

OTC Trading Venue of the Year Tradeweb

Tradeweb's commitment to connecting people and markets by bridging liquidity pools and its work on boosting analytics to help new asset classes prepare for electronification set it apart from its rivals — and led to the company being named *GlobalCapital's* OTC Trading Venue of the Year.

The electronic trading platform operator has played to this theme countless times over the past 12 months, whether by helping clients to transition to new regulations, finding solutions to ensure the resilience of swaps market infrastructure during Covid-19 volatility, or building out its offering in emerging markets.

"This theme of connecting markets, linking them to electronic networks and bridging the gaps to liquidity pools is a core part of our strategy," says Enrico Bruni, head of Europe and Asia business at Tradeweb.

September 2019's launch of multi-asset package (MAP) trading on its global interest rate swaps (IRS) platform was a case in point. MAP builds on the firm's award-winning NPV (net present value) list trading tool to streamline the simultaneous execution of interest rate swaps, inflation swaps and government bonds on a single electronic venue, and in a single trade.

It has also built out its IRS offering across the globe, expanding clients' access to pools of liquidity in central and eastern Europe, parts of South America and Asia. "We have a robust network and that is showing in the volumes," says Bruni. "In the first half of the year, we exceeded \$2bn of average daily trading volumes in our emerging market swaps marketplace."

It is also taking the progress it has made in swaps compression into emerging markets, an example of bringing efficiencies in one place that can be replicated elsewhere. Then there was the launch last October of a collaboration with margin optimisation providers Cassini Systems and OpenGamma to boost its analytics proposition for interest rate derivatives trading, which was another significant development. The move connects Tradeweb's derivatives marketplace with pre-trade initial margin calculations.

Bruni says the rationale for the move is that the final phases of the transition to uncleared margin rules will bring a significant number of new counterparties into scope of clearing.

"Technological advances and regulatory changes are the two biggest forces to market structure evolution and electronification of the market," he says.

"We always identify markets that are ready to electronify and then bring online contiguous markets. It's always important to proceed at a pace that the market and its constituents are willing to accept, instead

of innovating in isolation — we call it collaborative innovation. The most important thing is to work with clients as they continue to migrate their business electronically, particularly those that are not in scope right now."

Tradeweb has also been heavily involved in the transition from Ibor benchmark rates to alternative reference rates. It already has 19 market makers providing liquidity in Sonia swaps, including streaming quotes

for instruments with tenors ranging from one week to 50 years. In March, Sonia became the benchmark for sterling IRS on its platform, while Tradeweb's Sofr and €STR offerings are also live, with a growing number of supporting dealers.

The Covid-19 crisis sharpened focus on the capture of data and the provision of analytics, so Tradeweb is investing in this part of its business. "We recently enhanced our team with some exciting new hires in the space," says Bruni. "This will help us make sure we elevate our offering to develop even more creative data solutions for our clients. To us, data is a defining part of our approach to building marketplaces, and also a way to better understand and cater to the needs of our clients."

For example, during the coronavirus-induced market volatility, the ICE Swap Rate, which is a critical tool for options desks to set prices, was unavailable for certain tenors as dealers pulled firm quotes. "Through conversing with both clients and ICE, it became clear that our indicative composite is of very high quality because a lot of execution happens around the composite in our swap market," says Bruni.

As a result, in May, the ICE Benchmark Administration (IBA) adopted a waterfall methodology using Tradeweb's dealer-to-client quotes, a move that was welcomed by swaption traders, who struggled to value cash settled contracts when the ICE Swap Rate was not published in March.

"At the beginning of the Covid world in March and April, the resilience of our platform shone through," says Bruni. "The market experienced some massive volatility spikes. The volumes that were executed on our platforms showed there was a lot that electronic infrastructure absorbed and helped the market navigate one of its most troubled times." ▲



Enrico Bruni,
head of Europe
and Asia business