



# SIFMA™

Securities Industry and  
Financial Markets Association

## 2<sup>nd</sup> Annual European Fixed Income e-Trading Survey

Author: James George, Director, Concise

Date: 6<sup>th</sup> February 2007

In association with:

CONCISE.

## Table of contents

---

<b>1. BACKGROUND &amp; INTRODUCTION</b> .....	<b>3</b>
<b>2. OVERVIEW OF KEY TRENDS</b> .....	<b>5</b>
<b>3. HEADLINE RESULTS</b> .....	<b>6</b>
3.1 GROWTH IN eTRADING .....	6
3.2 GROWTH BY PRODUCT .....	7
3.3 TRADING BY CUSTOMER TYPE .....	8
3.4 MOTIVATIONS FOR CHOOSING A DEALER .....	9
3.5 MOTIVATIONS FOR CHOOSING TO TRADE ELECTRONICALLY .....	9
3.6 REASONS FOR CHOOSING AN ELECTRONIC PLATFORM .....	10
3.7 PREFERRED METHOD OF ELECTRONIC EXECUTION .....	10
3.8 IMPACT ON BUY-SIDE / SELL-SIDE RELATIONSHIP .....	11
3.9 MIFID.....	11
<b>4. BUY-SIDE SURVEY ADDITIONAL DATA</b> .....	<b>13</b>
<b>5. SELL-SIDE SURVEY ADDITIONAL DATA</b> .....	<b>15</b>
<b>6. TRADING PLATFORM SURVEY ADDITIONAL DATA</b> .....	<b>17</b>
<b>7. DISCLAIMER</b> .....	<b>18</b>
<b>8. CONTACTS FOR MORE INFORMATION</b> .....	<b>19</b>

## 1. Background & Introduction

For the 2<sup>nd</sup> Annual Fixed Income e-Trading survey, the Securities Industry and Financial Markets Association (SIFMA) partnered with Concise Consultants (Concise) in order to develop and enhance the survey to reach a wider audience and collect more data. The aim was to build upon the last year's results and establish the survey as a true industry benchmark.

Market information and derived trends are the lifeblood of all industries but none more so than capital markets and by making this year's survey more detailed and the results available to all; we want to ensure the Fixed Income industry is making decisions based on information and direct customer feedback rather than perception.

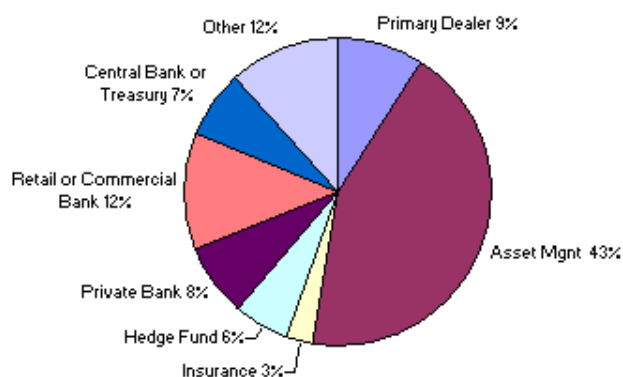
### Buy-side demographics – 302 firms with AUMs of 23.5 Trillion Euros

This year's survey has seen a large increase in the number of buy-side respondents with 302 participating firms, compared to 116 last year. The total assets under management figure for participating investors who entered a value is 8 Trillion Euros, with an average of 78 Billion Euros per respondent.

Considering the sample of those who entered an exact figure and the average size of the respondents, we can project the overall size of the investment community who completed the survey at 23.5 Trillion Euros.

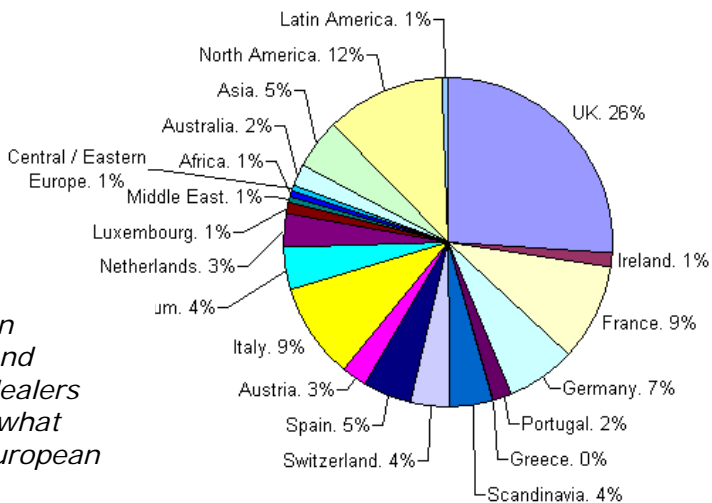
In terms of the type of investors who responded, the % split is very similar to last year with Asset Managers accounting for 43% of the buy-side respondents.

Buy-side respondents by investor type, split by %



When we look at the geographical spread, when asked where their eTrading desks were located the Buy-side responded in the following way, again broadly mirroring the split from last year, albeit from a larger pool of respondents.

Locations of buy-side eTrading desks, split by %



*"This large increase in buy-side participation combined with additional detailed volume and product information from 12 participating dealers and 5 Trading Platforms has helped create what should now be regarded as the definitive European Fixed Income eTrading benchmark."*

Mark Austen, Executive Director, at SIFMA

Responding to feedback we have also structured the results of the survey to make as much of the source data available to all without compromising participants' confidentiality. An overview of the key trends is followed by comparative data and then the remaining buy-side, sell-side and trading platform surveys in full.

## 2. Overview of key trends

---

From the wealth of data a number of key trends emerge:

### **eTrading continues to grow as a % of overall volume**

The buy-side firms surveyed are expecting between 15% and 25% growth while the sell-side is more bullish with anticipated growth in eTrading as a percentage of overall volumes increasing by 38% from last year. This follows the sell-side reporting a 32% growth in volumes of eTrading as a percentage of the total from 2005 to 2006.

### **The role of eTrading is changing in client organisations**

From the buy-side firms surveyed, there is now a significant number (55%) who trade over 60% of their total volume electronically. This number of buy-side firms who trade over 60% of their volume electronically is set to rise to 62% next year. It is also interesting to note that by 2007 less than 1% of the buy-side surveyed will not trade electronically. Electronic trading is not only mainstream as it is being undertaken by all bar a tiny percentage, but is becoming the dominant trading method for increasing numbers of firms.

