

Support for greater transparency in fixed income markets grows in 2016, but market participants support further revisions to MiFID II

LONDON, April 11, 2016 (GLOBE NEWSWIRE) -- A significant majority of European capital market participants believe that MiFID II transparency will be beneficial to the market but there should be significant changes made to the pre- and post-trade transparency proposals, according to a survey of over 260 senior buy- and sell-side fixed income market participants conducted at the annual MarketAxess and Trax European Capital Markets Forum.

While 84% of respondents at the forum believe the current proposals for liquidity calibration related to MiFID II pre- and post-trade transparency could be improved upon, nearly 100% of respondents believe calibrated transparency will ultimately be beneficial to the market. This is a sharp increase from last year where attendees were evenly split on the benefits of pre- and post-trade transparency.

MiFID II preparations remain on course

There was a reverse in participants' readiness for MiFID II, with nearly two thirds (62%) stating their preparations for implementation are proceeding as planned. Last year, 73% stated that they were holding off progress as the industry waited for the publication of the level-2 text, yet in contrast, only 38% stated this year they are delaying in order to see the outcomes of any possible further revisions.

Interestingly, a large majority (88%) voiced support for an equivalent regulation to MiFID II in the UK, should the country vote to leave the EU, due to the benefits of increased harmonisation outweighing the potential costs.

European corporate bond market conditions continue to be challenged

A total of 87% of participants indicated concerns that MiFID II will disrupt growth in European corporate bond markets, with a small subset (22%) voicing concern in a significant disruption to market growth. Furthermore, over three quarters (79%) believe that European fixed liquidity will either stay the same or deteriorate over the course of the next 18 months.

CSDR continues to challenge participants

The Central Securities Depositories Regulation (CSDR) continues to prove challenging to market participants, with only 3% stating that they were "very confident" in meeting the 100% settlement mandate and just over half (53%) stated that they were somewhat confident, which is consistent with responses to last year's survey.

Commenting on the results, Scott Eaton, Chief Operating Officer, MarketAxess Europe and Trax, said: "This year was the largest European Capital Markets Forum to date with over 260 institutional investors, dealers, regulators, trade bodies and media attending on the day to discuss the current and future challenges for European capital markets. It is encouraging to see such strong support for greater transparency in European fixed income markets but it's widely recognised that further calibration of the MiFID II liquidity rules is necessary. The survey echoed concerns from attendees towards the short term strength and depth of the European fixed income market as political and economic uncertainty continue to put pressure on the market. Our investor and dealer clients are increasingly demanding smarter trading technology and quality market data to help them approach the market."

About the European Capital Markets Forum

The annual European Capital Markets Forum, jointly hosted by MarketAxess and Trax, took place at the Andaz Hotel, Liverpool Street, London on Thursday 17 March 2016.

The keynote speech at the conference was given by Lord Adair Turner. Panel sessions addressed the most pressing challenges being faced by the European capital markets: bond market liquidity; outstanding challenges ahead of MiFID II implementation; operational risks associated with manual trade confirmation processes; feasibility of aligning MiFID and EMIR reporting. The event also featured an armchair discussion between Rick McVey, Chairman and CEO of MarketAxess Holdings Inc., and Tim Frost, Director of Cairn Capital and Markit, and Niall Cameron, Head of Markets, EMEA, HSBC.

For more information about the conference please visit www.eucm-forum.com.

About MarketAxess®

MarketAxess operates a leading electronic trading platform that enables fixed-income market participants to efficiently trade corporate bonds and other types of fixed-income instruments using MarketAxess' patented trading technology. Over 1,000

institutional investor and broker-dealer firms are active users of the MarketAxess trading platform, accessing global liquidity in U.S. high-grade corporate bonds, emerging markets and high-yield bonds, European bonds, U.S. agency bonds, credit default swaps and other fixed-income securities. MarketAxess SEF Corporation is registered as a Swap Execution Facility with the U.S. Commodity Futures Trading Commission. MarketAxess also offers a number of trading-related products and services, including: market data to assist clients with trading decisions; connectivity solutions that facilitate straight-through processing; technology services to optimize trading environments; and execution services for exchange-traded fund managers and other clients. Through its Trax® division, MarketAxess also offers a range of pre- and post-trade services, including trade matching, regulatory transaction reporting and market and reference data, across a range of fixed-income products. Trax is the trading name of Xtrakter Ltd., a MarketAxess group company.

MarketAxess maintains its headquarters in New York and has offices in London, Boston, Chicago, Los Angeles, Miami, Salt Lake City, San Francisco, São Paulo, Hong Kong and Singapore. For more information, please visit www.marketaxess.com.

About Trax®

Trax is a leading provider of capital market data, trade matching and regulatory reporting services to the global securities market. In 2015, Trax processed 1.1 billion transactions on behalf of its user community, including 13.3 million fixed income transactions. Trax estimates that it processes approximately 65% of all fixed income transactions in Europe as part of its post-trade service offering.

Trax is based in London and was originally established in 1985. Acquired by MarketAxess in 2013, Trax is a trading name of Xtrakter Ltd. and is a wholly owned subsidiary of MarketAxess Holdings, Inc. For more information, please visit www.traxmarkets.com.

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