

**FOW**  
**GLOBAL**  
**INVESTOR**  
**G R O U P**

**THE ASIA**  
**CAPITAL**  
**MARKETS**  
**AWARDS**

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**Multi-asset manager of the year** JP Morgan Asset Management

# EXCHANGES, TRADING PLATFORMS AND CLEARING

## > EXCHANGE OF THE YEAR

### Taiwan Futures Exchange

Last year's emerging exchange of the year returns to the podium with the top award this year following another astonishing year of growth and innovation. Despite the low volatility across global markets last year, the Taiwan Futures Exchange (Taifex) experienced a second historic year and its global market share of trading rose from 3.6% to 4.2%.

Much of the trading remained concentrated in the equity flagship Taiex futures and options contracts but the exchange continued the diversification of its trading volume with trading in its currency franchise growing during the judging period.

In terms of innovation, the exchange launched the first currency option in the country and the world's first exchange traded offshore USD/RMB options in June 2016. The following autumn it launched EUR/USD and USD/JPY futures, bringing in new participation from local banks. It also expanded its equity index fran-

chise with the launch of Nifty 50 futures in November 2016 and Taiwan dollar-denominated futures on the S&P 500 and DJIA following a deal with the CME.

In terms of technological development, Taifex launched its fifth generation system doubling its capacity from 24,000 to 28,000 per second and cutting latency to a quarter of the previous level. The exchange successfully launched after-hours trading sessions, which accounted for 6% of total volumes within a month.

Taifex also expanded its partnership with Deutsche Bourse with a deal to distribute market data to the international market.

The new launches continued the growth of foreign participation in the market, which accounted for 16.2% of volumes in 2016. One judge hailed the "frenetic pace of innovation" at the exchange while another said it was "clearly demonstrating how regional exchanges can become globally significant".

## > EXCHANGE OF THE YEAR – EQUITIES

### Hong Kong Exchanges and Clearing

The Shanghai-Hong Kong Connect is one of the greatest innovations in Asia's capital markets for decades and HKEx built on that with the launch of the Shenzhen-Hong Kong Connect in December 2016. The new link added 100 small-cap stocks to the programme for Chinese investors and over 900 stocks traded in China. In addition, HKEx launched leveraged and inverse ETF products with record daily turnover hitting (US)\$185m in the months after launch. The products can be traded, cleared and settled in renminbi or Hong Kong or US dollars.

## > EXCHANGE OF THE YEAR – DERIVATIVES

### Osaka Exchange

The key highlight for the Osaka Exchange, the derivatives arm of the Japan Exchange Group, during the judging period was the long-awaited launch of its new trading system, J-Gate.

Powered by Nasdaq Genium INET, the system brought new trading and risk functionality and lowered latency for market users. Following the launch, the exchange further extended trading hours to cover US business hours. The exchange also announced the launch of a number of new products including TSE Mothers Index futures, JPX-Nikkei Index 400 options and FTSE China 50 index futures.

## INTERNATIONAL EXCHANGE OF THE YEAR

# CME Group



US exchange CME Group handled unprecedented volumes in Asia Pacific during a year of significant geopolitical events and launched new products for a number of non-mainstream currencies in the region over the last 12 months.

The exchange took home the award of International Exchange of the Year at the FOW and Global Investor Asia Capital Markets Awards following a year of growth and innovation.

Christopher Fix, managing director for Asia Pacific at CME Group, said: "As a global warehouse for risk mitigation, the Asian time zone is becoming increasingly important. If you take the example of the British EU referendum from June last year, the results came in overnight. The exchanges in Europe and the US were closed at this time. But in Singapore it was about 11:45am when the results were announced."

The figures speak for themselves. On June 24 2016 – the day after the UK's Brexit referendum –volumes in CME Group's British Pound contract hit an all-time high of 522,870 lots traded.

"Around 90% of this surge in volume actually came from outside the region," said Fix. "This highlighted the importance of the Asia time zone in the global macro hedge and this is the message we really want to emphasise to our customers."

