Revolutionising repo trading: A Conversation with MarketAxess's Sunil Daswani

Securities Finance Times speaks with Sunil Daswani, repo business lead at MarketAxess, about how the firm's post-trade matching technology is transforming securities financing operations and addressing key industry challenges

Could you start by explaining what MarketAxess Post-Trade Repo is and the problem it aims to solve in the securities financing market?

MarketAxess Post-Trade Repo is a near-real-time exception management tool designed specifically for the repo market. To understand its importance, we need to recognise that the repo market has traditionally faced significant operational challenges — particularly around trade matching and confirmation.

Before platforms like ours, firms often relied on manual processes or fragmented systems to confirm trade details, which created delays, discrepancies, and increased settlement risk. Our solution addresses these inefficiencies by providing a centralised platform where counterparties can quickly match trade economics, settlement instructions, and other critical details.

The core problem we are solving is simple but crucial: ensuring that when two parties agree to a repo transaction, all of the details are confirmed accurately and promptly, which dramatically reduces operational and settlement risk.

Our best practice guideline is confirming a trade within 15 minutes of execution. However, given many of our clients are adopting near real-time messaging via the FIX API, we are seeing over 50 per cent of trades matched in less than one minute and circa 90 per cent within 60 minutes.

MarketAxess has a long history in fixed income trading and post-trade services. How did the company expand into the repo space?

MarketAxess has been delivering matching solutions through our post-trade engine for over 30 years, primarily in the fixed income space. Our expansion into securities financing came in 2008 with the launch of the MarketAxess Post-Trade Repo matching service.

This move was a natural evolution of our expertise. We recognised that the repo market — despite its enormous size and importance to market liquidity — was significantly underserved when it came to post-trade automation.

Many of the same challenges we had successfully addressed in bonds existed in repo, but with additional complexities given the nature of repo transactions.

Our deep understanding of fixed income markets, combined with our established technology infrastructure and network of market participants, positioned us well to extend our services into this space. Today, we connect the largest community of sell side firms to both European and US buy side firms for repo matching.

How does the MarketAxess Post-Trade Repo platform work in practice?

The workflow is designed to be both comprehensive and straightforward. When a repo trade is executed between counterparties, both sides submit their trade details to our platform, either through FIX protocol or CSV files via secure FTP transmission, depending on their technical preferences.

Our system then processes these trade details in near-real-time, comparing all the critical elements — economics, fund IDs, settlement instructions, and more. If everything matches, both parties receive confirmation immediately.

If there are discrepancies, these are flagged as exceptions that need resolution. The platform will highlight both the fields and values in disagreement, drastically reducing the time needed to investigate and resolve.

What makes our solution particularly powerful is MarketAxess Insight, our web-based exception management platform.

It provides a dashboard that highlights intraday match rates and outstanding exceptions, split by both trade date and settlement date. This gives operations teams a clear view of what needs attention.

The platform also supports the entire lifecycle of repo trades, including events like rerates and closeouts, which are common in repo but can create operational complexity.

Throughout this process, we are sending matching statuses back to the client and counterparty, ensuring complete transparency.

What features of MarketAxess Post-Trade Repo do your clients find most valuable?

Based on client feedback, several features consistently stand out. First is our auto-pairing functionality, which intelligently identifies potential matches even when there are minor discrepancies. This dramatically speeds up the exception management process.

Second is our comprehensive matching scope. We continually enhance our matching platform in partnering with our clients to stay ahead of evolving market dynamics — more recently addressing the rising demand to match evergreen, extendible, callable repos, and their associated lifecycle events.

In addition, we do not just match basic trade economics — we verify fund IDs, place of settlement, and both two-way and four-way settlement instructions. This thoroughness helps prevent settlement failures before they occur.

Third is our support for lifecycle events. Repo is not just about the initial trade — events like rerates and closeouts need to be confirmed just as accurately as the original transaction. Our platform handles these seamlessly.

Fourth is our pair-off functionality, which allows firms to identify, communicate, and agree on pair-offs ahead of value date directly on the platform. This is becoming increasingly important for efficient balance sheet management and minimising intraday liquidity requirements.

Finally, our clients greatly value our analytics capabilities. The platform provides extensive MIS for trend analysis, allowing operations teams to identify recurring issues and drive continuous improvement in their processes. Firms can also benchmark their performance against industry averages, which provides valuable context.

The repo market has seen increased regulatory focus in recent years. How does MarketAxess Post-Trade Repo help firms address regulatory requirements?

You are absolutely right that regulation has become a major driver in the repo space. Four regulatory developments in particular are pushing firms toward solutions like ours: accelerated settlement timelines; US Treasury repo mandatory clearing; the Central Securities Depositories Regulation (CSDR); and the Securities Financing Transactions Regulation (SFTR).

Accelerated settlement is putting pressure on firms to confirm trades more quickly and accurately.

The traditional approach of leaving matching until the end of the day simply does not work in a T+1 or same-day settlement environment. Our near-real-time matching capabilities are essential for meeting these compressed timeframes.

US Treasury repo mandatory clearing is very much on our clients radar, we have seen a significant growth of sponsored repo being matched on our platform, providing our buy side clients greater visibility and insights across both bilateral and sponsored repo flow.

CSDR introduced penalties for settlement fails in Europe, creating a direct financial incentive to get matching right the first time. By identifying and resolving discrepancies on trade date, our platform helps firms avoid these penalties.

SFTR brought significant reporting obligations for securities financing transactions. While we do not handle the regulatory reporting directly, the same accurate trade data that is essential for matching is also crucial for compliant reporting. Many firms leverage our confirmed matched data as part of their SFTR reporting workflow.

Overall, regulatory pressures are driving a fundamental shift from reactive to proactive exception management in the repo market, which aligns perfectly with our platform's capabilities.

