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EVENT RECAP: Institutional Fixed Income Roundtable

On Thursday, August 22nd, over 50 fixed income leaders from BDA member firms attended BDA's Institutional Fixed Income Roundtable at the Ritz-Carlton in Dallas, TX.

Attendees heard from taxable and municipal market experts, engaged in active discussions on fixed income market disintermediation, new liquidity providers, market dynamics and trends, issuance expectations, and the buy-side outlook. Following the Roundtable, participants enjoyed a cocktail and networking reception.

Below is a recap of the key issues discussed at each session.

Fixed Income Overview: Challenges and Opportunities

Discussion Leader: Dan Collins, Managing Director, Head of Fixed Income Market & Portfolio Strategy, Wells Fargo Securities

- Issuance of Treasuries are ramping up, and that trend should continue;
- The impacts of potentially negative rates and a flat-to-inverted yield curve;
- Debt to GDP ratio is concerning, but servicing of the debt is not an issue currently;
- While there are some geopolitical headwinds, there are no reasons to see a recession in the next 12 months

Legislative, Regulatory & Political Update

Discussion Leaders: Kelli McMorrow, Senior VP, Bond Dealers of America; Brett Bolton, VP, Bond Dealers of America

- BDA staff discussed the current political climate and expectations for the 2020 election cycle
- Bolton discussed BDA advocacy actions in response to the Fall 2018 request for guidance regarding private placement activities by municipal advisors
- The BDA response can be viewed here
- Staff also discussed prior meetings with the SEC and the MSRB on the issue, as well as continued work on a second letter to the SEC, and an upcoming Washington, DC fly-in to discuss the request with the SEC and leaders on Capitol Hill highlighting investor protection concerns
- McMorrow provided an update on other legislative and regulatory priorities such as FINRA Rule 4210 and GSE reform. A BDA working group is drafting a white paper on "Main Street" broker-dealer priorities in GSE reform.
- McMorrow and Bolton also gave an update on specific priority issues for the BDA –such as GSE reform, the reinstatement of municipal advance refundings, and rasing the BQ debt limit.

Market Disintermediation/New Liquidity Providers/Buy-Side Trends & Expectations

Discussion Leader: Ken Monahan, VP, Market Structure & Technology, Greenwich Associates

Presentation materials are available here

- Where is the liquidity in the future? And are the sources as distinct as they see?
- Who are the other market participants? And who are the other non-dealer market-makers? And how much of an increasing role are they playing in fixed income?
- Is auto-execution a future goal, or already here?
- This structure is common in FX and Treasuries, but remains an open question as to whether it will succeed in credit.

Bond Dealers of America

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