The 2016 US election told a similar story, with Donald Trump reportedly taking the lead in swing states around 10am Singapore time on November 9 last year – a time when the major stock exchanges on both sides of the Atlantic were closed. Global investors therefore turned to CME during Asian trading hours (defined as 8am to 8pm Singapore time) for global risk mitigation and trading opportunities.

Safe-haven metals contracts like gold and silver fared particularly well, rallying during this period of uncertainty. Volumes of 539,000 front month gold futures traded on CME during Asian hours accounted for around 70% of what was traded during the entire day. Silver, too, saw 83,000 front month futures traded during Asian hours, making up 54% of the total volume traded during that day.

"We can handle these huge volumes thrown at us," said Fix. "We want participants to know that it's a safe and stable market at CME Asia Pacific. We proved that with Brexit when we handled 10 million lots in Asian hours and 18 million during the most recent US election.

"Retail investors are looking for access to global mar-

kets and to do that they have to reach out to their local market and local currency," he added, noting liquidity remained the "most important thing" for the group in the region.

"We have solidly consistent liquidity, not just at key points throughout the day – my outlook is to absolutely continue to drive this great liquidity story."

With this in mind, the exchange has launched a number of locally relevant and innovative products across Asia over the last year as well as building on strategic cooperation and key partnerships.

Following the signing of a Letter of Intent between CME and the Taiwan Futures Exchange (TAIFEX) in March 2015, to explore the launch of US equity index-based contracts at the Asian exchange, TAIFEX launched Taiwan dollar-denominated S&P 500 and DJIA futures contracts in May 2017.

In another milestone for the CME Group in Asia, the exchange received Recognised Clearing House (RCH) status from the Monetary Authority of Singapore in May 2016.

The move gave CME Clearing, the clearing house division of Chicago Mercantile Exchange Inc, a license to sign up direct-clearing members from Singapore for clearing of both exchange-traded futures and options, as well as over-the-counter derivatives.

"We are definitely seeing interest for clearing in Singapore", said Fix. "More and more companies are looking to take advantage of the synergies they can get."

"Taking into account of what they're paying to an intermediary, which could be any one of the major banks, companies want to cut out the middle man," he added. "This is an evolution in their business and that's going to make them much more competitive banks in the international space."

Building on this growth in its clearing business, CME also cleared its first Korean won interest rate swaps (IRS) and Indian rupee overnight index swaps in July this year, bringing the number of clearable over-the-counter (OTC) IRS currencies offered at the US exchange to 21.

"The market is extremely excited about this. It's a position that CME is institutionally dedicated to growing, especially in terms of currencies that may not be particularly mainstream, which our competitors don't have but really stack up well against G10 currencies.

"We're not looking to compete with every local exchange," Fix concluded. "But when you have a macro global event, you really need to be looking at us. We're a global exchange that's locally relevant."



CHRISTOPHER FIX

› **EXCHANGE OF THE YEAR – COMMODITIES AND ENERGY**

## Singapore Exchange

Singapore Exchange's (SGX) acquisition of the Baltic Exchange was cited by a number of judges as a key step forward for the market in the continued build-out of its commodities franchise.

The ambitious acquisition enhanced its growing position in global commodity trading and added to

its growing franchise in a range of commodities from electricity to iron ore and steel. In 2016, SGX cleared 1.5 billion metric tonnes of iron ore derivatives, over 90% of the international market. It also launched a coking coal future and, in the LNG Index Group, the North Asia Sling and the Dubai-Kuwait-India Sling.

› **BEST NEW DERIVATIVES CONTRACT**

## DGCX

Dubai India Crude is one of two oil contracts launched by DGCX during the year. DICO is a quanto product based on WTI crude oil. The US dollar price of WTI is converted into Indian rupees using the prevailing foreign exchange rate, and then traded in US dollars. The product's final cash settlement is as per the DGCX WTI front month contract expiry price multiplied by the official Reserve Bank of India (RBI) rate at noon that day. The product is one of an expanding range of quanto products offered by DGCX.

