Greenwich Associates U.S. Fixed-Income Leaders

August 2010

The competition among major dealers for the fixed-income trading business of U.S. institutions intensified last year as highly liquid rates products remained the primary driver of institutional trading activity.

Deutsche Bank and J.P. Morgan are the 2010 Greenwich Share Leaders in U.S. fixed income. "Deutsche Bank's strong position this year can be attributed to its gains in interest-rate swaps, MBS pass-throughs and U.S. Treasuries — the three largest products in the U.S. market by volume," notes Greenwich Associates consultant Tim Sangston.

As 2010 Greenwich Share Leaders, Deutsche Bank has a market share of 12.8% in U.S. fixed-income trading and J.P. Morgan has a market share of 12.5%. Overall, the gap between the leaders in trading share and the rest of the market's competitors is narrowing as the competitive landscape for dealers flattens. In 2009, the difference between the number one-ranked dealer and the number seven-ranked dealer was roughly seven percentage points of market share; in 2010, that difference shrank to only three and a half percentage points. In 2010, Barclays Capital trails market leaders Deutsche Bank and J.P. Morgan by only one-to-two percentage points, with Citigroup and Goldman Sachs close behind. Barclays Capital and J.P. Morgan rank among the top three in market share in a broader number of products than other dealers.

"The changes now unfolding in the market and future changes associated with new regulations are making liquidity and other factors that differentiated dealers in the past less visible," says Greenwich Associates consultant Andrew Awad. "All of the major sell-side firms have the required infrastructure needed to be competitive, and in these highly liquid products any firm with the right platform can compete on the basis of price."

In this rapidly evolving environment, Barclays Capital has retained its title as the Greenwich Quality Leader in U.S. fixed income. Not far behind in quality ratings are J.P. Morgan and Banc of America Merrill Lynch.

"In an increasingly important category, Barclays Capital, Banc of America Merrill Lynch and J.P. Morgan remain the leading dealers in electronic trading for the fifth consecutive year," says Greenwich Associates consultant Woody Canaday.

The following tables list the 2010 Greenwich Share and Quality Leaders in the major U.S. fixed-income product categories.

Greenwich Share Leaders — 2010

U.S. Fixed-Income Market Share — Overall

Dealer	Share
Deutsche Bank	12.8%
J.P. Morgan	12.5%
Barclays Capital	11.6%
Citigroup	10.8%
Goldman Sachs	10.6%

U.S. Fixed-Income Market Share — Credit

Dealer	Share
J.P. Morgan	16.1%
Banc of America Merrill Lynch	14.7%
Barclays Capital	13.3%
Goldman Sachs	11.5%
Citigroup	10.8%

U.S. Fixed-Income Market Share — Rates

Dealer	Share
Deutsche Bank	13.4%
J.P. Morgan	11.9%
Barclays Capital	11.2%
Citigroup	10.9%
Goldman Sachs	10.6%

U.S. Fixed-Income Market Share — Securitized

Dealer	Share
Banc of America Merrill Lynch	15.4%
Credit Suisse	12.8%
Barclays Capital	12.0%
Goldman Sachs	11.8%
J.P. Morgan	10.8%

U.S. Fixed-Income Market Share — Emerging Markets

Dealer	Share
Barclays Capital	15.2%
J.P. Morgan	14.7%
HSBC	13.3%
Deutsche Bank	12.6%
Citigroup	10.2%

Note: Based on interviews with 907 institutions active in U.S. fixed income. Product categories are defined as follows: Rates: government bonds, interest-rate derivatives, agency securities and MBS pass-throughs. Credit: investment-grade credit, high-yield credit, distressed debt, leveraged loans, and structured credit. Securitized: consumer asset-backed securities, CMO and mortgage derivatives and commercial mortgage-backed securities. Emerging Markets: emerging markets fixed income. Based on top 5 leading dealers including ties. Source: 2010 U.S. Fixed-Income Investors Study

Greenwich Quality Leaders — 2010

U.S. Fixed-Income Sales Quality

Dealer
Barclays Capital

U.S. Fixed-Income Research Quality

Dealer
Barclays Capital

U.S. Fixed-Income Trading Liquidity Quality

Dealer
Barclays Capital

Note: Based on interviews with 907 institutions active in U.S. fixed income. Leaders cited in alphabetical order including ties.
Source: 2010 U.S. Fixed-Income Investors Study

Consultants Tim Sangston, Frank Feenstra, Woody Canaday, Andy Awad, Brian Jones, and Peter D'Amario advise on fixed-income markets in the United States.

Methodology

Between February and April, 2010, Greenwich Associates conducted 907 interviews with institutional investors active in fixed income in the United States. Interview topics included trading and research activities and preferences, product and dealer use, service provider evaluations, market trend analysis, and investor compensation. The findings reported in this document reflect solely the views reported to Greenwich Associates by the research participants. They do not represent opinions or endorsements by Greenwich Associates or its staff. Interviewees are asked about their use of and demand for financial products and services and about investment practices in relevant financial markets. They are also asked to name and rate the sell-side service providers they use, including equity brokers, fixed-income dealers, investment managers, foreign exchange and interest rate derivatives dealers, commodities dealers, investment banks, corporate banks, insurance providers, and others. Greenwich Associates compiles the data received, conducts statistical analysis and review for presentation purposes in order to produce the final results.

GREENWICH ASSOCIATES

6 High Ridge Park Stamford CT 06905 USA

Tel: +1 203.625.5038/+1 800.704.1027 Fax: +1 203.625.5126 email: ContactUs@greenwich.com www.greenwich.com