

NICK THEMELIS

The CIO at e-trading platform MarketAxess tells **Matthew Attwood** how the company's technology helps clients achieve regulatory compliance

Nick Themelis was pursuing his academic interest in art history when his brother, a software developer, introduced him to high-speed computers. He took to the technology world so readily that he found a junior job at a bank in Long Island before beginning a six-year stint at Morgan Stanley, where he built middle-office systems for the fixed income business. "There weren't a lot of computer science graduates then, so people with a liberal arts background were welcomed and put through a six-month training programme."

His career accelerated at Lehman Brothers. Six of his nine years at the bank were spent in Asia – three each in Hong Kong and Tokyo – where he was regional CIO. From Lehman, he took a break from financial services to co-found AuthentiDate, an internet security firm. But he soon returned to the industry as CIO for the Americas at Barclays Capital, where he had global responsibility for the firm's fixed income trading systems. "We built auto-quoting engines for a number of products and quickly saw market share increase, without a corresponding increase in trading and sales staff."

That experience that gave him his first understanding of the virtues of electronic trading, and his next move was to MarketAxess, where he has been for the past five years. The firm, he says, is ideal for someone with his background. Not only is it technology-related at its core – 60% of employees are on the technical side – but it actively seeks technologists with trading floor experience.

"We are improving and changing the credit world, and at MarketAxess technologists are the business – we are driving revenue. At larger dealers, you're often used as a necessary cost."

MarketAxess formed a discrete technology business in addition to its trading business a year ago, which takes a lot of Themelis's time. Since its inception, it has made two

acquisitions: Greenline Financial, which provides messaging and monitoring tools, and Trade West Systems, a provider of connectivity software to more than 20 liquidity providers. Although the figures aren't broken down, he says the technology business was a meaningful revenue contributor to the firm as a whole in 2008.

"Existing clients from the e-trading side are the technology business's primary users. For a number of years we took enquiries from clients to help them improve their capabilities and we saw an opportunity to expand that service."

Regional accent

As the financial crisis continues so does the search for liquidity, and MarketAxess successfully added 21 new regional dealers to the platform in Q4 last year. Year on year, 2008 saw more enquiries from investor clients than 2007, Themelis says, but dealer deleveraging has caused them to respond less frequently, so including dealers from other regions has helped to mitigate the lack of cash in the market. "Their inclusion has also helped accommodate the smaller trade sizes we are seeing in the market today: the average corporate trade is half what it was a year ago and 92% of tickets are under a million."

With tighter regulatory supervision likely to be a feature of 2009, Themelis is keen to emphasise MarketAxess's role in helping clients ensure that they are on top of legislation. "If you look at the corporate bond sector, I don't think there's a better way to achieve best execution than the way we aggregate 45 dealers' responses simultaneously, respond to the client and then keep the data as an auditable log. A large part of our success has been the regulatory benefit we bring to firms." With moves afoot to introduce a central counterparty to the CDS market and possibly a more exchange-like trading environment, he is confident that MarketAxess stands to benefit from change in that market.

A final prediction for 2009 concerns the old debate about voice to electronic trading. "I am amazed that dealer-to-dealer trading in US credit markets is predominantly voice executed. I predict that this will be the year when a combination of available technology and focus on cost brings more automation to that sector." ☉

Any other business

What do you read in the morning? The New York Times **Where would you most like to visit before you die?** The Pyramids **What would you take a day off to do?** Sail – I just got my licence and it's turning into an obsession **Outside of the capital markets, what is your dream job?** First base for the New York Mets

