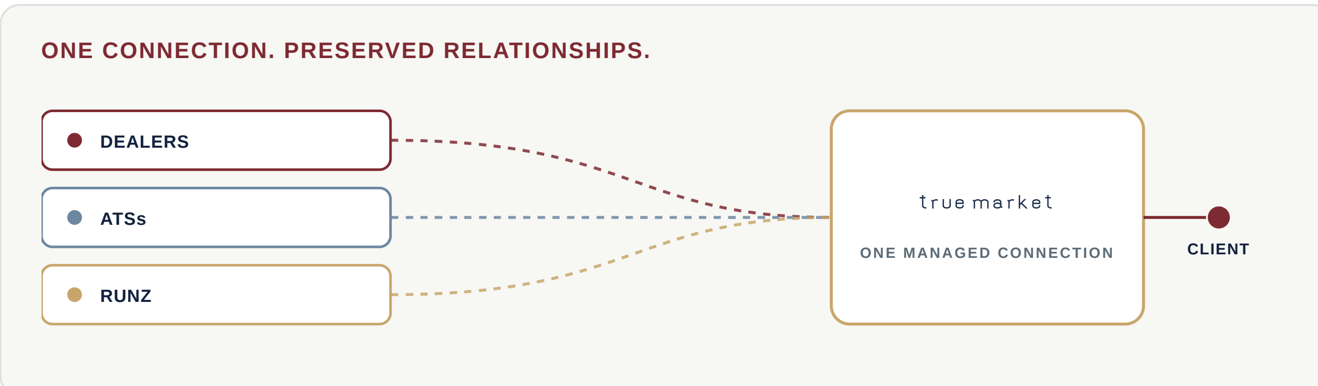
WHITE PAPER

Direct Dealer Connectivity in Fixed Income Trading

Why Preserving Dealer Relationships Delivers Better Execution, Greater Transparency, and More Efficient Markets



Executive Summary

Institutional fixed income trading has evolved significantly over the past decade. Electronic trading is becoming the standard, yet much of today's market structure still relies on Alternative Trading Systems (ATSs) acting as intermediaries between buy-side firms and liquidity providers.

While ATSs have improved electronic access, they also introduce an additional layer between investors and dealers that can reduce relationship value, increase execution costs, and obscure the true source of liquidity.

True Market takes a different approach. Rather than routing every interaction through an anonymous marketplace, True Market connects investment managers directly to the dealers with whom they already conduct business.

This preserves valuable trading relationships, improves pricing, increases transparency, and enables firms to benefit from electronic workflows without sacrificing the advantages of relationship-based trading.

Inside

The Evolution of Electronic Fixed Income Trading

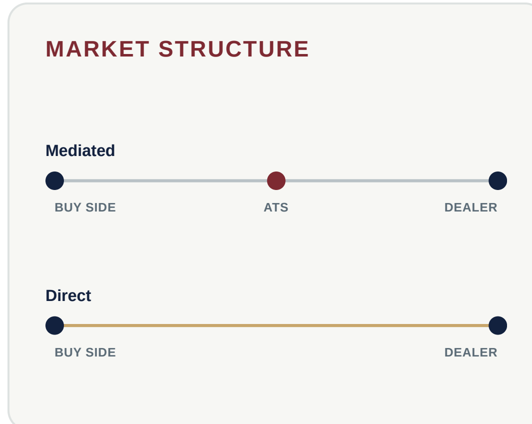
Unlike equities, the fixed income market remains highly fragmented.

Liquidity is distributed across hundreds of broker-dealers, each with unique inventories, expertise, and market-making capabilities.

To simplify access, many firms adopted ATSs that aggregate dealer responses into a centralized marketplace.

While this model provides convenience, it changes the nature of the relationship between the buy side and the dealer — instead of dealers competing directly for a client's business, interactions become mediated through the platform.

Over time, this can weaken the value of established trading relationships that have historically produced superior execution during volatile markets.



Relationships Matter

Fixed income trading has always been relationship-driven. Dealers allocate capital, commit balance sheet, provide market color, source difficult inventory, and work complex orders based on longstanding client relationships.

Anonymous trading diminishes many of these benefits. When dealers know exactly who they are trading with, they can make more informed pricing decisions based on:

DEALERS CAN PRICE WITH CONTEXT

- Historical trading activity
- Client preferences
- Long-term commercial relationships
- Portfolio characteristics
- Expected future business

These factors frequently result in tighter spreads and greater willingness to commit capital. Relationship-based trading encourages dealers to compete for future business rather than simply respond to an anonymous request.

Better Pricing Without the Middleman

Every intermediary introduces friction. Although ATSs may not explicitly charge investors for every transaction, they influence market structure by sitting between buyers and sellers. Direct dealer connectivity removes this unnecessary layer.

Benefits include:

Dealers quote directly to clients.

Dealers retain ownership of client relationships.

Clients receive pricing directly from liquidity providers.

Execution decisions remain between the client and dealer.

Without an intermediary controlling the interaction, dealers are incentivized to provide their most competitive pricing to strengthen valuable client relationships. The result is a more efficient pricing environment where competition occurs directly among liquidity providers rather than through a centralized intermediary.

