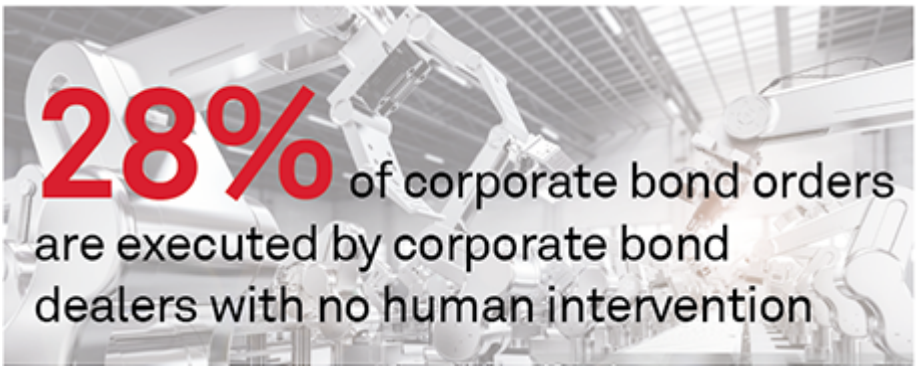
Corporate Bond Dealers Focus on Trade Automation

June 11, 2024

Executive Summary:



The U.S. corporate bond market has gone electronic over the past decade and now is moving onto phase 2—automation. Led by the largest global dealers and nonbank market makers, an increasing number of client orders are now executed with little or no human intervention. While this approach to liquidity provision is currently dominated by the largest and most sophisticated firms, third-party technology providers are increasingly able to offer highly customizable auto-quoting and auto-execution (auto-ex) solutions that allow dealers with fewer technological resources to step into the fray.

The push toward automation is twofold. First, institutional investors are increasingly expecting near-instant liquidity when trading corporate bonds, with over 40% of the total notional volume of investment-grade (IG) bonds now traded electronically. The only way for dealers to meet this need is to price and quote bonds faster than a human could do via point-and-click.

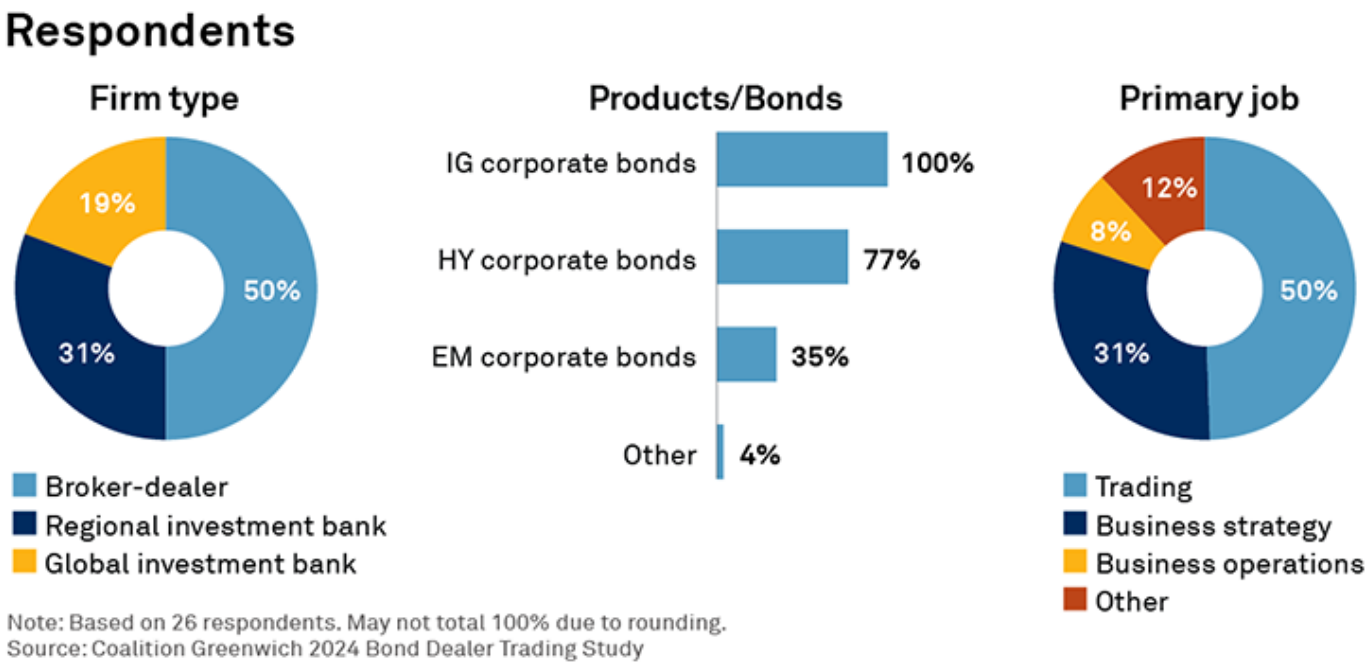
Second, while bond market volumes continue to rise, the market's newfound transparency is making it much harder for dealers to capture the profit margins they once did on each trade. That means the same number of traders or fewer are handling an ever-increasing influx of client orders. Automation is the only way those traders can handle more clients and more orders while still maintaining the same level of service they always have.