› **CLEARINGHOUSE OF THE YEAR**

## LCH

LCH scoops the gong of clearing house of the year for a second consecutive year following another year of leading the field in Asian OTC clearing. The CCP saw a significant increase in volumes following the introduction of uncleared margin rules. In September 2016, LCH was granted designated CCP status in Hong Kong, adding to existing licences in Australia, Singapore and Japan. The CCP saw interest rate volume increases in Hong Kong and Singapore dollars of 67% and 34% alongside a 121% increase in flow from Asia Pacific currencies during the year.

› **FIXED INCOME TRADING PLATFORM OF THE YEAR**

## Tradeweb

Tradeweb's work on the pioneering Bond Connect link between Hong Kong and China was cited by judges as a principle reason behind their votes for fixed income trading platform of the year. The platform connected with the China Foreign Exchange Trading System to be the main interface for offshore investors trading in China's bond market via the HKEx link. The launch came as the firm continues to expand in Asia as the regional bond market moves onto electronic platforms. Another judge also praised its educational outreach and local customer service.

# India INX: Pioneering international access into India's derivatives market

The International Financial Services Centre (IFSC) in India was set up in Gujarat International Finance and Tech City (GIFT City) as a Special Economic Zone designated to be an International Financial Services Centre catering to banking, capital markets and insurance services.

The IFSC offers a separate regulatory framework from the main Indian financial centres and one that is modelled on leading financial hubs such as Singapore, London and Dubai. The launch of GIFT City is one of the key initiatives of Prime Minister Narendra Modi, who also inaugurated India's first International Exchange, India INX in January this year.

The Exchange was inaugurated on January 9 and commenced its operations on January 16. It offers trading derivatives across a range of asset class covering single stock F&O, Index derivatives, currencies and commodities.

The exchange achieved \$100m average daily turnover on May 5 and was a pioneer in the S&P BSE SENSEX50 index of top 50 Indian stocks.

"It is early days for us as many products are still being launched and many more are in the pipeline," says V Bala, managing director & CEO, India International Exchange IFSC. "Of the initial set of products that we have launched, index, equity derivatives and commodity derivatives have gained volumes more rapidly than others.

"This also underscores the desire for traders and investors to take part in equity derivatives with India market underlying, directly in India without having to come through other global financial centres and with no currency risk."

For international investors, India INX offers the chance to trade domestic Indian products without the restrictions of trading on the major onshore markets.

The exchange has set up an Eligible

India's first international exchange has a strong pipeline of products to add to its successful index, equity and commodity derivatives

Foreign Investors programme enabling them to wire margin directly into an IFSC registered broker account and any gains directly to the investor's home account. All quotes, margins and settlement are in US dollars.

Foreign investors registered in India as Foreign Portfolio Investors (FPIs) can directly start trading at India INX as clients with their existing setup. The exchange offers collocation and direct market access for both EFIs and FPIs.

"With recent regulatory changes, fund houses such as MFs, AIFs and PMS at INX will now be able to invest in Indian securities listed at domestic bourses directly from IFSC without having to go through the process of registering as an FPI in India," adds Bala.

India INX is also offering direct and clearing membership to international firms. The India International Clearing Corporate (India ICC) is the designed clearinghouse for all India INX trades and offers two types of clearing memberships to international firms: self-clearing for firms that clear their own trades and a separate professional clearing membership for FCMs that trade and clear client positions.

India INX has been designed with the international investor in mind from its regulatory framework to its trading hours, which operate for 22 hours a day encompassing both the Japanese and the US trading hours.

GIFT City is specifically demarcated as a Special Economic Zone and regulatory guidelines are being defined for IFSC on a par with other global financial centres.

India INX offers a single segment membership across equity and equity derivatives, fixed income and fixed income derivatives, currency derivatives

and commodity derivatives allowing participants to optimise on collateral and capital.

Tax rates are extremely competitive with no transaction tax on derivatives or securities, no income tax (for members who set up units at IFSC), no long-term capital gains tax and no dividend distribution tax (although there is a base 9% Minimum Alternate Tax that is applicable).