### **Growth will come from less established products with bigger ticket sizes**

When looking at which products volume growth will come from, it is apparent that less established products, such as Interest Rate Swaps (IRS) and Credit Default Swaps (CDS), will be driving the growth in eTrading.

### **Multi-dealer RFQ further established as the dominant model**

Building on last year's survey results, multi-dealer RFQ is the dominant (and growing) method of execution, certainly where liquidity is available.

### **eTrading seen as positive to the overall buy-side / sell-side relationship**

The attitude of the buy-side firms when asked on the overall effect of eTrading on the relationship with their dealers shows a significant shift from last year as 56% of the buy-side responded that the impact of eTrading on their relationship was "somewhat positive" or "extremely positive".

### **42% of buy-side respondents are not aware of Mifid**

Although awareness of MiFID has improved from last year (66% said they "weren't aware of Mifid" last year), the 42% of people who said they weren't aware of MiFID this year could be deemed a concern since traders will need to implement much of MiFID including best execution policies.

### 3. Headline results

The following section shows comparative data drawn from each of the buy-side, sell-side and trading platforms surveys as well as last year's results where applicable.

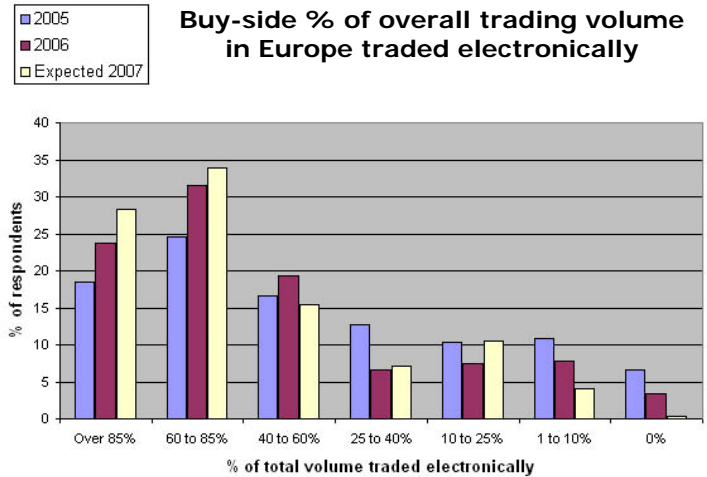
#### 3.1 Growth in eTrading

Our assumption from the data collected is that the buy-side firms surveyed are expecting between 15% and 25% growth and there is now a significant number (55%) who trade over 60% of their total volume electronically. This number of buy-side firms is set to rise to 62% next year. This not only shows that there is a large percentage who are undertaking their trading electronically but also shows the potential upside in moving the remaining 45% of firms up the eTrading curve.

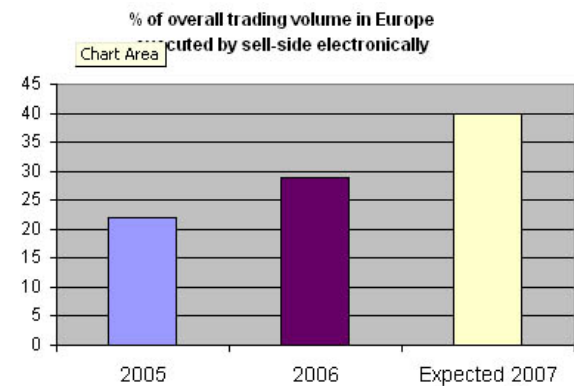
It is also interesting to note that by 2007 less than 1% of the buy-side surveyed will not trade electronically. Electronic trading is not only mainstream as it is being undertaken by all bar a tiny percentage, but is becoming the dominant trading method for increasing numbers of firms.

The sell-side is more bullish with anticipated growth in eTrading as a percentage of overall volumes increasing by 38% from last year.

This follows the sell-side reporting a 32% growth in volumes of eTrading as a percentage of the total from 2005 to 2006.



Volume traded electronically	2005	2006	Expected 2007
Over 85%	18.5	23.8	28.3
60 to 85%	24.6	31.6	34.0
40 to 60%	16.5	19.3	15.5
25 to 40%	12.7	6.7	7.2
10 to 25%	10.4	7.4	10.6
1 to 10%	10.8	7.8	4.2
0%	6.5	3.4	0.4



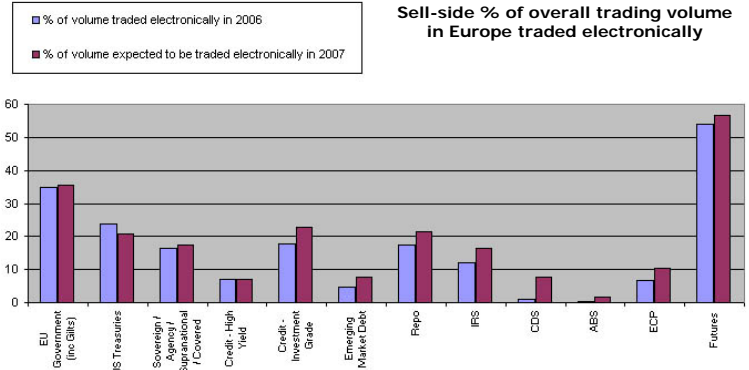
	2005	2006	Expected 2007
% of overall trading volume executed	22	29	40
Seen as a % increase from		32%	38%

### 3.2 Growth by product

When looking at where the growth in volumes is predicted to come from product by product, it is apparent that the less established products such as Interest Rate Swaps (IRS) and Credit Default Swaps (CDS) will be the drivers. Newer to eTrading platforms, these products typically have much higher ticket sizes so even a modest 4-6% increase in will have a significant impact on overall volumes.

