



Nomura Research Institute

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Nomura Research Institute, Ltd.

SmartBridge Advance by Nomura Research Institute Connects with MarketAxess, a Leading U.S. Electronic Bond Trading Platform

— Promoting Electronification and Automation of Bond Trading to Enhance Operational Efficiency in the Asset Management Industry —

Tokyo, July 29, 2024 – Nomura Research Institute, Ltd. (NRI) announced the launch of a new connection service between its securities order management system, SmartBridge Advance (SBA)¹, and the electronic bond trading platform operated by MarketAxess² in June 2024. As MarketAxess operates globally, companies utilizing this service can trade with dealers and other investors worldwide, thereby accessing a broader market. To date, three major asset management companies using SBA have already integrated with this service.

■ Background of the Service

Bonds come in a wide variety of types, maturities, and issues, making it challenging to match buy and sell orders naturally on the exchange like stocks. Traditionally, asset managers often had to make numerous phone calls or send chat messages to multiple dealers to inquire about prices, a very labor-intensive, time-consuming process.

However, in recent years, with the advent of electronic bond trading platforms, all those processes can be performed electronically, making it easier for asset managers to improve operational efficiency, secure high liquidity, and comply with tightening regulations³.

■ Main Features of the Service

MarketAxess operates one of the largest electronic bond trading platforms globally, with U.S. Investment-Grade Bonds being the largest product offering, with a trade volume of 1.46 Trillion USD for FY 2023 (up 7% year-over-year). In addition to electronic price inquiry functions, asset managers using the service can also take advantage of the following beneficial features:

(1) Full Automation of the process from price inquiry to trade execution

By setting the time to send orders and conditions for trade execution in advance, users can automatically send price inquiry requests to dealers at scheduled times to automate their trades. For example, users can request price inquiries and complete trades automatically with U.S. market participants overnight in Japan.

(2) Open Trading[®] (All-to-All Trading) for better price discovery

Price inquiry requests are usually made by specifying existing trading partners (securities firms). However, with Open Trading[®], users can receive anonymous responses from other participants using the platform⁴. This allows for optimal bond trading in a broader market, as price responses can be received from not only disclosed dealers but all other participants including other investors.

NRI will continue to provide various services that support the asset management industry, contributing to the efficiency and sophistication of asset management operations.

¹ NRI's system solution supports all front office operations, including fund manager and trading operations at asset management companies, in coordination with back office operations:

https://www.nri.com/jp/service/solution/fis/smartbridge_advance

² A company listed on the S&P 500, established in 2000: <https://www.marketaxess.com>

³ For information on the adoption of electronic bond trading in Japan and the significance of electronic trading, please refer to the following report: <https://www.marketaxess.com/explore/nri/coalition-greenwich-japan-white-paper>

⁴ MarketAxess is riskless matching principle for the transactions.

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