The cost of doing business at INX is a fraction of that in any of the leading global financial centres globally offering a distinct advantage to fund houses, traders, clearing members and other intermediaries globally.

The exchange will soon launch liquidity incentives to international traders to increase their participation on the exchange.

"In the near future, we plan to introduce energy derivatives and augment our currency derivatives basket," says Bala.

"We also plan to launch listing of debt securities in multiple currencies soon. This would additionally offer investors and fund houses opportunity to invest in fixed income class of securities and would allow fund houses to offer a balanced portfolio."

He added that the exchange also sees further opportunity in commodities, attracting mutual funds and alternative investment funds and expanding the pool of acceptable collateral at the CCP.

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# TECHNOLOGY

## › EQUITY TRADING SYSTEM OF THE YEAR

### Fidessa

Fidessa's work on the Shenzhen– Hong Kong Stock Connect programme and continual innovation to its trading system were cited by judges as key factors in their decision.

Fidessa expanded its China trading offering with the new link, offering functionality complete with the required risk management filters and algorithmic trad-

ing tools to take into account the programme's unique restrictions and trading patterns. The technology provider has continued to add new Asian clients during the year including China Merchants Bank and Tokai Tokyo. It has also expanded its Asian algorithmic offering and released its Prospector and DMA functionality into local markets during the judging period.

## › FIXED INCOME TRADING SYSTEM OF THE YEAR

### UBS

UBS takes home the award for fixed income trading system of the year as it continues to invest in the electronic trading of bonds across the continent through its flagship Bond Port trading system. It marks the continuation of the bank's post-crisis strategy of investing in technology that focuses on agency business. It has continued to increase the scale of Bond Port and added new trading protocols. One judge said it had "significantly increased available liquidity in global bond trading" by enabling more direct buy-side involvement on the platform.

## › DERIVATIVES TRADING SYSTEM OF THE YEAR

### Fidessa

Judges praised Fidessa after another year of client acquisition, new connections and new functionality. During the judging period it added connectivity to the Thailand Futures Exchange, its thirteenth Asian derivatives market. It continued to grow its market share on all these exchanges. Last year it connected to the Dalian Commodity Exchange and has since gone live with two Chinese brokers. Fidessa also launched local functionality such as combo-reporting, which reduces risk when executing multi-legged strategies not supported on wholesale trade types at some Asian exchanges.

## › MULTI-ASSET TRADING SYSTEM OF THE YEAR

### Horizon Software

Horizon provides a single platform for cross-asset trading across ETFs, futures, warrants, options, stocks and other products, working with a diverse range of clients. One judge praised the firm's 'Trade your way' mantra, which enables clients to customise the technology to their requirements through a user-friendly GUI. Horizon has clients across the region but is particularly active in China where it was the first non-Chinese vendor to offer an options trading system. It has tailored its software to meet the specific requirements of the Chinese market and provides access to all the major Chinese exchanges.

› **BEST NEW PRODUCT – POST-TRADE**

## **Broadridge**

During the judging period, Broadridge continued to invest heavily in its multi-asset post-trade offering, GPTM. The firm added exchange traded derivatives functionality through the acquisition of Dojima and strengthened its collateral management and securities financing services with the purchase of 4sight Financial Software and its regulatory and compliance operations when it acquired Message Automation. Since its launch in 2016, a number of Asian clients have taken on GPTM including a major Japanese bank. The firm has also been a pioneer of block-chain, investing in a number of early-stage companies.

› **BEST NEW PRODUCT – RISK MANAGEMENT**

## **Numerix**

Numerix's new Oneview Asset Management software provides a turnkey SaaS-based real-time front-to-middle office solution for hedge funds that operate global macro style strategies, as well as endowments, pension funds and sovereign wealth funds. Oneview Asset Management is a cross-asset real-time risk and portfolio management solution for asset managers designed to provide institutional grade technology through a hosted solution. The system enables users to tailor the filters across a range of metrics and calculations to establish value-at-risk across multiple simulations and variables.

