December 18, 2025

To our clients,

For years, digital and traditional finance developed on separate but parallel trajectories. Over the past 12 months, their paths began to converge at speed, with a shared focus on issues such as tokenized settlement, real-time financing, and regulated digital markets. But that was just part of the story. Heightened volatility, shifting regulatory regimes, and the growth of frontier markets also dominated in 2025, forcing market participants to rethink the status quo and adapt with greater agility and precision.

As a global leader in electronic trading, Tradeweb has a unique view of liquidity dynamics across asset classes, regions, and client sectors. That vantage point enables us to identify structural shifts as they emerge, and to assess what they signal for the future of global markets. This year, the signals have been clearer than ever: we are on the precipice of a significant inflection point. The convergence of digital and traditional finance, accelerated by technology, new electronic trading infrastructure, and widespread asset class expansion, will fundamentally alter the fabric of our financial markets.

Here's how some of the biggest developments of 2025 helped to set the stage for this shift.

Electronic Trading and April's Market Test

No discussion of radical industry transformation would be complete without a shock event that tests the limits of convention. We withstood that test in April. The market shock following the tariff announcements was among the sharpest market dislocations in recent years. Over the course of a week, the S&P 500 fell by more than 10.5% and the VIX moved above 65 – a level previously reached only during the global financial crisis and the pandemic. In conditions that historically would have strained liquidity, core fixed-income markets continued to function, and electronic trading reinforced its role as the backbone of modern market structure. Unlike previous stress periods, institutional traders for the most part did not revert to voice. Clients stayed electronic because the tools, data, and protocols they deployed on electronic platforms helped them to deliver under pressure.

ETF trading was one of the clearest indicators of the resilience of electronic markets during this period. U.S. and European ETF volumes in April rose 110% and 79% year-over-year, respectively. Automation helped firms navigate fragmented liquidity with a level of consistency that would have been impossible a decade ago. Use of our Automated Intelligent Execution (AiEX) tool increased 83% year-over-year globally over the same period, as clients relied on automation to maintain execution quality when markets were most unstable.

Credit markets followed a similar pattern. Portfolio trading and Request-for-Quote (RFQ) protocols offered investors transparency, optionality, and speed, when spreads widened and liquidity became harder to source. Unlike during earlier volatility episodes—such as the 2022 credit crunch and the brief market sell-off in August 2024—portfolio trading activity did not taper off. Volumes executed as part of larger portfolio trades remained elevated throughout the tariff shock and reached record levels in high-yield debt. Electronic volumes in U.S. credit reached their highest levels of the year during the peak of the April dislocation, with both investment-grade and high-yield activity remaining robust even as bid-offer spreads widened.

Progress toward electronification was unmistakable, though not always linear. Take the U.S. Treasury basis trade (simultaneous execution of cash and derivatives contracts), which saw volumes spike in early 2025. While these types of complex and typically high dollar trades are ideally suited for electronic markets, it is still not uncommon for them to be executed by phone. This represents an opportunity for Tradeweb, particularly as more macro hedge funds continue to join the platform and as we build upon our acquisition of r8fin to provide instantaneous execution on multi-leg trades.

We recently completed our first fully electronic package trade in the U.S. with a bespoke swap versus a U.S. Treasury, and in 2024 we executed the first fully electronic European government bond basis trade.

Much like portfolio trading accelerated electronic adoption in credit, we believe our next generation of algorithmic technology for Treasury cash and futures will attract more basis trade volume away from voice and onto our platform.

Algorithmic & Multi-Asset Trading

Algorithmic trading has become central to how liquidity is formed, discovered, and delivered. The trend is driven largely by improved analytics, which have become increasingly predictive, creating a powerful new engine for execution intelligence. From systematic hedge funds to dealers and alternative liquidity providers, market participants are expanding their capabilities as data-driven pricing becomes essential to modern risk management. Firms are applying more quantitative approaches to quoting and execution. As a result, workflow automation, data literacy, and cross-asset fluency are now core expectations for modern trading desks.

Institutional clients are starting to benefit from more unified, cross-asset execution algorithms that learn from flow and market conditions, and tools that reduce the time spent searching for liquidity. Our own data reflects this evolution. Clients are using more integrated execution pathways, with multi-asset and cross-protocol activity rising across our platforms. For example, we're seeing clients trade cash and derivatives across different asset classes – and then deploy tools like portfolio trading based on their execution needs. Our role is to ensure these engines operate in an optimal environment by delivering deep, high-quality liquidity, flexible protocols, and intelligent routing that supports better outcomes for our clients.

Frontier Markets and the Role of Traditional Finance

At the macro level, we see a major shift taking place in what we describe as frontier markets – areas where technology, regulation, and market demand are converging to create new market structures. Prime examples are AI-driven execution, tokenization, prediction markets, institutional crypto, and private credit – all of which are challenging longstanding assumptions about market design.

AI is amplifying these frontier developments. Models are moving from analytical tools to components of price formation, liquidity discovery, and workflow automation. We are building AI tools to assist in enhancing price and counterparty discovery. We are also piloting an AI assistant in U.S. credit, which is designed to anticipate client needs, surface relevant insights, and streamline workflows before a request is even made. While these are significant technological advances, the real value to our clients is much bigger than a new widget or standalone AI tool. We're helping clients break the confines of old-school trading workflows and reimagine what's possible in a world with virtually unlimited computing power.

