

## **Regulatory Change Identified as the Key Driver for Fixed Income Market Structure Change in Europe**

LONDON, June 05, 2017 (GLOBE NEWSWIRE) -- A significant majority of fixed income market participants believe that regulation is a main driver for market structure change in Europe, according to a survey of over 270 senior buy- and sell-side fixed income market participants conducted at the annual MarketAxess and Trax European Capital Markets Forum.

With the upcoming MiFID II implementation deadline of January 3, 2018 heavy on the minds of fixed income market participants, 87% of those surveyed at the Forum believe that regulation is the ultimate catalyst for shifts in market structure. However, all respondents believed that new regulation has resulted in greater cooperation between front- and back-office functions within their firms. Further highlighted at the Forum was the impact broader political changes could have on the European capital markets, with nearly two thirds of respondents indicating that their firms have a strategy in place to account for changes as a result of Brexit.

### **Increased role of data in the trading workflow**

Increased access to market data resulting from the upcoming MiFID II pre- and post-trade transparency obligations is expected to make a positive impact on market participants' ability to trade fixed income. Data tools, such as pre-trade pricing and transaction cost analysis (TCA), were also overwhelmingly identified as playing an increased role in how firms make trading decisions, with 31% of respondents saying that market information as a result of MiFID II will help them begin building solutions. However, new research unbundling requirements remain a challenge for market participants, with 41% of respondents indicating they were undecided on how to manage this element of the MiFID II regulation.

### **MiFID II reporting obligations a major burden on the industry**

MiFID II regulatory reporting obligations, including both trade and transaction reporting, are placing more scrutiny and operational complexity on all market participants. While 58% of respondents stated they have chosen their Approved Publication Arrangement (APA) and Approved Reporting Mechanism (ARM) providers, the remaining 42% have yet to make decisions with six months remaining until implementation.

### **Fixed income ETFs piquing interest as new opportunities emerge**

During a session on new market opportunities, the audience was asked about their knowledge and views on the use of ETFs. Forty percent of respondents said they were still in "education mode". Despite this, 70% were either active in ETF markets or were planning to be, in comparison to only 10% who stated they will likely never use or be active in fixed income ETFs. The audience was split on the impact the fixed income ETF market has on how their firm thinks about credit market liquidity, with 48% of respondents stating that they now factor the ETF market into their liquidity discussions.

Commenting on the results, Christophe Roupie, Head of Europe and Asia at MarketAxess and Trax, said: "The results of our annual European Capital Markets Forum survey show that there much work to be done as the market rapidly approaches the MiFID II January 2018 deadline. Despite this, there is clear progress being made and the industry appears keen to take advantage of the additional data soon to be available in the market as a result of the regulation. It is becoming increasingly evident that robust pre- and post-trade data is going to be key for all participants as they look to manage liquidity risk and make more informed investment and trading decisions."

The annual European Capital Markets Forum, jointly hosted by MarketAxess and Trax, took place at the Andaz Hotel, Liverpool Street, London on Thursday, 11 May 2017.

### **About the European Capital Markets Forum**

The annual European Capital Markets Forum, jointly hosted by MarketAxess and Trax, took place at the Andaz Hotel, Liverpool Street, London on Thursday 11 May 2017.

Keynote speeches at the conference were given by Sebastian Mallaby and Tim Harford. Panel sessions addressed the most pressing challenges being faced by the European capital markets: market structure and the role of innovation and regulation, the influence of MiFID II on market information, connecting the front- and back-office via technology, and new market opportunities — products, participants and investment styles.

For more information about the conference, please visit <http://www.capitalmarkets-forum.com/ecmf>.

#### **About MarketAxess®**

MarketAxess operates a leading electronic trading platform that enables fixed-income market participants to efficiently trade corporate bonds and other types of fixed-income instruments using MarketAxess' patented trading technology. Over 1,200 institutional investor and broker-dealer firms are active users of the MarketAxess trading platform, accessing global liquidity in U.S. high-grade corporate bonds, emerging markets and high-yield bonds, European bonds, U.S. agency bonds, municipal bonds, credit default swaps and other fixed-income securities. MarketAxess also offers a number of trading-related products and services, including: market data to assist clients with trading decisions; connectivity solutions that facilitate straight-through processing; technology services to optimize trading environments; and execution services for exchange-traded fund managers and other clients. Through its Trax® division, MarketAxess also offers a range of pre- and post-trade services, including trade matching, regulatory transaction reporting and market and reference data, across a range of fixed-income products. Trax is the trading name of Xtrakter Ltd., a MarketAxess group company.

MarketAxess maintains its headquarters in New York and has offices in London, Boston, Chicago, Los Angeles, Miami, Salt Lake City, San Francisco, São Paulo, Hong Kong and Singapore. For more information, please visit [www.marketaxess.com](http://www.marketaxess.com).

#### **About Trax®**

Trax is a leading provider of capital market data, trade matching and regulatory reporting services to the global securities market. In 2016, Trax processed 1.2 billion transactions on behalf of its user community, including 13 million fixed income transactions. Trax estimates that it processes approximately 65% of all fixed income transactions in Europe as part of its post-trade service offering.

Trax plans to become an Approved Publication Arrangement (APA) and is also working in close collaboration with the industry to develop unique tools for Systematic Internaliser (SI) determination. Trax is currently an Approved Reporting Mechanism (ARM) under MiFID I and will continue its ARM regulatory status to comply with MIFID II.

Trax is based in London and was originally established in 1985. Acquired by MarketAxess in 2013, Trax is a trading name of Xtrakter Ltd. and is a wholly owned subsidiary of MarketAxess Holdings, Inc. For more information, please visit [www.traxmarkets.com](http://www.traxmarkets.com).

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