› **BEST NEW PRODUCT – TRADING AND EXECUTION**

## **Trading Technologies**

Trading Technologies took a risk with the launch of its new TT platform, seeking to disrupt its own dominant position in the market. While the roll-out has been slower than perhaps TT anticipated the judges were in no doubt about the quality of the product. Leveraging the OpenFin web platform, TT developed an HTML5-based trading application that is on par with the performance of its legacy C++ application. By utilising Javascript and HTML5, TT can respond rapidly to changing market needs via speedy development, controlled versioning and simplified testing.

› **BEST NEW PRODUCT – COLLATERAL MANAGEMENT**

## **Broadridge**

Broadridge's second success in this year's awards came for its new collateral management offering, which was launched following the purchase of 4sight Financial Software in June 2016. The technology was quickly integrated as part of Broadridge's securities financing and collateral management solutions, helping clients optimise financing decisions across different asset categories, automate the securities financing lifecycle and control risk. Judges praised both the breadth of the product's coverage and the real-time view across all collateral positions.

› **BEST NEW PRODUCT – MARKET SURVEILLANCE**

## **Bombay Stock Exchange**

The Bombay Stock Exchange (BSE) new market surveillance product was designed to respond the challenge of understanding price movements in an age of social media. The Indian exchange recognised that any material news or rumour floating in social media can potentially have a very big impact on investor sentiment, which can further impact the price and volumes of securities traded on exchange platforms. To combat this BSE adopted a data analytics based system, which relies on artificial intelligence and machine learning to track news related to listed companies in digital media.

> **BEST NEW PRODUCT –  
REPORTING**

## **AxiomSL**

AxiomSL takes home the award for reporting product of the year following a period of impressive client wins, investment across Asia and the development of products designed to meet the demands of local markets. Not least among the latter was the early work it has done around the new MAS 610 and 649 reporting mandates in Singapore, for which it signed up Credit Agricole as a client, among others. The firm also penned a deal with the Singapore entity of commodity trading giant Trafigura and brought former DTCC Singapore head Peter Tierney in to run its Asia Pacific operations.

> **DATA PROVIDER OF THE YEAR**

## **QuantHouse**

QuantHouse has been growing rapidly in Asia since it opened its regional headquarters in Singapore in 2013. The number of clients headquartered in the region now totals 30, with 16 clients on-boarded during the judging period. The company's edge comes from its specialism in the sophisticated quantitative trading market. During the period, the company completed a management buyout from its owner S&P and stepped successfully into the void left by Bloomberg's move to phase out the RTS Tango trading platform. Judges also praised its efforts in increasing the sophistication of the regional trading market.

# **BANKS AND BROKERS**

> **BANK OF THE YEAR**

## **Citi**

Citi's holistic service offering across OTC and exchange traded derivatives, as well as ancillary services such as collateral management, won the praise of judges this year. During the judging period, Citi on-boarded 16 new clients to its futures clearing and collateral business and recorded a revenue increase of over 27% year-on-year. Its Asia Pacific OTC clearing business recorded revenue growth of more than 283%. In addition, the bank added a Hong Kong trading desk to focus on the Chinese market. It also launched a number of new products including Citi Velocity Mobile, and a collateral optimisation and liquidity tool.

> **NON-BANK BROKER OF THE YEAR**

## **ADM Investor Services**

Facing increasing capital costs and an unfavorable interest rate climate, some banks have found it unsustainable to maintain a futures and options clearing business and made an exit. ADM Investor Services has taken advantage of the trend and significantly grown its business. During the judging period, AuM increased by 395%. The firm has diversified and grown its Asian client base, onboarding clients from other FCMs to Chinese corporates. In addition, it has pioneered the expansion of tripartite agreements and taken the lead in a number of regional initiatives and invested heavily in technology.



