

# Axess All<sup>®</sup>

See where the market is moving



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# Stress-tested data: Market transparency exists even in extreme bond market volatility

Axess All, the first European intra-day trade tape for the fixed income community, has been bringing transparency and transformation to European bond markets since 2015. As the world adapts to the major market events which have occurred in recent years, its value to our clients has become even more important.

## Introduction

### Breaking the Transparency Myth

With political tensions building globally, a number of challenges are mounting, with knock off effects for the financial markets of which we and our clients are stewards. Evolution and innovation are more important now than ever before.

That is not new for European bond markets, which have been on an evolutionary journey for the last 10 years. What is new, though, is the pace of change, and the recent acceleration in new technologies, data, workflow and, importantly, client and regulatory demands. Demands that are the drivers behind the market-wide need for better execution efficiency, more automation, deeper market liquidity and, thus, higher quality, more reliable data.

Data has always been at the heart of any discussion about trading efficiency and industry modernization. In early January 2021, the EU commission set out plans to design and implement a European consolidated tape, with the stated intent of increasing the market depth and attractiveness of Euro-denominated securities. As a transparent, regulated trading platform, we welcome this move. But we also think it's important to challenge the myth that has been propagated alongside the CTP discussions over the last few years – that asset management firms trading European credit do not *already* have access to high-quality, reliable, cost-effective fixed income trade and price data.

**In this whitepaper we will discuss how MarketAxess has built, with our buy- and sell-side clients, a suite of AI-driven data solutions that do, today, deliver real transparency and reliable insight to the European bond markets – for the benefit of our clients and their end investors.**

We look at how the trade and price data that we provide has helped to significantly reduce market asymmetry, in-line with regulatory objectives, and deliver tangible benefits to the end investor in the form of execution efficiency and higher cost savings. We also cover how major evolutions in the way firms access liquidity and manage risk have only been possible thanks to the availability and accuracy of relevant market data. These evolutions include automated low and zero-touch trading strategies, plus the shift of dealers and investors from traditional price-maker / taker roles to a new all-to-all, alternative liquidity model. We also discuss how these evolutions have become so crucial in response to changes in the European Fixed Income liquidity landscape.

Axess All was the first European intra-day fixed income trade tape and since 2015 MarketAxess has been expanding and enhancing its coverage and capabilities in line with our clients' needs. Here we'll clearly show the transparency it provides, how and why its methodology delivers superior results, and how the market can further use Axess All to improve transparency and execution outcomes for all.



## Electronification has transformed our markets

Electronification has, of course, transformed how we buy and sell bonds in the secondary markets, and this transformation is continuing as new tools and protocols are developed. In the past, a buy-side trader or a fund manager would call a few brokers or dealers who would quote—or not, depending on their risk appetite or ability to intermediate the trade—a price back to their clients.

This manual process referred to as a Request for Quote (RFQ) has now been automated and predominantly centralised onto multilateral trading facilities—shifting from bilateral to multilateral communication and greatly improving the transparency of the execution process. As electronic trading takes a more prominent role, clients are increasingly in need of much broader, deeper pools of data to support the new automated workflows and heavily reliant on the quality of this data.

Trade sizes up to \$5 million are increasingly conducted via automation. More blocks (\$5 million and over) are also being executed electronically on MarketAxess as users become comfortable with protocols created to execute bigger and more complex transactions. Simultaneously, new solutions are emerging such as portfolio trading, direct streaming, central limit order books, and auction-based liquidity matching.

Among these innovations, though, all-to-all trading has had the greatest impact over the last decade. It has also been crucial to market stability and performance during recent market turmoil, evidenced by the large increase in client and dealer use of MarketAxess [Open Trading](#)<sup>®</sup>.

Open Trading is our all-to-all corporate bond marketplace where each side of the trade remains anonymous. Its power lies in the breadth and depth of our network, and the opportunity it gives clients and dealers to play both liquidity provider and taker roles. Its success is built on the quality and reach of the pre- and post-trade transparency, and data and analytics, that it offers. It has been shown to improve access to liquidity and overall market efficiency—especially when the market needed it most.

