMA Mapping Study																
European Cash Bonds																
Summary					Trading protocols					Products						
Category	Platform name	Brief description	USP	Eligible participants	Others	Trading method	Details	Market type	Details	Platform: Type	Details	Minimum size (EUR)	Securities	Other	Trade types	Other
		Please provide a brief description of the system/platform	What would you see as Unique Selling Point (USP) of the system/platform?	Answer choices: Dealers Institutional investors Retail investors Other		Answer choices: Market-making Request for quote (RFQ) Cross matching Auction Central Limit Order Book (CLOB) Other		Answer choices: Single dealer-to-client Multiple dealer-to-client Dealer-to-dealer Client-to-client All-to-all Other		Answer choices: Anonymous (Matched principal trading) Anonymous (Name give-up) Lit (disclosed) Anonymous & Lit N/A			Answer choices: Government Corporates Supranationals Covered Bonds High Yield Emerging Markets ABS Money Market Instruments (MMI) Repos Other		Answer choices: Cash outright Spread Basis Other	
10	Execution platform Dealerweb (Tradeweb)	The Dealerweb electronic platform offers a highly liquid and anonymous trading environment using order-book technology with the benefits of seamless workflow.	It leverages the firm's expertise and experience in a range of asset classes, along with robust technology and an established network of market participants	Dealers		Auction, CLOB, Other	Hybrid, session-based matching	Dealer-to-dealer		Anonymous (Name give-up)		N/A	Government, Corporates, Supranationals, Covered Bonds, High Yield, Emerging Markets, Repos	CDS	Cash, Basis	Rolls
11	Execution platform Eurex Bonds	Eurex Bonds is one of the leading electronic trading platforms in the core European markets with proven technology for interdealer off-exchange trading in fixed income securities with effective straight-through processing. We offer wide range of products including European Government bonds and basis instruments, complemented by benchmark covered bonds and a wide range of supranationals.	Anonymous trading via central counterpartit and cross margining in integrated clearing and settlement through Eurex Clearing reduces the participants' risk and improves efficiency.	Dealers		Market-making, CLOB		Dealer-to-dealer		Anonymous (Matched principal trading)		1mm	Government, Agencies, Supranationals, Covered Bonds		Cash, Basis	
12	Execution platform Euronext BondMatch	Multilateral Trading Facility (MTF) 100% owned by Euronext focused on Institutional Euro - Credit Trading. Comprised of an All-to-All, Anonymous Transparent Order Book with Firm prices and a CCP-model. Covering investment grade financials, corporate and covered bonds.	1) Independent Provider; 2) First mover with a transparent order book in the institutional space; 3) CCP post-trade model	Dealers, Institutional investors, Other	All players in the bond market, MiFID compliant sell-side and buy-side firms	Auction, CLOB		All-to-all		Anonymous & Lit		None	Corporates, Covered Bonds		Cash	
13	Execution platform Euronext RM	Euronext's Regulated Markets comprised of Euronext Amsterdam, Euronext Paris, Euronext Brussels and Euronext Lisbon offer a retail focused segment for trading Fixed Income instruments in a regulated environment, including a Central Limit Order Book with firm prices.	Sole access to bond trading for local retail investors through their banks brokers	Dealers	Brokerdealers	Market-making, Auction, CLOB		All-to-all	Brokerdealers	Anonymous & Lit		None	Government, Corporates, Agencies, Supranationals, Covered Bonds, ABS, MMI		Cash	
14	Execution platform EuroTLX	Established in 2000 and part of London Stock Exchange Group since September, 2010, EuroTLX has become a leading MTF in Europe for odd lots fixed income e-trading. The EuroTLX market microstructure is unique in the European fixed income scenario, being a central limit order-book with the presence of at least one liquidity provider for each of the more than 5,000 traded financial instruments. The complete real time pre and post-trade transparency on all the listed securities represents an efficient and reliable solution compliant with the incoming new regulation. At the end of 2014 market activity recorded 3.312.617 executed transactions for a total turnover of 96.461.470.000 EUR.	Liquidity, Compliance, Price firmness, Number of listed instruments	Dealers		CLOB	CLOB with at least one market maker per instrument with liquidity duties	All-to-all	On EuroTLX central limit order book every market participant can trade with all other market participants.	Anonymous (Name give-up)	Order Book is anonymous. From settlement perspective the market participant can trade the trading counterparty of the CCP depending on the instrument.	Minimum size equal to instrument minimum lot.	Government, Corporates, Agencies, Supranationals, Covered Bonds, High Yield, Emerging Markets, MMI		Cash	
		ExtraMOT, launched in 2009 is the new multilateral trading facility regulated by Borsa Italiana for the trading of corporate bonds of Italian and non-Italian issuers already listed on other regulated markets of the European Union, as well as branded bank bonds and debt securities issued by Italian SMEs. ExtraMOT, using the same technological platform and controls as MOT, could therefore guarantee transparency and efficiency	Why listing and trading on ExtraMOT: - straight-through processing from the trade to the completely automated settlement systems; - transparency of the price formation mechanism; - disclosure of pre and post-trading information; - real-time monitoring of correct								Order Book is anonymous. From	Depending on the	Government,			