Transparency Creates Better Markets

In an anonymous marketplace, every inquiry looks essentially the same. Direct connectivity provides context — dealers understand who they are working with and why it matters.

This transparency allows dealers to allocate resources more effectively and often results in stronger execution, particularly for less liquid securities. The market becomes more informed without sacrificing electronic efficiency.

- Who is requesting liquidity
- Historical trading behavior
- Client specialization
- Expected future order flow

Liquidity Without Compromise

A common concern is whether prioritizing direct dealer connectivity comes at the expense of liquidity. It does not.

True Market connects directly to many of the industry's largest and most active fixed income dealers, allowing investment managers to engage directly with the firms that provide the majority of institutional liquidity. These direct connections preserve valuable dealer relationships while enabling dealers to compete openly for client business.

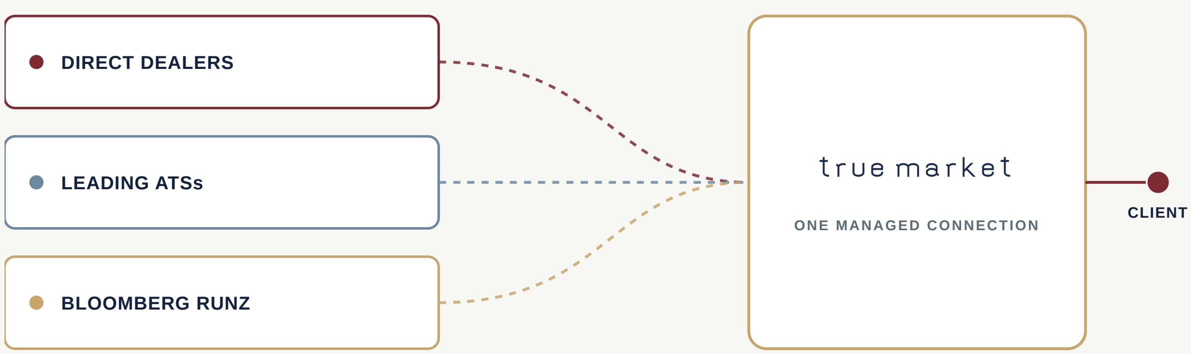
Importantly, True Market is not an either-or solution. In addition to direct dealer connectivity, the platform also connects to leading Alternative Trading Systems (ATSs), so clients continue to access the same electronic marketplaces they rely on today — ensuring no reduction in available liquidity or execution opportunities.

To further enhance market visibility, True Market supplements these connections by parsing Bloomberg RUNZ messages, providing additional indications of available inventory and market interest across dealers that may not be directly connected. The result is a comprehensive liquidity network that combines:

- Direct connectivity to major liquidity providers
- Access to leading ATSs
- Additional market intelligence from Bloomberg RUNZ messages

Rather than forcing firms to choose between relationship-based trading and electronic marketplaces, True Market delivers both — the benefits of direct dealer relationships alongside the broad liquidity of ATSs and other electronic sources, all through a single, integrated platform.

COMPREHENSIVE LIQUIDITY NETWORK



Direct relationships + marketplace access + market intelligence

Electronic Efficiency Without Anonymous Trading

Electronic trading does not require anonymous trading. True Market combines direct connectivity with sophisticated workflow automation, including:

- Electronic RFQs
- Automated routing
- Portfolio and list trading
- Integration with existing OMS and EMS platforms
- Click-to-trade execution
- Algorithmic trading workflows
- SMA trading workflows

Investment managers gain all the efficiency of modern electronic trading while maintaining direct engagement with their liquidity providers.

A Better Alignment of Incentives

The interests of investment managers and dealers are naturally aligned.

Investment managers seek:

- Best execution
- Reliable liquidity
- Long-term dealer support

Dealers seek:

- Lasting client relationships
- Repeat business
- Opportunities to provide liquidity
- Differentiated service

Direct connectivity strengthens these shared objectives. Instead of competing for anonymous transactions, dealers compete to become trusted liquidity partners.

Open Architecture, Not Closed Networks

True Market does not force firms to choose between direct dealer relationships and electronic marketplaces. Its modular architecture enables firms to:

- Connect directly with their preferred dealers
- Integrate with existing trading systems
- Automate execution workflows
- Supplement liquidity through additional electronic sources when appropriate

MODULAR MARKET ACCESS

One platform. Multiple access paths. Client-controlled market structure.

This flexibility ensures firms retain control over how they access the market rather than being constrained by a single venue.

Conclusion

Electronic trading has transformed fixed income markets, but efficiency should not come at the expense of relationships.

By connecting investment managers directly with the dealers that provide liquidity, True Market preserves the commercial relationships that drive better pricing, deeper liquidity, and superior execution.

Combined with workflow automation, open integration, and broad dealer connectivity, this approach delivers the advantages of modern electronic trading while maintaining the market dynamics that have long defined successful fixed income investing.

THE FUTURE OF FIXED INCOME TRADING

The future of fixed income trading is not about adding more intermediaries. It is about removing unnecessary ones.