## Virtuous circle or silver bullet?

These transformations have enhanced market functionality and price discovery while producing an exhaust of valuable data—creating a virtuous circle. And the more data there is, the faster the transformations can happen. Yet a recent analysis from ESMA concluded that the level of post-trade real-time transparency remains very limited after the implementation of MiFID II.

While we believe this is a fair assessment in a purely MiFID II context, we think it's right to say that electronic trading and its positive effect on transparency was already an integral part of the transformation in the secondary bond market before MiFID II. What MiFID II has done is to act as a catalyst to further promote electronic trading and transparency. It is pushing market participants to better leverage data, and to question just how and where it can be used in their pre-trade and trade execution workflow.

This is important as there's no doubt that firms can use existing data solutions more broadly, and with more impact—because there is no silver bullet. By nature, the bond market is illiquid, trades are infrequent, and bonds aren't listed primarily on one exchange. Historical price information only tells one side of the story. Price discovery is affected by timing, trade size, and the location of liquidity. Ignoring these factors can impact the price discovery process. Therefore, the quality of the data is very much dependent both on the breadth of the data and on the investment in the tools and applications used to assess it.

So, turbulent times underline just how critical access to high quality data can be. Primarily a "sell" market, the extreme volatility in March 2020 triggered some traders to revert to voice transactions. Yet the very large market volumes, including those being transacted on electronic platforms, further fuelled relevant data solutions and their AI engines, and thus helped those using these solutions to better understand the volatility and allow for predictive analysis.

For MarketAxess, this manifested in record volumes on our all-to-all trading platform, Open Trading, during the period. With price transparency available through Axess All on any bond that traded at least three times on any given day, an increased number of buy-side Open Trading firms felt comfortable providing liquidity through the platform, highlighting the combination of the right data—Axess All—and the right tools and applications—Open Trading.

# About Axess All

The first comprehensive model of liquidity in European bond markets since the days before MiFID II

We've alluded to it before, but it's important to re-iterate: Axess All is not new. It has been developed, enhanced, calibrated and expanded over a period of years since the MarketAxess acquisition of the TraX® market data business in 2013. And its roots lie even further back in the history of a business that has provided trade reporting and matching services, and price publication solutions for over 30 years.

In short, Axess All has been providing critical data to European bond market participants since the days before MiFID II, and MarketAxess has long been an advocate for greater transparency and wider access to data across the industry.

The modern bond market is flush with an abundance of pre- and post-trade data—making data all the more challenging to aggregate, simplify and interpret through a single source. Today, Axess All provides that single access to comprehensive aggregated volume and pricing for the most actively traded fixed income instruments in Europe. It is, in effect, the first European intra-day trade tape.

Covering on average over 7,000 ISINs per day, Axess All displays last trade, daily high and low trade prices, aggregate trade volume, volume weighted average prices (VWAP), directional trade data and Composite+. Composite+ is an AI-powered predictive price engine from MarketAxess, generating 30 million levels a day across more than 32,000 bonds on an average day. It includes government bonds, corporate bonds, emerging market debt, and covered bonds.

The following image shows how much data can be available through Axess All

Axess All													
Credit	Sovereign	All	Summary Results: Issues: 4,427 Volume (EUR 000's): 60,137,561 Trades: 20,250										
Issues	Vol. (EUR 000's)	Trades	Sector										
4,427	60,137,561	20,250	Sovereign	79%									
Ticker	Coupon	Maturity	CCY	Vol. CCY	Vol. EUR	Trades	APA Tra...	High	Low	Last	Last Time	Last Direction	
13 MSFT	3.300	06/02/2027	USD	1,415	1,346	≤ 10	1	98.322	98.259	98.322	13:30:32	Client Buy	
14 NYKRE	2.000	01/10/2053	DKK	3,141	422	≤ 10	2	78.500	78.400	78.400	13:30:11	Unidentified	
15 UST	2.625	31/05/2027	USD	1,748,414	1,664,107	≤ 570	29	96.680	96.398	96.623	13:30:09	Inter-Dealer	
16 NYKRE	1.000	01/10/2043	DKK	8,613	1,158	≤ 10	5	81.000	80.750	80.800	13:27:42	Unidentified	
17 SYNNVX	4.441	24/04/2023	USD	400	380	≤ 10		100.500	100.341	100.341	13:26:57	Client Sell	
18 UKT	1.625	22/10/2071	GBP	1,840,092	2,145,492	≤ 210		74.493	70.743	71.259	13:26:56	Inter-Dealer	
19 UKT	1.125	22/10/2073	GBP	1,569,009	1,829,417	≤ 170		60.337	56.629	57.583	13:26:56	Inter-Dealer	
20 UST	1.500	15/02/2030	USD	2,141	2,036	≤ 20		87.918	87.816	87.867	13:26:52	Client Sell	
21 BTF	0.000	14/09/2022	EUR	99,410	99,410	≤ 10		100.107	100.106	100.107	13:26:46	Client Sell	

