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LIQUIDITY AND TRANSPARENCY IN BONDS

Please find below the editorial synopsis for the Q1.2018 issue of **The DESK**, the magazine that provides buy-side traders and their counterparts with precise detail on the macro-drivers, events and plans that are shaping liquidity and price discovery in fixed income markets. If you are interested in any of the planned coverage please contact the editor, **Dan Barnes**.



13th Annual
European Trading & Market Liquidity Conference
A new frontier for Fixed Income

March 22, 2018



In addition to our regular readership, we also distribute **The DESK** at key industry events throughout the year. Last year this included the Fixed Income Leaders Summits (Boston and Amsterdam); FIA's IDX (London); FIA Expo (Chicago); FIX EMEA Trading 2017 (London), City & Financial's Bond Liquidity Conference, and AFME's Market Liquidity, European Government Bond and European High Yield Conferences.

The DESK is the the official media partner at WBR's 2018 Fixed Income Leaders Summits.

FEATURES:

The DESK's Trading Intentions Survey 2018

In Q1 The DESK will publish its annual analysis of buy-side trading desks' current and planned use of liquidity aggregation platforms in the investment grade, high yield and emerging market corporate bonds. With clear support for incumbents over the last two years a few new platforms have built up successful pipelines of interest.

Lead - Trading as a profit centre.

Trading desks are helping to generate returns through their selection of investment instruments and approaches such as relative value trades. To manage the risks involved, desks need to develop strong

skills sets, analytics and close interaction with PMs. As the low yield environment continues, these could prove to be differentiators between active asset managers and lower cost passive investment models.

Rates / Government & municipal bonds

How are trading practices in US Treasuries evolving under electronification?

At the Fed's third annual conference *'The evolving structure of the US Treasury market'* in November 2017, Rick Rieder of Blackrock and David Tepper of Appaloosa Management noted that predatory algorithmic trading in treasuries required careful management of small and large sized trades to avoid getting picked off. At the same event Colm Kelleher of Morgan Stanley warned that the average size of trade being significantly smaller, and repo markets being 50% the size they were, meant maintaining a credible business for clients "is actually very challenging."

Meanwhile the level of failed trades remains a source of concern; an enquiry by the Fed's Treasury Market Practices Group in November asked about the validity of a 'participant [who] failed to deliver on an existing delivery obligation in order to enter into another transaction at a price above the cost of failing.'

Could 'gaming' in Treasuries become the threat that it was in equities in the mid-2000s? What are the risks to buy-side traders in this environment?

Credit / Corporate bonds

New SEC Committee should evolve market structure.

The Fixed Income Market Structure Advisory Committee was established by the SEC on 15 November 2017 to 'provide the Commission with new ideas about how to enhance the efficiency and resiliency of these evolving markets.' Aimed at supporting retail investors as direct or indirect participants via funds, it arrives at a time when Europe has just undergone a momentous regulatory reform of fixed income markets via MiFID.

We assess the Committee's potential primary goals, the SEC's longer term objectives for reform and the potential impact upon buy-side trading desks.

Derivatives

Direct CCP access for asset managers.

In Q4 Eurex announced that Dutch pension fund PGGM had become its first buy-side direct clearing member for its lending CCP. However buy-side firms are more hesitant about direct membership of CCPs for clearing, which would expose them to the default process.

We look at the changing relationship of asset managers and CCPs, including buy-side comfort at fitting into traditional sell-side roles, such as collateral provision and direct clearing.

Securities financing

Could T2S harmonise European issuance?

In its 2017 report *'The Future of Global Debt Issuance: 2025 Outlook'*, Aité Group predicted that T2S would reduce the cost of issuing European bonds. LCH reports that T2S is already lowering the costs of repo clearing in Europe. We look at the evidence that T2S may reduce costs for fixed income trading and investment within Europe over the longer term.

Technology

Consolidated tape in Europe: Lessons from US?

An EC committee has recommended that ESMA runs a consolidated tape for bonds - a project originally mooted for private management - in order to help achieve the increased transparency requirements in fixed income markets under MiFID II.

We compare the European and US TRACE approaches, and pick out lessons Europe might learn from the pros and cons of TRACE and its rollout.

On The DESK

Our exclusive buy-side interview

TBC.

News analysis • Platform news • Coalition data • Brokers shutting down FI research departments • IA consultation on disclosure and transaction costs

Deadlines:

- Editorial - 16th February
- News & Advertising - 23rd February
- Publishing - March 2018

The DESK's coverage is driven by current events and market news and therefore we reserve the right to change any element of our coverage or publishing schedule without prior warning.

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