This report is based on interviews with 26 U.S. corporate bond dealers, including top-tier global banks, nonbank market makers, middle market banks, and independent broker-dealers. This cross section of the market blends the leading edge with more traditional trading desks to present a picture of the sell side's progress toward automation and where the opportunities lie going forward.

Kevin McPartland is the Head of Research for Market Structure & Technology at Coalition Greenwich.

Methodology:

This study is based on interviews with 26 U.S. corporate bond dealers in 2Q 2024. Respondents include some of the largest bank and nonbank corporate bond dealers in the world. The electronic interviews examined the use of auto-execution functionality at each participant for trading investment-grade, high-yield and emerging market corporate bonds in the U.S.



Crisil
Coalition Greenwich

---

www.greenwich.com | ContactUs@greenwich.com

Coalition Greenwich, a division of CRISIL, an S&P Global Company, is a leading global provider of strategic benchmarking, analytics and insights to the financial services industry.

We specialize in providing unique, high-value and actionable information to help our clients improve their business performance.

Our suite of analytics and insights encompass all key performance metrics and drivers: market share, revenue performance, client relationship share and quality, operational excellence, return on equity, behavioral drivers, and industry evolution.

About CRISIL

CRISIL is a leading, agile and innovative global analytics company driven by its mission of making markets function better. It is majority owned by S&P Global Inc., a leading provider of transparent and independent ratings, benchmarks, analytics, and data to the capital and commodity markets worldwide.

CRISIL is India’s foremost provider of ratings, data, research, analytics, and solutions with a strong record of growth, culture of innovation, and global footprint.

It has delivered independent opinions, actionable insights and efficient solutions to over 100,000 customers through businesses that operate from India, the U.S., the U.K., Argentina, Poland, China, Hong Kong, and Singapore.

For more information, visit www.crisil.com

Disclaimer and Copyright

This Document is prepared by Crisil Coalition Greenwich, which is a part of Crisil Ltd, a company of S&P Global. All rights reserved. This Document may contain analysis of commercial data relating to revenues, productivity and headcount of financial services organisations (together with any other commercial information set out in the Document). The Document may also include statements, estimates and projections with respect to the anticipated future performance of certain companies and as to the market for those companies' products and services.

The Document does not constitute (or purport to constitute) an accurate or complete representation of past or future activities of the businesses or companies considered in it but rather is designed to only highlight the trends. This Document is not (and does not purport to be) a comprehensive Document on the financial state of any business or company. The Document represents the views of Crisil Coalition Greenwich as on the date of the Document and Crisil Coalition Greenwich has no obligation to update or change it in the light of new or additional information or changed circumstances after submission of the Document.

This Document is not (and does not purport to be) a credit assessment or investment advice and should not form basis of any lending, investment or credit decision. This Document does not constitute nor form part of an offer or invitation to subscribe for, underwrite or purchase securities in any company. Nor should this Document, or any part of it, form the basis to be relied upon in any way in connection with any contract relating to any securities. The Document is not an investment analysis or research and is not subject to regulatory or legal obligations on the production of, or content of, investment analysis or research.

The data contained in the Document is based upon a particular bank's scope, which reflects a bank's data submission, business structure, and sales revenue Reporting methodology. As a result, any data contained in the Document may not be directly comparable to data presented to another bank. For franchise benchmarking, Crisil Coalition Greenwich has implemented equal ranking logic on aggregate results i.e., when sales revenues are within 5% of at least one competitor ahead, a tie is shown and designated by = (where actual ranks are shown). Entity level data has no equal ranking logic implemented and therefore, on occasion, the differences between rank bands can be very close mathematically.

The data in this Document may reflect the views reported to Crisil Coalition Greenwich by the research participants. Interviewees may be asked about their use of and demand for financial products and services and about investment practices in relevant financial markets. Crisil Coalition Greenwich compiles the data received, conducts statistical analysis and reviews for presentation purposes to produce the final results.

THE DOCUMENT IS COMPILED FROM SOURCES CRISIL COALITION GREENWICH BELIEVES TO BE RELIABLE. CRISIL COALITION GREENWICH DISCLAIMS ALL REPRESENTATIONS OR WARRANTIES, EXPRESSED OR IMPLIED, WITH RESPECT TO THIS DOCUMENT, INCLUDING AS TO THE VALIDITY, ACCURACY, REASONABLENESS OR COMPLETENESS OF THE INFORMATION, STATEMENTS, ASSESSMENTS, ESTIMATES AND PROJECTIONS, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE ARISING OUT OF THE USE OF

ALL OR ANY OF THIS DOCUMENT. CRISIL COALITION GREENWICH ACCEPTS NO LIABILITY WHATSOEVER FOR ANY DIRECT, INDIRECT OR CONSEQUENTIAL LOSS OR DAMAGE OF ANY KIND ARISING OUT OF THE USE OF ALL OR ANY OF THIS DOCUMENT.

Crisil Coalition Greenwich is a part of Crisil Ltd., a company of S&P Global. ©2026 Crisil Ltd. All rights reserved.

greenwich.com ContactUs@greenwich.com Ph +1203.625.5038