

# Bond Case Briefs

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## Quants in the Muni Market Show Bond Liquidity Will Be Fine.

### **Debt markets continue to evolve in an era of diminished Wall Street influence.**

At least one quantitative trading firm thinks it has finally cracked the code to the widely idiosyncratic, infrequently traded, largely individual investor-based U.S. municipal bond market.

Bloomberg News's Martin Z. Braun has the scoop:

Headlands Tech Global Markets LLC, a firm founded by former senior executives at Citadel LLC, is using complex mathematical formulas and powerful computers to buy and sell state and local government securities, seizing on the sometimes divergent prices in a market where the vast majority of bonds only rarely change hands.

Headlands' five-man band of algorithm-driven traders have become a major, if little known, force in the industry, bidding each day on about 13,000 municipal securities that are put up for sale on electronic trading platforms. That's placed it among a group of companies that are bringing technology that has swept through other corners of Wall Street to state and local-government debt trading, challenging a long-held view that a market that finances everything from factories to state governments requires detailed research to gauge prices.

"This idea that every bond is a unique snowflake and a story — they say 'balderdash'," Paul Daley, a managing director at BondWave LLC, a financial technology company, said of Headlands' approach. "All these bonds are mathematical equations, and if we can model it, we can price it."

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### **Bloomberg Opinion**

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