All-to-all platforms and non-bank market makers
Evolution of all-to-all platforms

Benefits of all-to-all trading for end-investors

- Anonymous Execution
- Enhanced Liquidity
- Cost Savings
- Protocol Flexibility
All - to - all trading trends

Average Daily Trade Count

Key Highlights

- HIGHEST VOLUME DAY: $5.7 billion
- HIGHEST TRADE COUNT DAY: 11,877
- HIGHEST NUMBER PRICES BACK DAY: 88,759
- NOTIONAL TRADED – 1Q21: $246 billion (+20% YoY)
- TRANSACTIONS 1Q21: 587,520
- PRODUCT PENETRATION:
  Overall: 33%
  IG: 32%  EM*: 40%
  HY: 48%  EU: 24%
  By Volume
  *Hard Currency

Average Daily Volume ($MM)

Liquidity Provision by Participant Type

Source: MarketAxess
Impact of non-traditional liquidity providers

**US Investment Grade**

- Large dealers: 43%
- Open trading: 35%
- Regionals: 22%

**Emerging Markets**

- Large dealers: 46%
- Open trading: 40%
- Regionals: 14%

**US High Yield**

- Large dealers: 43%
- Open trading: 48%
- Regionals: 8%

**Eurobonds**

- Large dealers: 54%
- Open trading: 24%
- Regionals: 22%

Source: MarketAxess
Observations

- Greenwich Associates estimated that all-to-all trading accounted for the following percentage of IG trading (this is across all platforms):
  - 5% of volume in 2017
  - 8% of volume in 2019
  - 12% of volume in 2020

- Within Blackrock percentages are lower than mentioned above mainly due to ticket size

- 2/3 of investors regard finding liquidity for 15mio+ corporate tickets still ‘hard’ (better than in previous years)

- 84% of corporate bond investors believe there is value in buy side providing liquidity

- Concerns of unintended information leakage still a concern for half of the investors

- Traditional disclosed RFQ down to about half of e-trading turnover as other protocols like anonymous RFQ or auctions increase

- 1/3 of buy side investors see themselves as regular provider of liquidity (technology and trader training a hurdle for some)
Discussion

- What are the reasons for the growing share of all-to-all trading and non-bank liquidity especially since covid?
- Is this trend expected to continue?
- Is this a positive development or are there concerns?
- What catalysts would potentially help to drive more all-to-all trading? More transparency/technology/data?
- As all-to-all platforms become increasingly important, is systemic risk a problem if a platform has a technical outage?
- Do platforms have sufficient skin in the game/liability in the event of an error or outage? What should their responsibility be?
- Much of the current advancement in all-to-all trading is in Credit markets – what other product segments might be next?