

Electronic marketplaces: evolving protocols for fixed income trading in a changing world

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As fixed income markets increasingly embrace electronic protocols, traders are gaining access to deeper liquidity, greater transparency, richer data and enhanced price discovery – all critical ingredients for more effective execution. Mark Bailey, head of product for Tradeweb in APAC, outlines how these evolving tools are reshaping trading behaviour and outcomes.



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Facing today's fixed income challenges

Fixed income traders in Asia and beyond are navigating a turbulent environment: interest rate uncertainty, spread volatility, geopolitical and macro shocks, and evolving fiscal and regulatory pressures. Amid these pressures, institutional investors are re-evaluating how they trade and where they source liquidity – especially in fast-moving markets.

Traditionally, periods of market stress have seen a reversion to voice trading, particularly in Asia. While this might offer a sense of control, it could limit access to the broader efficiencies, flexibility and scalability that electronic trading protocols can provide. These digital workflows support the full trade lifecycle: from pre-trade price discovery to post-trade analysis and reporting – all while enabling smarter execution.

“With the challenges the world faces, traders need tools that offer flexibility and positive results,” said Bailey. “We’re equipping institutional investors with a comprehensive fixed income toolkit tailored to their execution preferences – depending on whether they are risk-on, or trading a swap versus a government bond, or interacting with the credit markets.”

Better execution starts with smarter dealer selection

One barrier to broader adoption of electronic protocols is the belief that electronic trading can’t support larger trades or doesn’t offer access to sufficient liquidity. Many traders worry about losing the benefits of dealer relationships or risking information leakage.

Bailey counters this with a different perspective: “We believe electronic trading enhances, not replaces, dealer relationships. It introduces more discretion, more control and, ultimately, better execution.”

For example, Tradeweb’s enhancement of its pre-trade dealer selection capabilities across credit, swaps and government bond markets enables these relationships – especially during periods of market stress and volatility, such as what we witnessed in April 2025.

Tools like SNAP IOI – which is exclusive to Tradeweb – intelligently connect clients with dealers who have untraded positions from the firm’s interdealer Sweep auctions, where over US\$3 billion notional volume across more than 1,500 ISINs is submitted daily (as of May 2025).

By not showing any bias or relying on familiar dealer relationships regardless of the characteristics of the individual trade, a tool like SNAP IOI can help uncover unexpected opportunities. Ultimately, rather than “blasting” inquiries to the market, the tool intelligently narrows the selection to those dealers who are most likely to price competitively – thereby minimising market footprint and information leakage.

It's a tool the dealer community has welcomed – especially in more inventory-based markets like credit. By allowing liquidity providers to focus on their areas of strength, they can efficiently recycle inventory with clients which is their primary goal.

"Our SNAP IOI solution has enabled clients to gain more confidence in executing larger sized trades via electronic trading platforms," added Bailey.

Rethinking the role of electronic protocols in swaps

In the swaps market, many traders have long viewed electronic protocols as workflow enhancers rather than as liquidity discovery engines. But Tradeweb is looking to change this mindset by demonstrating to traders that using electronic solutions neither impacts their relationship with an existing dealer, nor the price quoted.

"Our goal is to ensure traders don't feel they're disrupting existing dealer relationships when using electronic tools," said Bailey. "Instead, we offer tools that reinforce stability, speed and execution certainty – without undermining existing dealer relationships."

This is especially relevant in Asia, where liquidity is fragmented and identifying the right dealer at the right time is more difficult. Protocols such as request-for-market (RFM), where dealers are required to quote both a bid and an offer, help preserve trade direction confidentiality while targeting the right counterparties.

The net effect? Superior transaction cost analysis and improved hit rates – i.e. the percentage of trade requests that are successfully executed. A higher hit-rate indicates that traders are effectively targeting the right dealers and achieving competitive pricing. "You can't easily replicate that level of precision on the phone," Bailey noted.

The results speak for themselves: institutional clients are now increasingly confident in executing larger-sized trades electronically. For example, Tradeweb has seen single request-for-quote (RFQ) trade sizes in Asia credit bonds up to \$50 million (source: Tradeweb, November 2024), and competitive swap trades exceeding \$100k delta in the Asia Pacific region (source: Tradeweb, August 2025).

AI and data-driven execution

Tradeweb is also leveraging advances in technology to optimise clients' dealer selection.

AiSNAP, a new feature available on Tradeweb for an increasing number of currencies, is powered by historical trade data and generative artificial intelligence (AI) algorithms. Designed to quickly identify the optimal dealer set for a given trade, it helps improve execution quality while reducing costs and increasing trading efficiency.

The power lies in its ability to simplify complex decision-making. As Bailey explained, even selecting five dealers from a list of 10 results in over 250 combinations – a task impractical for traders to manually optimise, especially under time pressure and during periods of volatility when clients need scale and easy access to liquidity.

"Understanding past dealer behaviour and applying it to real-time execution decisions is essential," said Bailey. "With tools like AiSNAP, clients benefit from intelligent automation without giving up control."

Cross-asset intelligence for multi-asset desks

Finally, Tradeweb sees significant opportunity in applying these advanced tools across multiple asset classes. Volatility events such as "Liberation Day" – which triggered tariff-driven disruption – showcased the need for adaptive trading tools.

"Different market regimes require different tools," Bailey said. "When risk appetite disappears, traders need to close out positions quickly and quietly. We offer tools to support that."

Tradeweb's ongoing mission is to support multi-asset desks with a consistent yet flexible set of tools. Whether trading swaps, credit, or government bonds, Tradeweb seeks to meet clients where they are – understanding the nuances of each market and by building tailored, customisable tools and technologies that fit each individual asset classes.

The evolution of electronic trading is no longer just about replacing voice – it's about empowering traders with intelligent, data-driven protocols that drive better outcomes. As markets grow more complex, institutional investors need more than just access – they need precision, discretion and agility.

Tradeweb's commitment to innovation in this space ensures clients stay ahead of the curve – no matter the market conditions.

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