Sell-side volumes by product

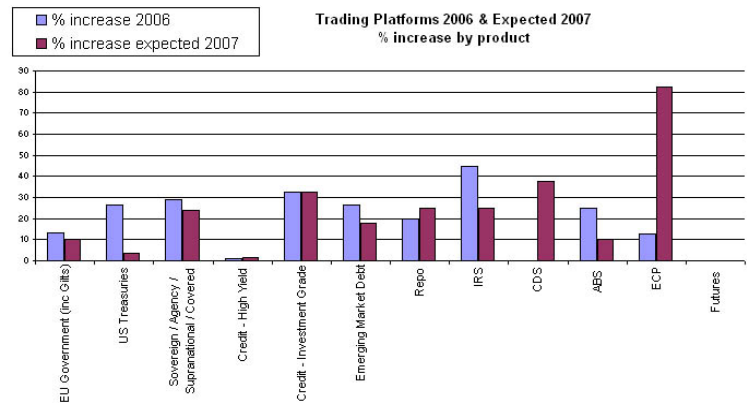
	2006	2007	Difference
EU Government (inc Gilts)	34.75	35.6	0.85
US Treasuries	23.9	20.9	-3.00
Sovereign / Agency / Supranational / Covered	16.59	17.5	0.91
Credit - High Yield	7	7.13	0.13
Credit - Investment Grade	17.64	22.8	5.16
Emerging Market Debt	4.78	7.58	2.80
Repo	17.57	21.6	4.03
IRS	11.92	16.4	4.48
CDS	1.14	7.58	6.44
ABS	0.5	1.51	1.01
ECP	6.75	10.3	3.55
Futures	53.89	56.7	2.81



If we compare the sell-side's view of which products will grow most (CDS, Credit - Investment Grade then IRS) there is some correlation with the trading platform's view, which rates ECP for highest growth, then CDS, Credit - Investment Grade, then IRS and Repo equally

Trading Platforms increase per product

	% increase 2006	% increase expected 2007
EU Government (inc Gilts)	13.3	10.0
US Treasuries	26.3	3.8
Sovereign / Agency / Supranational / Covered	28.8	24.0
Credit - High Yield	1.3	1.5
Credit - Investment Grade	32.5	32.5
Emerging Market Debt	26.5	17.8
Repo	20.0	25.0
IRS	45.0	25.0
CDS	0.3	37.5
ABS	25.0	10.0
ECP	12.5	82.5
Futures	0.0	0.0



This is also borne out by the buy side who determine that CDS and IRS will see the biggest growth (albeit from a very small base), while Credit- Investment Grade saw next largest followed by ECP and US Treasuries. Caution does need to be applied to the Trading Platform statistics, given the relatively small number of respondents and the fact that their relative weighting & liquidity in different markets and products is not reflected in the results.

Buy-side current % traded electronically and expected next year

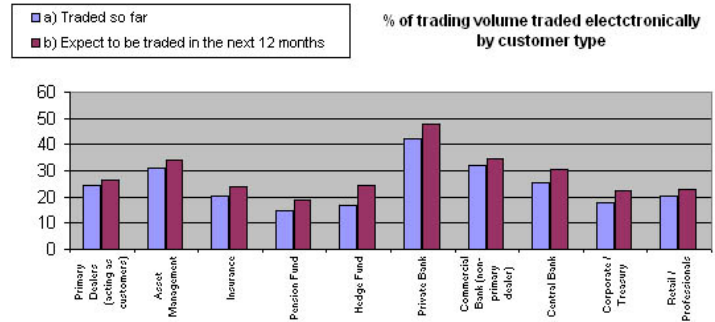
% eTraded	IRS		CDS		Credit - Inv Grade	
	2006	Expected 2007	2006	Expected 2007	2006	Expected 2007
Over 85%	4.0	6.1	0.0	0.0	10.2	13.3
60 to 85%	5.0	5.1	0.0	0.0	14.6	16.0
40 to 60%	6.0	5.1	3.1	3.0	20.4	16.0
25 to 40%	5.0	10.2	0.0	7.6	7.0	14.7
10 to 25%	3.0	14.3	1.6	15.2	14.6	18.0
1 to 10%	16.0	15.3	10.9	19.7	19.1	10.0
0%	61.0	43.9	84.4	54.5	14.0	12.0

### 3.3 Trading by customer type

It is difficult to directly compare the sell-side and trading platforms, given that the sell-side is looking at the % of electronic trading by customer as a % of how that customer trades....

Sell-side % of volume traded electronically by each customer type

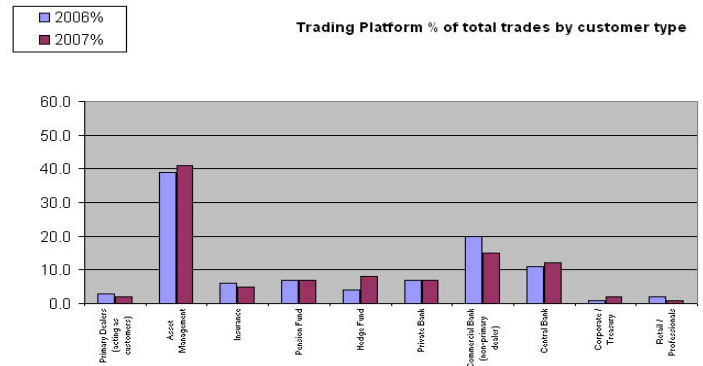
	% traded 2006	% exp 2007	Difference
Primary Dealers (acting as customers)	24.3	26.3	2.0
Asset Management	30.9	34.0	3.1
Insurance	20.4	24.0	3.6
Pension Fund	14.9	18.6	3.8
Hedge Fund	16.6	24.4	7.8
Private Bank	42.0	47.8	5.8
Commercial Bank (non-primary dealer)	31.9	34.4	2.5
Central Bank	25.4	30.8	5.3
Corporate / Treasury	18.0	22.1	4.1
Retail / Professionals	20.5	22.9	2.4



...whereas the trading platforms are showing the % volume traded per customer type as a % of the total volume.

Trading Platforms % of volume traded electronically by each customer type

	2006%	2007%	Difference
Primary Dealers (acting as customers)	3.0	2.0	-1.0
Asset Management	39.0	41.0	2.0
Insurance	6.0	5.0	-1.0
Pension Fund	7.0	7.0	0.0
Hedge Fund	4.0	8.0	4.0
Private Bank	7.0	7.0	0.0
Commercial Bank (non-primary dealer)	20.0	15.0	-5.0
Central Bank	11.0	12.0	1.0
Corporate / Treasury	1.0	2.0	1.0
Retail / Professionals	2.0	1.0	-1.0



Both buy-side and trading platforms highlight significant growth in hedge funds volumes.



### 3.4 Motivations for choosing a dealer

When we cross-referenced the buy-side's answers to their reasons for choosing a dealer to the dealer's perception of their client's motivations we found that the results were fairly consistent across the different products.

