

Why MarketAxess leads the way in bond trading for global emerging markets

A commitment to coverage, network and data, and an aversion to complacency has seen MarketAxess claim the award for Best Secondary Market Trading Platform for Emerging Markets Bonds for the third successive time at this year's *GlobalCapital Bond Awards*. We spoke to Dan Burke, the firm's Global Head of Emerging Markets, about market dynamics, product innovation and the future of secondary bond trading in emerging markets (EM).



What are the main dynamics in the secondary EM bond markets, and how is MarketAxess meeting client needs?

A key dynamic reshaping secondary EM bond trading is the rapid growth of electronic trading. While smaller ticket trades have largely shifted to electronic, clients now demand the same efficiency for \$5 million and \$10 million tickets.

To meet this, we've developed protocols like Targeted RFQ (TRFQ), enabling clients to trade larger tickets electronically—opening up liquidity, improving dealer selection, and making these trades dealer-friendly in ways that weren't possible before.

When we talk about emerging markets, we refer to hard currency bonds that are USD and EUR-denominated and on the other side, we have local currency bond markets, where block sizes are already quite prevalent. When we talk about block sizes, we are referring to size tickets of \$5 million or more and already 70% of our business is in blocks of \$5 million or more, highlighting how the growing electronic trading of these bigger trade sizes is definitely one of the key themes in the emerging markets' evolution.

Another major trend is the rise of ETFs, bringing new liquidity providers and driving the adoption of algorithmic pricing. This influx promotes more efficient, reliable pricing and encourages portfolio trading.

What are the key product innovations you have focused on this year, and why have they been important?

It all comes back to Targeted RFQ. Why? Because it tackles the challenge of electronic trading of voice trades—in fact, those \$3 million to \$10 million tickets traditionally have been done over the phone. Clients want the same seamless electronic experience for these larger trades as they do for smaller \$500,000 to \$1 million tickets without

compromising their relationship with the dealers. TRFQ does just that—it provides the buy-side clients who'd like to trade EM hard currency bonds sizes above \$3 million with a data-driven approach to select the right dealers for each trade. For dealers, it creates a contained environment where they can see the number of competing dealers involved, giving them more confidence and transparency when trading these more sensitive, high-value trades electronically. On the EM local currency side of things instead, we continue to focus on our Request-for-Market (RFM) protocol as it remains a key driver behind our trading volumes. Our clients trading local currency bonds continue to push to trade bigger sizes electronically, we're continuously innovating to meet their demand and enhance the protocol accordingly.

You have won the award for the Best Secondary Market Platform for Emerging Markets Bonds for the third year in a row. What's the secret behind these wins?

First, we have built a powerful network of over 1,700 institutional across a wide range

of jurisdictions—developed over the past 25 years. This includes participants on both the buy-side and sell-side, either taking liquidity or providing liquidity through our all-to-all marketplace, Open Trading. The result is a unique network effect that offers unprecedented flexibility in how and with whom you trade.

Secondly, we are client focused. We listen closely to both the buy side and the sell side to understand their needs and continuously improve their workflows. We work with them on building very tailored solutions to address their specific trading needs.

Finally, MarketAxess is home to an exceptional global emerging markets team, known not just for its innovation, but for its strong culture of collaboration. This spirit drives our ability to deliver forward-thinking solutions in a complex and evolving market.

What does the future hold for the firm in EM bond trading?

With the addition of India through our recently launched Indian Government Bonds (IGB) workflow, we now offer coverage across 100% of the JP Morgan Global Bond Index. Combined with the growth of our China onshore bonds business and the rise of block trading, we're on track to reach our first \$1 trillion volume year in emerging markets trading—a milestone we're incredibly proud of.

Looking ahead, we're committed to deepening our presence in local markets. By working closely with our onshore partners and dealer community, we aim to bring our electronic trading solutions to regions that are still in earlier stages of electronic trading. It's essential that we continue to advance both sides of the market—buy and sell—and demonstrate the real value that electronic trading can deliver in emerging markets. **GC**



Dan Burke