› **BANK OR BROKER OF THE YEAR – COMMODITIES**

## **Straits Financial**

Shortlisted twice in previous years, Straits Financial takes home its first award for broker of the year in the commodities sector. In September last year Straits Financial was granted a full Capital Markets Services license by the Monetary Authority of Singapore and is now able to expand its offerings across multiple asset classes. In addition, the broker received authorisation to establish a physical commodity exchange and clearing house in Indonesia. Judges also praised the firm's international educational outreach, bringing new participants to the Singaporean commodity market, and its strong international expansion.

› **BANK OR BROKER OF THE YEAR  
– DERIVATIVES**

## **Societe Generale**

Societe Generale acquired a strong derivatives franchise when it took full control of Newedge in 2015 and it has continued to build on this strong foundation. During the judging period it grew at its fastest pace since the integration of the business. The award win followed a vote by its Asian clients who praised the bank's geographical reach and customer service. The bank recently announced a tie-up with the Singapore Exchange to introduce daily leverage certificates on the SGX, bringing a new innovation to the Asian market.

› **CHINESE INTERNATIONAL  
FCM OF THE YEAR**

## **Nanhua**

Nanhua takes home the award of Chinese international futures commission merchant (FCM) of the year in the first year that this award has been included in the programme. The Chinese futures brokerage has expanded rapidly internationally in recent years breaking barriers in terms of the international expansion of Chinese FCMs. It became the first Chinese clearing member on CME and ICE through its US subsidiary adding to pioneering memberships on Eurex and SGX through its Hong Kong entity. It has subsequently taken on additional memberships in Dubai and elsewhere. One judge said it was "leading the field in the internationalisation of Chinese FCMs".

› **MARKET MAKER OF THE YEAR**

## **Flow Traders**

Flow Traders continued to grow its exchange traded product (ETP) AuM during the judging period and launched a number of new initiatives across Asia. Despite the tough market conditions across the continent, Flow Traders Singapore launched its institutional trading operations in Asia enabling it to provide off-exchange liquidity directly to institutional counterparties. It also invested in new technology systems in the Singapore operations and grew its team. The company also announced plans to open a Hong Kong office and is currently in the process of recruiting a team.

# ASSET MANAGEMENT

## › ASSET MANAGER OF THE YEAR

### Fidelity

[Fidelity's veteran fund managers have delivered excellent performance across a range of strategies and markets of late. The house view at the firm is that Asia Pacific has been under-owned for a long while and is relatively cheap as a consequence. While others miss out, Fidelity continues to find the best of what the region has to offer. In January Fidelity International received permission from the China Securities Regulatory Commission (CSRC) to launch onshore investment products in the country – a major milestone for the firm to facilitate growth in the world's second largest economy.

## › EQUITIES MANAGER OF THE YEAR

### Schroders

Schroders takes home this year's equities manager of the year award. The firm's Asian Equity Yield Fund and Asian Income funds have been standout performers. Across Asia Pacific, deep research and stock picking skills have been built up over a 40 year commitment to the region. Crucially, the firm's large and experienced Asia Pacific investment team recognises that diverse cultural and language barriers of the countries in the region require a strong local presence to enable successful investing.

## › FIXED INCOME MANAGER OF THE YEAR

### Fidelity

Fidelity saw its Asia fixed income assets grow 50% in 2016 off the back of rising investor interest. Looking ahead, the fund house expects strong growth over the next five years. The firm takes home the fixed income manager of the year award for benchmark-beating performance in both investment grade and high yield bond funds. In May, Fidelity launched its first onshore Chinese fund for wealthy mainland investors, a key milestone for foreign fund managers wanting to expand in the Chinese market.

## › ETF/PASSIVE FUND MANAGER OF THE YEAR

### iShares

Clients in Asia-Pacific set a new record for iShares ETFs bought in 2016, contributing over \$10bn in sales. The firm has built scale and liquidity in a wide range of Asia Pacific markets and strategies. The iShares MSCI Emerging Markets Asia ETF has been a standout performer this year. BlackRock, iShares parent, has over 2,500 employees across the region and 287 investment specialists in Asia Pacific, focused on equities, fixed income, multi-asset, alternatives and exchange-traded funds.