Reasons, or perceived reasons, for the buy-side choosing a dealer (weighted response as % of total)

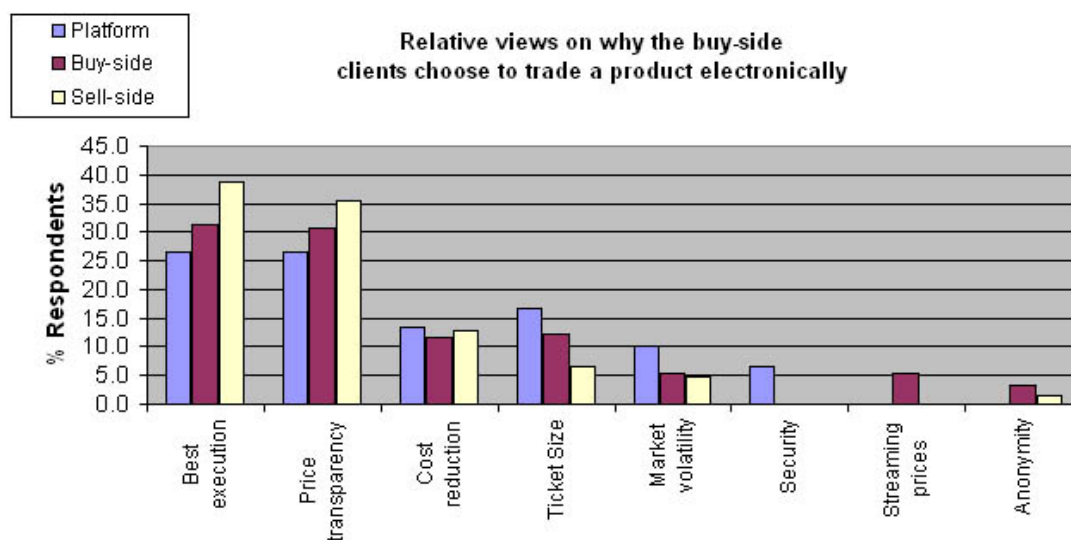
	Derivatives		Corporate Bonds		Government Bonds		Structured Products	
	Buyside	Sellside	Buyside	Sellside	Buyside	Sellside	Buyside	Sellside
Research	7	7	12	11	9	6	14	15
sales coverage	18	20	21	27	17	30	22	27
time to price	16	13	17	6	21	17	10	0
product depth	7	7	7	8	5	0	7	13
price consistency	30	40	32	39	35	41	25	33
settlement capability	5	8	4	8	5	6	4	7
execution cost	10	0	5	0	7	0	6	0
complex transactions	6	5	1	0	1	0	11	5

The biggest difference appears to be the perspective on time-to-price where the sell-side consistently under-estimates the buy-side's need for a speedy response to price enquiries. This is particularly true of structured products, where the message for the dealers is that faster processing on structured products is needed. This could be attributed to the additional pressure on the buy-side to achieve best execution.

### 3.5 Motivations for choosing to trade electronically

Best execution and price transparency take the lion's share of the motivation to trade a product electronically, perhaps due to the fact that pricing is by its nature transparent on an electronic platform.

It is also interesting to note the weight given to streaming prices and anonymity by the buy-side and the fact that security is now viewed as a given.

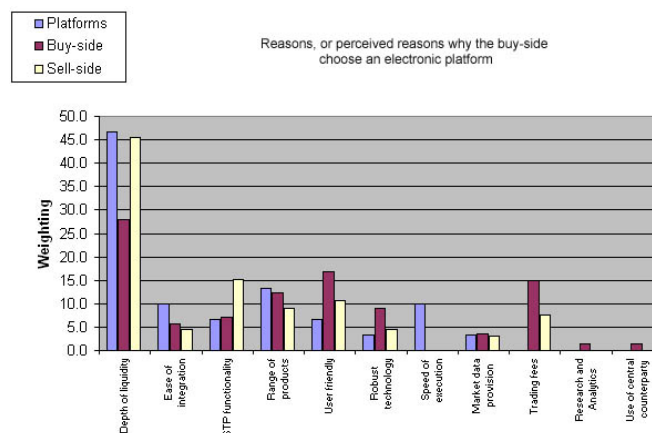


### 3.6 Reasons for choosing an electronic platform

When we asked about the reasons (and perceived reasons) for choosing an electronic platform, the results were not as clear-cut as expected. Although clearly still the most important factor, depth of liquidity was not seen as important to the buy-side as might have been thought.

#### Reasons (or perceived reasons) for choosing an electronic trading platform

Weighted reason	Platforms	Buy-side	Sell-side
Depth of liquidity	46.7	27.9	45.5
Ease of integration	10.0	5.7	4.6
STP functionality	6.7	7.1	15.2
Range of products	13.3	12.2	9.1
User friendly	6.7	16.7	10.6
Robust technology	3.3	9.0	4.6
Speed of execution	10.0	0.0	0.0
Market data provision	3.3	3.5	3.0
Trading fees	0.0	15.0	7.6
Research and Analytics	0.0	1.4	0.0
Use of central counterparty	0.0	1.5	0.0



Perhaps liquidity is now taken as a given and customers are beginning to look for a more rounded service as differentiation in other areas becomes more important. Indeed, compared to last year's survey where "depth of liquidity" and "robust technology" were the top two answers we can see a shift and significant increase in the importance of "user friendliness", "trading fees" and "range of products".

### 3.7 Preferred method of electronic execution

Building on last year's survey results, multi-dealer RFQ is the dominant (and growing) method of execution, certainly where liquidity is available.

This is perhaps due to the fact that it is significantly easier for the buy-side to demonstrate best execution from a RFQ model.

#### Buy-side preferred method of electronic execution per product (% of respondents)

2006/7 Survey	Single dealer streaming	Mult-dealer inventory	Multi-dealer RFQ	Exchange
EU Govies	4.4	10.7	79.0	6.0
US Treasuries	6.8	13.2	71.6	8.4
Sov / Agency / Sup / Cov	4.2	14.7	75.9	5.2
Credit - High Yield	3.9	32.6	59.7	3.9
Credit - Investment grade	6.0	24.7	65.9	3.3
Emerging market	8.2	24.6	63.9	3.3
Repo	12.2	21.4	53.1	13.3
IRS	11.4	17.9	64.2	6.5
CDS	12.8	18.1	60.6	8.5
ABS	10.1	27.9	59.5	2.5
ECP	12.0	25.3	60.0	2.7
Futures	17.6	3.0	15.2	64.2

Streaming models are good for price discovery but the buy-side appear to be moving more and more towards the multi-dealer RFQ platform. The two areas where the multi-dealer RFQ model is not as favoured is where the asset class does not have the liquidity to work as well (ECP and Credit - High Yield).

