The SEF Landscape: Beyond the Numbers

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Executive Summary:

While mandatory trading of swaps on registered platforms kicked off in February, lack of reporting standards still makes using the data to drive business decisions difficult if not impossible. And for those investors who prefer to stay away from new SEF rules, which appear to be many of the all-important real-money accounts, many options exist for them to do so.

Nevertheless, with nearly a year of SEF trading now in the history books, investor behavior and SEF usage patterns make it possible to go beyond the reported volume numbers to understand what liquidity really means, what SEF success looks like and what investors care about above all else.

Methodology:

Greenwich Associates conducted research between February and April 2014 with 1,067 U.S. institutional fixed-income investors, including 113 active in interest-rate derivatives.

Interview topics included trading and research preferences, trading volume, product and dealer use, service provider evaluations, and market trend analysis. To supplement this core research, conversations were held with several SEFs covering the interest-rate swaps market as well as sell-side liquidity and clearing providers.

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