# Methodology

Axess All's methodology is built on a pragmatic approach. Carefully designed to find the right balance between transparency and protecting the anonymity of market participants, it relies on a dynamic model which adapts to market conditions and reflects the episodic nature of liquidity in bond market.

## Axess all Delivers

### A dynamic eligibility process

Axess All treats liquidity on a dynamic basis, which captures bonds that are traded more often during a certain time period, for example, due to a credit event. Eligibility criteria changes depending on the market category of the bond.

### Immediate benefit without impacting liquidity

Axess All publishes all eligible trades with a 15-minute delay, while ineligible trades are not published. Additionally, eligible trades must be submitted by two or more principals OR a single trade has to be published through our APA (Approved Publication Arrangement).

### Richer, simpler and easier to understand data

Axess All publishes volumes aggregated per ISIN. Trade sizes greater than the threshold are capped and trade counts are rounded to nearest 10. Unattributed High, Low and Last Traded Prices are also displayed. Axess All doesn't cover lifecycle events such as "cancel" or "amend" and doesn't contain deferrals.

### Enriched data, all in one place

Not only does Axess All provide more easily digestible relevant information showing only valid trades, it also enriches the data with useful attributes such as Composite+ and MarketAxess APA.

It's important to note that Axess All's dynamic model allows traders to assess the liquidity of, on average, over 7,000 bonds in a given day. This is compared to just over 800 eligible bonds using the more static MiFID II model. The impact of this is reflected in two examples from last year. In the first example, we looked at published data on corporate bonds during May 2020. Axess All published daily data on over 7,000 ISINs, compared to just over 100 classified as "liquid" in that period according to the MiFID II model. In other words, just 5% of the Axess All published universe.

In the second example, we see how specific bond transparency was maintained during market volatility. At the height of the recent crisis, as bond prices collapsed, the price on multinational airline company International Consolidated Airlines Group's 1.5% July 2027 bonds went from ~GBP100 to a low of ~GBP70 before stabilising. The bond was not deemed liquid

in accordance with the MiFID II methodology from 16 February 2020 to 15 May 2020 and no information was published in real-time via the existing MiFID II mechanisms. However, it traded sufficiently during this period to meet Axess All's requirements and duly appeared on the intra-day tape.

So, we see that markets gain greater value from Axess All as more information is published, better reflecting the episodic nature of liquidity in the bond market.

## Key Features

### Extensive coverage

Axess All sources data from MarketAxess Match, our post-trade matching engine, which covers approximately 70% of all European bond market activity. It includes contributed data from many of the most active dealers in the market. As a commercial solution, it has incentives to continuously improve data quality, carefully manage the impact of its data on the market, and to diligently safeguard data and anonymity.

### A dynamic methodology

Axess All has evolved over time together with the market. Originally, the minimum number of trades required for publishing eligibility was five. However, this has now been lowered to provide better measure of liquidity. Similarly, the time delay before publication decreased from 30 minutes to 15 minutes as the market got more comfortable with the solution and sought enhanced benefit. And we continue to refine the approach – as the liquidity dynamics of the market change, so we are looking at reflecting those dynamics in what Axess All delivers.

### Intelligent pricing tools

While Axess All provides a baseline for executed prices, the illiquid nature of the bond market and infrequency of trading mean a conventional trade tape cannot provide pricing transparency alone. Often, the last traded price in a bond is old and the size of the trade can have a considerable impact on pricing. To combat this we have developed an intelligent pricing engine called Composite+.