Last year we only asked across two broad categories - Cash instruments and IRS/CDS, although we cannot directly compare as we included an OTC option last year, the trend for IRS and CDS in moving to an RFQ model.

#### Buy-side preferred method of electronic execution (% of respondents) - 2005/6 survey

2005/6 Survey	Single dealer streaming	Mult-dealer inventory	Multi-dealer request for quote	Exchange	OTC
Cash Instruments	3.0	14.0	66.0	7.0	10.0
IRS / CDS Instruments	9.0	20.0	48.0	3.0	20.0

*"This year's survey continues to demonstrate a growing preference towards the multi-dealer RFQ model. This is not surprising given that once liquidity is established it is the best method for clients to satisfy best execution policies. I see this trend continuing as Mifid comes into effect."*

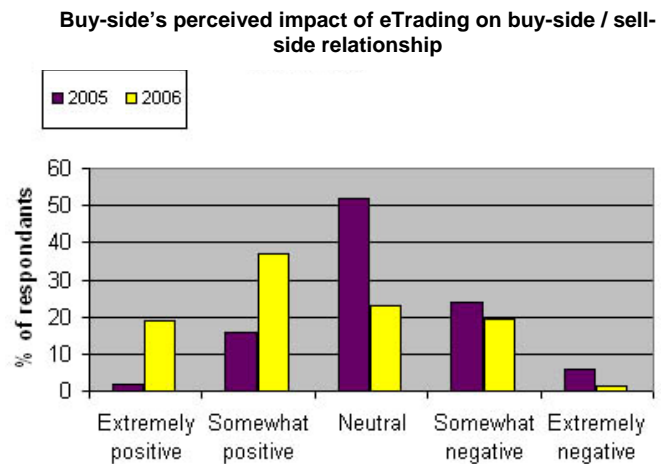
Lee Olesky, President, TradeWeb Group

### 3.8 Impact on buy-side / sell-side relationship

The growing maturity of eTrading as a method of execution is also reflected in the attitude of the buy-side firms when asked on the overall effect of eTrading on the relationship with their dealers.

	Buy side	
	2005	2006
Extremely positive	2	19
Somewhat positive	16	37
Neutral	52	23
Somewhat negative	24	19.5
Extremely negative	6	1.5

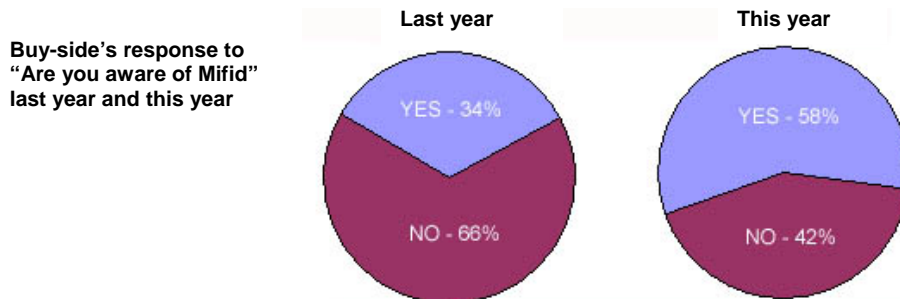
In a significant shift from last year, 56% of the buy-side responded that the impact of eTrading on their relationship was "somewhat positive" or "extremely positive".



Given that most dealers would settle for a "neutral" response as they move customers to a significantly lower cost-to-serve model, this shows that eTrading has cemented its place as a mainstream execution method that does not adversely affect the overall trading relationship between buyers and dealers.

### 3.9 Mifid

Although this has improved from last year (66% said they "weren't aware of Mifid" last year), the 42% of people who said they weren't aware of Mifid could be deemed a concern.



Of those who said no, 91% described their roles as "primarily execution or "execute sometimes". This would support a conclusion that Mifid is dealt with by central operations / compliance teams and awareness and involvement from the traders is still not widespread. This is a concern as traders will need to implement much of MiFID including best execution

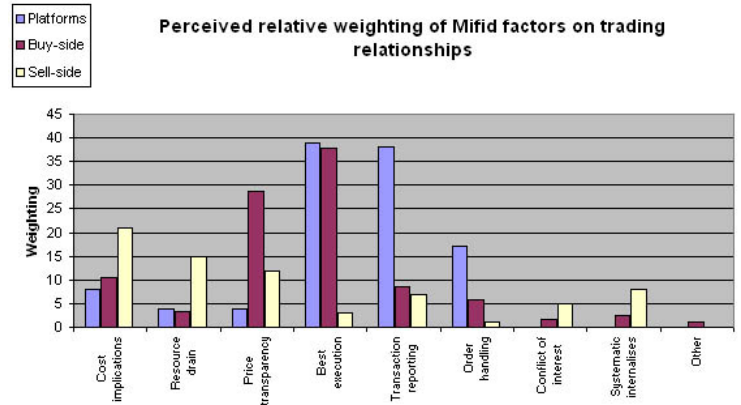
policies. Neither was this linked specifically to one type of investor, instead it mirrored the overall demographics of the buy-side respondents.

Given the high lack of awareness of Mifid, it was perhaps surprising that 75% of respondents said they had a best execution policy in place. However, if we look at the demographic of the survey (43% Asset Management) it is, perhaps, not surprising that the percentage of respondents answering yes to this question is relatively high as asset managers and private banks are likely to have execution policies already in place.

The question will be whether these would comply with Mifid.

**Relative weighting of the impact on trading relationships of the 8 different factors of Mifid.**

	Platforms	Buy-side	Sell-side	
Cost implications	8	11	21	
Resource drain	4	3	15	
Price transparency	4	29	12	
Best execution	39	38	3	
Transaction reporting	38	9	7	
Order handling	17	6	1	
Conflict of interest	0	2	5	
Systematic internalises	0	2	8	
Other	0	1	0	



When we asked a question to all three survey groups about the impact on trading relationships of the 8 factors of Mifid it showed that the buy-side believe their focus will need to be on providing price transparency and best execution while the sell-side will see the impact of having to make that happen - therefore showing a more balanced spread as they have to cope with the effects on cost and resources to provide improved transparency each transaction.