At the same time, tokenized settlement processes are showing the world what synchronized, near real-time markets could look like. Our work with the Canton Network and an industry working group focused on on-chain initiatives – including the first real-time, on-chain financing of U.S. Treasuries against USDC – showed how traditional assets can move on digital infrastructure with atomic settlement. The transaction offered an early preview of the future of 24/7 liquidity. We recently completed the first on-chain electronic auction for brokered CDs, modernizing a market that has long relied on manual processes. More broadly, we have partnered with companies like Alphaledger, Securitize, and Goldman Sachs' GS DAP to expand access, liquidity, and interoperability in digital financial markets.

Prediction (or event-linked) markets offer another example of how new asset classes are evolving at rapid speed, as transparency and governance guardrails begin to be put into place. While not yet entrenched in the institutional landscape, these companies are partnering with financial market participants while strengthening governance, improving transparency, and exploring more formal frameworks. Their maturity will depend on regulatory clarity, robust clearing mechanisms, and workflow integration. History suggests that when rules and infrastructure crystallize, adoption can accelerate. For institutions, these markets could become tools for scenario analysis, macro-linked hedging, and more granular pricing of event risk as sources of volatility diversify.

We've seen that rapid maturation on display this year in institutional crypto activity, which continues to migrate to regulated venues with streaming liquidity and standardized data. The regulatory groundwork laid this year is clarifying that trajectory and aligning emerging digital markets with institutional expectations.

The innovation driving growth in these frontier markets is also being felt in stubbornly analog markets such as private credit. The asset class is expanding across middle-market lending, asset-backed financing, and evergreen structures. With an estimated addressable market of $35 trillion, scale is creating operational demands around standardized data, integrated workflows, and distribution infrastructure. These pressures mirror early stages of electronification in other markets and underscore the need for technology and transparency as private credit matures. We are likely not far off from a world where a secondary market for private credit will emerge, very much in the way we've seen electronic public credit markets grow in recent years.

Taken together, frontier markets point to a broader transition toward systems that operate more continuously, adapt in real time, and connect traditional and digital liquidity pools. The challenge – and opportunity – is to ensure these innovations support transparency, resilience, and institutional-grade standards.

A Year of Firsts

Against a backdrop of volatility, rapid technological change, and a more complex global trading ecosystem, Tradeweb delivered a series of industry firsts in 2025. In addition to completing the first real-time, on-chain financing of U.S. Treasuries and first fully electronic auction for brokered CDs on-chain, as mentioned above, we also introduced the first electronic marketplace for Sukuk and Saudi Riyal (SAR)-denominated debt instruments in the Kingdom of Saudi Arabia. This milestone marked an important step in extending electronic trading to new regions and asset classes.

In rates, we executed the first fully electronic request-for-market (RFM) swaption package trade in a product that has long been dominated by voice workflows. We also completed the first European invoice spread trade via RFM, bringing more precision and transparency to futures-linked execution. Furthermore, Tradeweb became the first platform to introduce portfolio trading for European sovereign debt, enabling clients to transfer baskets of government securities through a single, streamlined transaction.

These achievements not only demonstrate how Tradeweb is expanding access, reshaping workflows, and setting the standard for the next generation of global market structure, they prove that market participants are more open than ever to innovation - even when markets are most volatile.

Looking Ahead to 2026

The next phase in this journey represents not just an evolution of market structure, but a broader re-architecting of how global liquidity functions – an outlook informed by the breadth and depth of activity we see across our client network.

Core and frontier markets are becoming more interconnected. Tokenization and AI-enabled tools are changing how liquidity forms and how risk is transferred. Tradeweb sits at the intersection of these developments. Our reach across rates, credit, ETFs, and money markets also spans four client channels, putting us at the center of this historic convergence between TradFi and DeFi. Our objective is to help bridge today's infrastructure with what comes next, and we are already building and delivering tools focused on AI and tokenization.

Tradeweb's first two decades were about bringing digital workflows to established mature asset classes – now we're at the forefront of creating new markets that are digital-native from the start. From institutional crypto to private credit and prediction markets, we are ideally situated to truly shape what's next, rather than simply electronify markets that are already established.

There is no doubt markets are headed toward 24/7 trading. Tradeweb will help lead that evolution and define the trading ecosystem of the next generation. As for 2026, we expect:

- Broader adoption of tokenized settlement and digital workflows
- Continued build-out of private credit infrastructure
- More standardized frontier market structures, including event-linked contracts
- Deeper use of AI across execution and risk functions
- Implementation of Treasury market clearing reforms
- Further electronification across credit, rates, ETFs, and money markets – particularly in emerging markets

Market structure is moving toward a model where traditional and digital workflows run in parallel and connect through shared data, collateral, and execution layers. We intend for Tradeweb to be the leader in enabling those layers to fold together.

My enthusiasm for the future is due in no small part to the judgment and collaboration of your teams and ours, and we are honored to have the opportunity to take on these exciting new challenges with you. Thank you for your continued partnership. We look forward to building what comes next, together.

Billy Hult
CEO, Tradeweb