Composite+ combines both public and proprietary data. Designed to support a variety of trading functions, it provides two-way tick-level market data for over 32,000 instruments globally. Updated every 15 to 60 seconds, the engine generates nearly 30 million levels per day covering 90% of trading activity in its markets.



# Axess All Prints

After 30 years of providing unparalleled transparency to market participants, TraX data and Axess All have taken the next step in its evolution: Axess All Prints. Following extensive consultation with our established community of the largest dealers in Europe, in 2021 we launched Axess All Prints which has been carefully designed to ensure market price transparency while simultaneously preserving market participants anonymity. Building upon the existing Axess All methodology and data source, Axess All Prints **displays executed pricing information at the trade level in real-time.**

### Key features

Real-time trade-by-trade pricing data

15,000+ executed trades included in daily pricing universe

4,250 unique instruments covered

24-hour operations

"Axess All Prints covers 11 different products / sectors today, including US IG and US HY, EU Euro and USD Eurobonds, EGBs, USTs and UK government bonds. It has the most extensive product coverage of any fixed income data service of this kind."

**Paulo Costa**  
Head of Data, EMEA and APAC  
at MarketAxess

In its first iteration, Axess All Prints covers the most liquid segments of the market, including government bonds, investment grade bonds and US High Yield. Varying trade size thresholds are employed in Axess All Prints based on the market categorisation of the bond. For the most liquid portions of the market, including government and investment grade bonds, executed prices from trades greater than €100k and less than €5MM are included in Axess All Prints. However, for the more illiquid areas of the market, including US High Yield and EU SAS, executed levels from trades greater than €100k and less than €1MM are included. The configurable framework employed in Axess All Prints will allow the coverage of the product to be refined over time and extend into new market segments and into larger trade sizes.

Our proven cleansing methodology and technology strips out duplicate, bad quality and intra-entity trades to ensure access to good quality data. Axess All Prints provides information on the trade lifecycle, including whether a trade is new, updated or cancelled, delivering an additional level of insight to our subscribers.

# Conclusion

The electronification of the bond market is accelerating, inexorably following other asset classes. Its vast size and inherent complexities no longer outmatch the raw computational power, advanced analytics, and modern communications available to traders. Data is fuelling this transformation, generating transparency in its wake.

Throughout 2022 and into 2023, political and economical challenges are creating an environment where transparency, provided by solutions such as Axess All, is demanded more than ever before.

Axess All is a game changer. It is the first affordable, user-friendly, single-source tape for bonds in Europe. Its dynamic methodology reflects the episodic nature of liquidity in bond market and has delivered superior results since 2015. But the recent volatility tested it in new ways.

In March 2020, as prices collapsed in segments such as airlines, Axess All provided much needed transparency while the MiFID II approach did not. It's fast becoming the baseline of post-trade bond prices, providing transparency across six times as many bonds than MiFID II does in real-time—based on sources covering an estimated 70% of the European market.

And it's also becoming the basis of other, further fundamental shifts in market evolution—automation and all-to-all trading. Low-touch and zero-touch trading require accurate, reliable, real-time information and rely on data-hungry AI-driven pricing engines like Composite+ to facilitate the right execution. Similarly, our all-to-all trading protocol Open Trading relies on the same accurate pricing and market data to help buy-side traders become liquidity providers, and enjoy better liquidity and higher cost savings—to the benefit of the end investor.

Data available through Axess All has helped to significantly reduce market asymmetry. However, a better and more extensive use of Axess All, and other solutions like it, will deliver further tangible

benefits to the end investor in the form of execution efficiency and higher cost savings. In addition, as the market enters the final stages of discussion around transparency developments, such as a consolidated tape, greater understanding of the factors affecting price discovery—timing, trade size, location of liquidity and trade volume—will help to drive those benefits further.

The bond market IS innovative. Its transformation is, and has been, energised by the data that forms its lifeblood. As the quality of that data improves, we can expect to see fixed income evolve at a speed and scale that is unprecedented.

## Axess All in figures

31,000 daily Voice and electronic transactions

70% estimated European credit market activity

60% estimated emerging markets activity in Europe

7,000 bonds published everyday

4,250 Axess All Prints bonds published per day



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