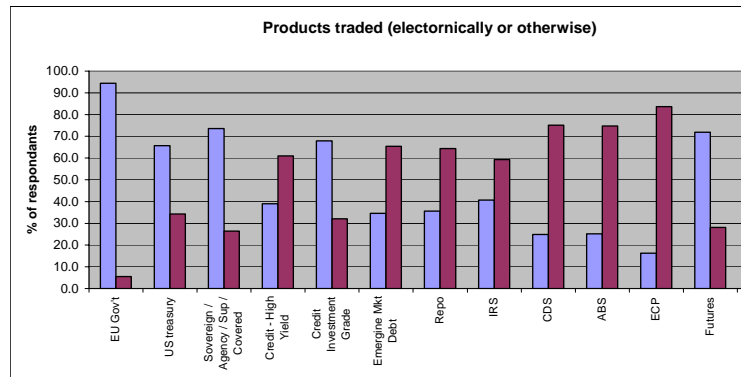
## 4. Buy-side survey additional data

The following charts and tables form the remainder of the buy-side survey not shown in the above headline data.

Which of the following products do you currently trade in Europe - electronically and otherwise - and how do you see this changing?  
Please insert your estimate of the percentage traded currently and in the future in the boxes below.

a) Did you trade?

	Yes	No
EU Gov't	94.5	5.5
US treasury	65.7	34.3
Sovereign / Agency / Sup / Covered	73.6	26.4
Credit - High Yield	39.1	60.9
Credit Investment Grade	67.8	32.2
Emergine Mkt Debt	34.5	65.5
Repo	35.7	64.3
IRS	40.7	59.3
CDS	24.9	75.1
ABS	25.2	74.8
ECP	16.3	83.7
Futures	71.9	28.2
Other	16.5	83.5



b) % traded electronically currently

c) Anticipated traded electronically in the next 12 months

EU Gov't	2006	Expected 2007
Over Eighty five %	47.9	50.64
Sixty to Eighty five %	19.33	18.88
Forty to Sixty %	11.76	10.73
Twenty five to Forty %	4.2	5.15
Ten to Twenty five %	6.3	5.58
One to Ten %	7.14	6.87
Naught %	3.36	2.15

IRS	2006	Expected 2007
Over Eighty five %	4.00	6.12
Sixty to Eighty five %	5.00	5.10
Forty to Sixty %	6.00	5.10
Twenty five to Forty %	5.00	10.20
Ten to Twenty five %	3.00	14.29
One to Ten %	16.00	15.31
Naught %	61.00	43.88

US Treasuries	2006	Expected 2007
Over Eighty five %	46.25	50.31
Sixty to Eighty five %	15.63	14.91
Forty to Sixty %	11.88	7.45
Twenty five to Forty %	2.50	6.21
Ten to Twenty five %	3.13	3.73
One to Ten %	10.00	10.56
Naught %	10.63	6.83

Futures	2006	Expected 2007
Over Eighty five %	38.86	37.21
Sixty to Eighty five %	3.43	10.47
Forty to Sixty %	6.86	11.05
Twenty five to Forty %	1.71	4.65
Ten to Twenty five %	4.00	5.81
One to Ten %	1.14	5.23
Naught %	44.00	25.58

Sovereign / Agency / Supranational / Covered	2006	Expected 2007
Over Eighty five %	23.08	23.21
Sixty to Eighty five %	20.12	25.00
Forty to Sixty %	18.34	19.64
Twenty five to Forty %	8.88	7.74
Ten to Twenty five %	8.88	7.74
One to Ten %	12.43	9.52
Naught %	8.28	7.14

ABS	2006	Expected 2007
Over Eighty five %	1.00	2.00
Sixty to Eighty five %	1.00	0.00
Forty to Sixty %	0.00	1.00
Twenty five to Forty %	1.00	4.00
Ten to Twenty five %	5.00	9.00
One to Ten %	9.00	17.00
Naught %	46.00	33.00

ECP	2006	Expected 2007
Over Eighty five %	8.33	9.80
Sixty to Eighty five %	2.08	5.88
Forty to Sixty %	6.25	5.88
Twenty five to Forty %	4.17	5.88
Ten to Twenty five %	8.33	11.76
One to Ten %	10.42	9.80
Naught %	60.42	50.98

CDS	2006	Expected 2007
Over Eighty five %	0.00	0.00
Sixty to Eighty five %	0.00	0.00
Forty to Sixty %	3.13	3.03
Twenty five to Forty %	0.00	7.58
Ten to Twenty five %	1.56	15.15
One to Ten %	10.94	19.70
Naught %	84.38	54.55

Credit - Investment Grade	2006	Expected 2007
Over Eighty five %	10.19	13.33
Sixty to Eighty five %	14.65	16.00
Forty to Sixty %	20.38	16.00
Twenty five to Forty %	7.01	14.67
Ten to Twenty five %	14.65	18.00
One to Ten %	19.11	10.00
Naught %	14.01	12.00

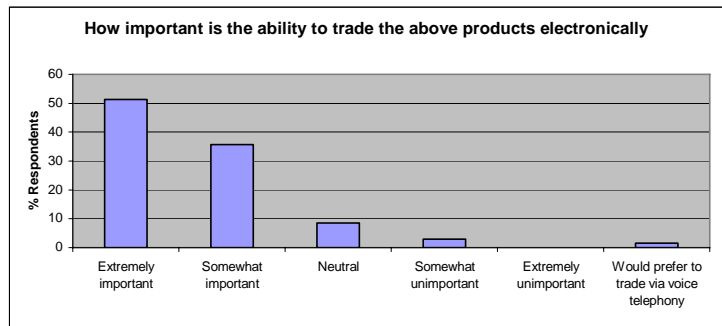
Emerging Mkt Debt	2006	Expected 2007
Over Eighty five %	4.49	5.56
Sixty to Eighty five %	13.48	14.44
Forty to Sixty %	13.48	8.89
Twenty five to Forty %	2.25	7.78
Ten to Twenty five %	10.11	7.78
One to Ten %	24.72	25.56
Naught %	31.46	30.00

High yield	2006	Expected 2007
Over Eighty five %	11.22	11.34
Sixty to Eighty five %	4.08	3.09
Forty to Sixty %	9.18	17.53
Twenty five to Forty %	9.18	8.25
Ten to Twenty five %	12.24	10.31
One to Ten %	21.43	22.68
Naught %	32.65	26.80

Sovereign Agency	2006	Expected 2007
Over Eighty five %	23.08	23.21
Sixty to Eighty five %	20.12	25.00
Forty to Sixty %	18.34	19.64
Twenty five to Forty %	8.88	7.74
Ten to Twenty five %	8.88	7.74
One to Ten %	12.43	9.52
Naught %	8.28	7.14

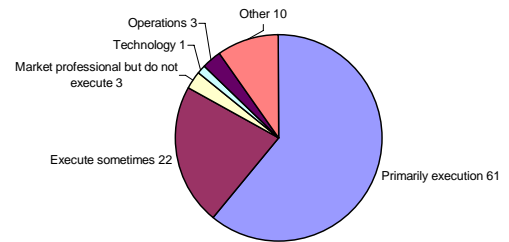
How important is the ability to trade products electronically, compared to traditional voice / telephony methods?