You mentioned that MarketAxess Post-Trade Repo connects the "broadest repo matching community". Can you tell us more about the network effect this creates?

This is actually one of our key differentiators. Today, our community includes over 112 matching firms across both the buy and sell side, including seven major fund administrators who match on behalf of multiple underlying buy side clients.

The network effect this creates is powerful. For any matching platform, value increases exponentially with the number of counterparties you can reach.

If you are connected to our platform, you can potentially match with any other participant in our network without establishing separate connections or workflows.

For sell side firms who deal with numerous counterparties, this means they can standardise their confirmation process across a broad client base. For buy side firms, it means they can match with multiple dealers through a single interface.

This community aspect also creates a virtuous cycle for best practices. As more firms adopt standardised approaches to post-trade processes through our platform, it raises the operational standard across the industry.

And with our benchmarking capabilities, firms can see how their performance compares to the community average, which often drives further improvements.

What are the key operational and risk benefits that firms typically realise after implementing MarketAxess Post-Trade Repo?

The benefits typically fall into several categories. First and most directly, firms see a significant reduction in settlement fails. By identifying and resolving discrepancies on trade date rather than at settlement, they prevent costly fails before they occur. With CSDR penalties now in effect, this translates to direct financial savings.

Second, there is substantial operational efficiency. Our clients report major reductions in the time their teams spend on manual matching and exception resolution. This allows those skilled professionals to focus on more value-added activities rather than routine reconciliation.

Third is improved risk management. Having confirmed, matched trades means fewer surprises and better visibility into actual exposures. This is particularly valuable in volatile market conditions when certainty becomes even more important.

Fourth is better scalability. As trading volumes grow, manual matching processes do not scale well — they require proportionally more headcount.

Automated matching through our platform allows firms to handle increasing volumes without equivalent increases in operational resources.

Finally, there is the data advantage. The analytics available through our platform help firms identify root causes of exceptions and address them systematically, leading to continuous improvement in their processes.

How does MarketAxess Post-Trade Repo fit into the broader technology ecosystem at financial institutions?

We have designed our platform with integration in mind. Financial institutions typically have complex technology landscapes with multiple systems handling different aspects of the trading lifecycle. Our goal is to complement and enhance this ecosystem, not replace it.

That is why we offer flexible connectivity options. Firms can integrate with us via the latest FIX protocols which is ideal for those who want real-time integration. Alternatively, they can use CSV files via secure FTP transmission, which might be preferable for firms with simpler technical requirements or those who want to get started quickly.

Many of our clients integrate our matching data back into their internal systems, using it to update their books and records automatically once a match is confirmed. This creates straight-through processing that extends beyond just the matching function.

We also recognise that firms are at different stages in their digital transformation journeys. Some are looking to automate every aspect of their operations, while others are taking more incremental approaches.

Our platform can accommodate both strategies, providing value whether it is part of a comprehensive automation initiative or a targeted solution for a specific pain point.

Looking ahead, what trends do you see shaping the repo market and post-trade operations, and how is MarketAxess preparing for them?

Several significant trends are converging that will shape the future of repo operations. First, settlement cycles continue to compress globally. The US move to T+1 is just one example, and this acceleration puts even more pressure on post-trade processes to operate in near real-time.

Second, we are seeing increased focus on intraday liquidity management, partly driven by Basel regulations. This is elevating the importance of repo as a liquidity management tool and creating demand for more granular, real-time information about repo positions and settlements.

Third, there is growing interest in exploring blockchain and distributed ledger technology (DLT) for securities financing. While widespread adoption is not imminent, these technologies could eventually transform how repo trades are executed, cleared, and settled.

Fourth, the industry continues to consolidate, with fewer but larger players handling growing volumes. This creates both challenges and opportunities around scalability and standardisation.

At MarketAxess, we are preparing for these trends in several ways. We are continuing to enhance our real-time capabilities to support compressed settlement cycles.

We are expanding our analytics to provide more actionable insights for liquidity management. We are exploring how emerging technologies might complement our existing solutions. And we are ensuring our platform can scale to handle growing volumes without compromising performance.

Ultimately, our vision is to move beyond just matching and exception management, and toward a more comprehensive platform that addresses the entire post-trade lifecycle for repo. The foundation we have built with our current offering positions us well to deliver on that vision as the market evolves.

For firms considering improving their repo matching processes, what advice would you give them based on your experience working with many industry participants?

My first piece of advice would be to recognise that post-trade efficiency is no longer just an operational ‘nice-to-have’ — it is becoming a competitive necessity, especially as settlement cycles compress and regulatory scrutiny increases. The firms that excel going forward will be those that can execute, confirm, and settle trades with minimal friction.

Second, when evaluating solutions, look beyond just the technology to consider the network.

The most sophisticated matching platform adds limited value if it does not connect you to your counterparties.

Our community of over 112 (and growing) actively matching firms provides immediate network benefits.

Third, take a holistic view of the repo lifecycle. Matching is not just about the initial trade confirmation — it is about managing the entire lifecycle, including events like rerates and closeouts. Ensure any solution you consider addresses these aspects comprehensively.

Fourth, leverage data and analytics to drive continuous improvement. The real power comes not just from automating existing processes but from using insights to refine those processes over time. Look for solutions that provide meaningful analytics you can act upon.

Finally, consider how post-trade solutions fit into your broader strategic initiatives around efficiency, risk management, and regulatory compliance.

The most successful implementations we have seen are those that align with these broader objectives rather than being treated as isolated technical projects. For firms ready to take the next step, I would encourage them to reach out to our sales team.

We typically begin with a detailed assessment of current processes and pain points, which allows us to demonstrate exactly how our solution would address your specific challenges.

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Sunil Daswani
Repo business lead
MarketAxess