## › MULTI-ASSET MANAGER OF THE YEAR

### JP Morgan Asset Management

JP Morgan Asset Management's dynamic, multi-asset approach has continued to seek the best income opportunities from around the globe - investing in bonds, property and shares. The firm's Multi-Asset Income Fund has been a standout performer this year. Globally, the firm combines a flexible approach with disciplined risk management in search of attractive income opportunities and diversifies across 2,500+ securities and 50+ countries. The firm has a global network of 120+ multi-asset specialists and has been a leader in multi-asset investment for 45 years.

Tradeweb has come a long way in Asia since it first opened up its market-leading platform to local trading hours in 2007 but for Li Renn Tsai, managing director and Tradeweb's head of Asia, the firm is only at the beginning of its expansion in the fast growing continent.

In recognition of Tradeweb's growing influence in Asia and, most importantly, of its central role in the development of the Bond Connect programme, the firm is named fixed income trading system of the year for 2017.

Bond Connect was established by the People's Bank of China and the Hong Kong Monetary Authority to enable investors in mainland China to trade in the international bond market and for qualified international investors to trade onshore Chinese bonds.

Tradeweb was the first offshore trading platform to offer a gateway to the China Foreign Exchange Trade System (CFETS), which hosts the Bond Connect programme, and is the main trading interface for offshore investors to access Bond Connect.

It was more than two years ago when Tradeweb first engaged the key stakeholders CFETS and Hong Kong Exchanges and Clearing to begin discussions on the platform, and worked closely with them since to design and build the revolutionary link.

"The Bond Connect programme is unique," says Li Renn Tsai. "In a sense it is the culmination of 16 years of access programmes that the Chinese government has put together. Many more offshore investors will be able to access the Chinese bond market following the launch of the link.

"It also brings new features that will make the local bond market more efficient. It was important to build functionality that made the market familiar to offshore investors. We designed Bond Connect in such a way that they have direct interaction with the onshore member instead of having to go through an intermediary as was the case in other programmes."

Bond Connect allows eligible offshore investors to discover prices, submit orders and trade permissible onshore debt instruments.

Via the connection established in Tradeweb's fully disclosed request-for-quote system, traders are able to send price requests to the market for all CIBM cash bonds, removing the need to execute through an agent bank.

International investors can use Bond Connect to access China's multi-trillion bond market for the first time. The scheme is also a signal of intent from Chinese regulators as to how they view the importance of electronic trading as the domestic market grows and internationalises.

# BRINGING the international bond market to ASIA

## Tradeweb was instrumental in developing the Bond Connect programme

"The Bond Connect stakeholders believe that electronic trading is the model on which to build the internationalisation of China's bond market. It brings transparency for the buy side, efficiency of workflows and immediacy in the ability to transact," says Tsai.

Tradeweb has been operational in Asia for over a decade and initially launched in the continent to bring its international marketplace of fixed income instruments to local investors. Expanding trading hours in 2007 was a key step forward in that respect.

Since its launch in Asia, it has also sought to develop and capitalise on opportunities to offer local products to its international client base.

In 2008, the firm added Japanese government bond and yen swap trading to its platform and has since built a dominant position in these instruments. Tsai says that the firm is looking to replicate its dominant position in Japan in other markets.

"Our success in Japan is a result of our strategy to offer international traders access to local Asian products. We are looking to bring the international products to the region and start trading in regional products that are relevant to the international market."

More than 2,000 institutions from over 55 countries conduct their business on Tradeweb across more than 20 asset classes. The firm is well positioned to continue to capitalise on the increasing trend towards the electronic trading of bonds.

Tsai says that the move towards electronic trading is gathering pace in Asia: "We see the local market rapidly adapting to the advantages brought by the electronic trading of bonds. That is not just about the transaction but the ability to get pre-trade transparency and post-trade efficiency.

"Asia is full of opportunity and growth prospects and there is a lot of room for our expansion. We are always looking forward to the next opportunity in Asia."

“Bond Connect stakeholders believe that electronic trading is the model on which to build the internationalisation of China's bond market”



Li Renn Tsai, Tradeweb

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