	% respondents
Extremely important	51.29
Somewhat important	35.79
Neutral	8.49
Somewhat unimportant	2.95
Extremely unimportant	0
Would prefer to trade via voice telephony	1.48



Which of the following best classifies your job function?

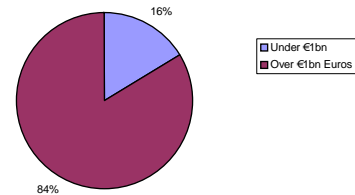
	Number	%
Primarily execution	151	61
Execute sometimes	55	22
Market professional but do not execute	7	3
Technology	3	1
Operations	8	3
Other	24	10



What level of assets does your firm/organisation have under management?

	Number	% of total
Under €1bn	34	16
Over €1bn Euros	175	84

% of buy-side respondents with over Euros 1 Billion under management



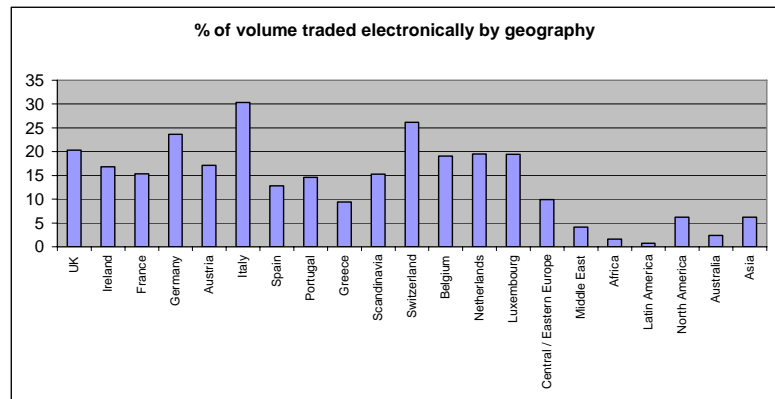
Number of respondents inputting a figure	103
Total assets under management for those who entered a value (Euros Bn)	8,022
Average	78

## 5. Sell-side survey additional data

The following charts and tables form the remainder of the Sell-side survey not shown in the above headline data.

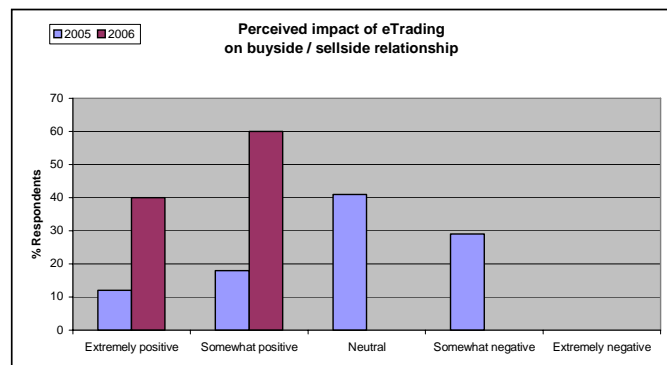
For the following geographical regions, for instruments originated in Europe, what % of your volume is traded electronically?

	%
UK	20.29
Ireland	16.81
France	15.34
Germany	23.63
Austria	17.1
Italy	30.33
Spain	12.8
Portugal	14.64
Greece	9.39
Scandinavia	15.25
Switzerland	26.16
Belgium	19.05
Netherlands	19.49
Luxembourg	19.43
Central / Eastern Europe	9.96
Middle East	4.14
Africa	1.63
Latin America	0.75
North America	6.25
Australia	2.38
Asia	6.24



Is the impact of electronic trading on the sell-side / buy-side relationship in Europe positive or negative?

	Sell side	
	2005	2006
Extremely positive	12	40
Somewhat positive	18	60
Neutral	41	
Somewhat negative	29	
Extremely negative	0	



For the following B2B trading methods at your firm, what % of current volume would you estimate is handled electronically? (Volume and tickets created for European originated trades)

Product	Voice / Telephone		Multi-Dealer Electronic				Exchange	
	Volume	Tickets	Mandatory Quote		Order Driven		Volume	Tickets
			Volume	Tickets	Volume	Tickets		
Eu Govnt (inc Gilts)	48	32	33.4	53.75	6.6	4.25	12	10
US Treasuries	43	38.25	0.8	0	48.6	61.75	7.6	0
Sovereign / Agency / Supranational / Covered	71.6	51.25	16	33.75	12	15	0.4	0
Credit-High Yield	99.6	99.5	0.4	0.5	0	0	0	0
Credit - Investment Grade	89	86.25	1	0	10	13.75	0	0
Emerging Mkt Debt	94	90	0	0	6	10	0	0
Repo	57.5	51.25	0	0	30	31.25	12.5	17.5
IRS	97.5	97.5	0.25	0.25	2.25	2.25	0	0
CDS	69	63	0	0	31	37	0	0
ABS	99	99	1	1	0	0	0	0
ECP	85	n/a	0	0	n/a	0	15	n/a
Futures	5	5	0	0	0	0	95	95

For the following **B2C** trading methods at your firm, **what % of current volume would you estimate is handled electronically?** (Volume and tickets created for European originated trades)

