

BUYER'S GUIDE: BUYSIDE FIXED INCOME TRADING SOLUTIONS

AN ASSESSMENT OF INTEGRATED COMPONENT ARCHITECTURE & FUNCTIONALITY

A fixed income order and execution management system (OEMS) for use by an asset manager or institutional investor would allow the firm to dynamically aggregate internal bonds and swaps liquidity and available pricing on a wide-range of dealer-to-client brokerage platforms or on exchanges. Such a solution would afford buy-side firms the opportunity to not only work incoming axed client orders or trades more rapidly into the market, but it would also allow them to more readily break up the risk associated with large ticket trades by providing traders with a wider range of execution options.

In 2018, as portions of the historically OTC bonds and swaps markets slowly begin to become more automated, fixed income order management and execution management system vendors are increasingly positioning their solutions as OEMS in an effort to cater for user demand for more integrated functionality across the two core components.

ORDER FLOW

The OEMS order management functionality could also reorganise trades between different inbound client orders to dilute the risk associated with the specific trades.

STREAMLINED WORKFLOW

A fixed income OEMS could be used to more intuitively and swiftly work both axed and block-size trades into the marketplace in sizes that are likely to be easily executable.

COUNTERPARTIES

FIXED INCOME OMS

FIXED INCOME EMS

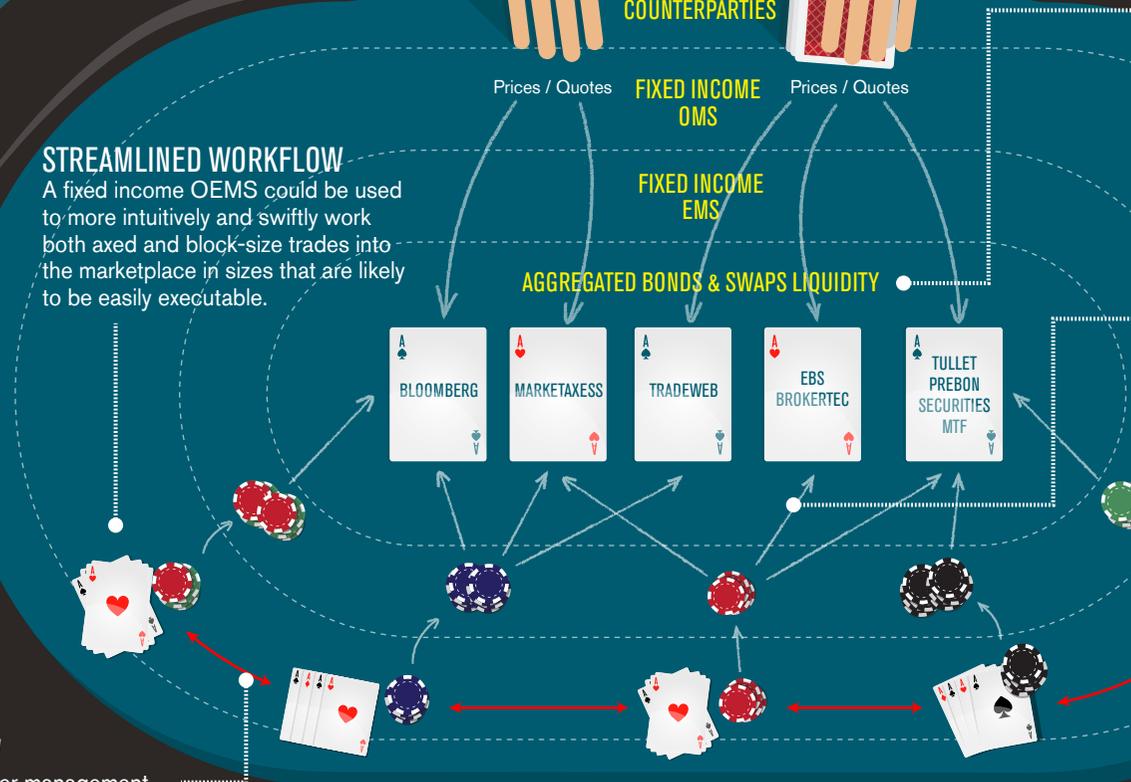
AGGREGATED BONDS & SWAPS LIQUIDITY

AGGREGATED LIQUIDITY

An OEMS could also allow buy-side firms to be able to aggregate available pricing from a wider community of sell-side broker-dealers or non-bank price-takers.

NUMBER OF VENUES

An OEMS can send orders to a wide range of different types of brokerage trading venues or exchanges simultaneously, ensuring best execution for end-investor clients.



In 2018, the fragmented nature of government and corporate bonds liquidity combined with the plethora of pre- and post-trade data now available as a result of MiFID II means that the buy-side fixed income trader's inputs into where and how the best-possible price for each trade on a trade-by-trade basis can be achieved. A fully integrated OEMS could allow both portfolio managers and buy-side traders to collaborate more effectively, mixing and matching bonds and swaps order flow liquidity to ensure that the total value of the order book on any given day is appropriately exercised into the marketplace for fixed income instruments and products.

For more information please visit:
greyspark.com/research

greyspark
partners