Product	Voice / Telephone		Single Dealer Streaming		Multi-Dealer Electronic				Exchange	
	Volume	Tickets	Volume	Tickets	Inventory		Request for Quote		Volume	Tickets
					Volume	Tickets	Volume	Tickets		
Eu Govnt (inc Gilts)	62.7	36.7	8.3	19.1	2.9	7.1	26.1	37.0	0.0	0.0
US Treasuries	75.3	57.5	8.8	15.0	0.5	5.0	15.5	22.5	0.0	0.0
Sovereign / Agency / Supranational / Covered	83.7	62.1	5.4	19.4	0.7	2.9	10.1	15.6	0.0	0.0
Credit-High Yield	91.7	76.0	1.0	6.0	2.1	5.4	5.1	12.6	0.0	0.0
Credit - Investment Grade	81.6	50.0	3.6	15.7	3.3	12.9	11.3	21.1	0.3	0.3
Emerging Mkt Debt	95.5	87.2	0.7	4.3	0.7	3.2	3.2	5.3	0.0	0.0
Repo	77.2	73.0	16.7	20.0	1.7	0.0	2.8	7.0	1.7	0.0
IRS	87.3	74.3	4.5	15.7	1.1	0.4	6.1	9.6	1.0	0.0
CDS	95.9	96.6	0.3	0.3	1.1	0.0	1.8	3.1	1.0	0.0
ABS	99.2	98.4	0.3	0.4	0.0	0.0	0.5	1.2	0.0	0.0
ECP	90.0	86.3	2.4	4.8	2.0	0.0	5.6	9.0	0.0	0.0
Futures	45.0	37.5	0.0	0.0	0.0	0.0	17.5	17.5	37.5	45.0



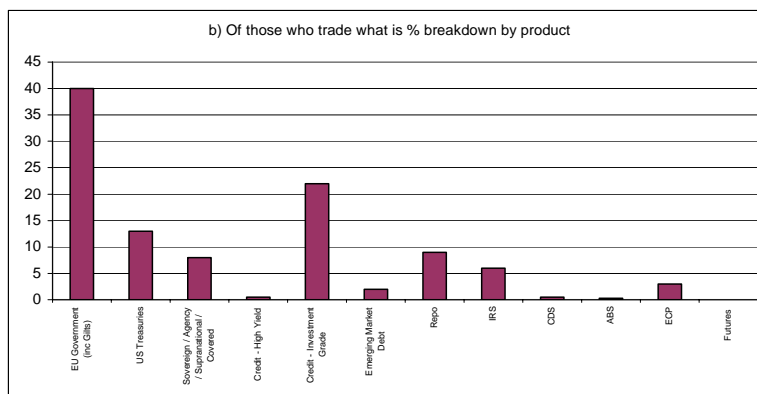
## 6. Trading platform survey additional data

The following charts and tables form the remainder of the Sell-side survey not shown in the above headline data.

Of the trades on your platform, what is the total % breakdown by product?

- a) Do you trade the following products % Yes
- b) Of those who trade what is % breakdown by product

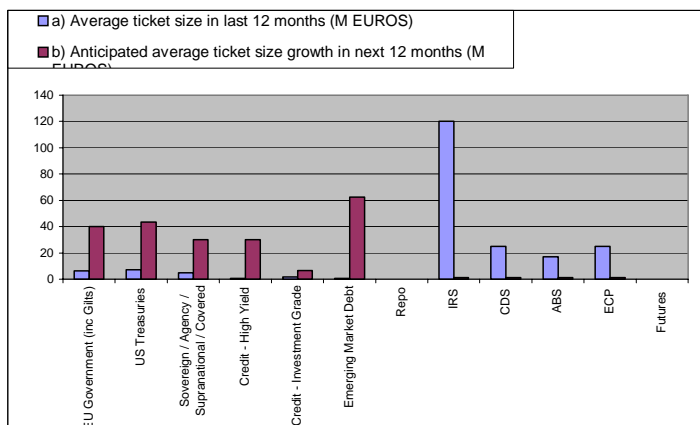
	a	b
EU Government (inc Gilts)	75	40.5
US Treasuries	75	8.1
Sovereign / Agency / Supranational / Covered	100	7.6
Credit - High Yield	50	0.5
Credit - Investment Grade	100	22.0
Emerging Market Debt	75	2.1
Repo	25	9.3
IRS	50	6.0
CDS	50	0.5
ABS	25	0.3
ECP	50	3.0
Futures	0	0.0



In the last year, what has the average ticket size been for trades, in terms of ticket value?

- a) Average ticket size in last 12 months (M EUROS)
- b) Anticipated average ticket size growth in next 12 months (M EUROS)

	a	b
EU Government (inc Gilts)	6.33	40.00
US Treasuries	7.00	43.33
Sovereign / Agency / Supranational / Covered	4.75	30.00
Credit - High Yield	0.65	30.00
Credit - Investment Grade	1.58	6.67
Emerging Market Debt	0.49	62.50
Repo	0.00	0.00
IRS	120.00	1.00
CDS	25.00	1.00
ABS	17.00	1.00
ECP	25.00	1.00
Futures	0.00	0.00



## 7. Disclaimer

---

Neither Securities Industry and Financial Markets Association "SIFMA" nor Concise Consultants Ltd "Concise" disclaim all warranties relation to and cannot be held responsible for the adequacy, accuracy, timeliness or completeness of the information contained within this report.

The information contained within this report was collected from anonymous sources which could not be verified. This was done in order to protect and respect the confidentiality of the individuals and organisations prepared to share information with SIFMA and Concise for the purposes of the survey.

All content included herein is the exclusive property of SIFMA and is protected by copyright and other intellectual property laws. The information may only be modified, distributed, transmitted, republished, or displayed with the express written permission of SIFMA.

SIFMA nor Concise Consultants (which includes the directors, auditors, accountants, managers, employees, agents, suppliers and consultants of those entities) shall be liable for any claims or losses of any nature, arising indirectly or directly from use of, or inability to use, the information herein contained or otherwise howsoever arising.

## 8. Contacts for more information

---

For more information on the survey, please contact one of the following:

### **SIFMA – Securities Industry and Financial Markets Association**

SIFMA is a single powerful voice for industry and market regulatory and legislative priorities, delivering education and information to individual investors to advance their knowledge.

**Emmanuelle Roux**, Associate Director: [eroux@sifma.org](mailto:eroux@sifma.org) - +44 207 743 9316

**Margaret Oakley**, Assistant: [moakley@sifma.org](mailto:moakley@sifma.org) - +44 207 743 9388

### **Concise Consultants**

Concise Consultants is a boutique strategy consultancy specialising in helping businesses re-engineer themselves to better serve their customers.

Concise would be able to benchmark your organisation against the survey.

**James George**, Director: [james@concise-consultants.co.uk](mailto:james@concise-consultants.co.uk) – +44 208 877 3123