The Credit Roundtable

Corporate Bond Trading Survey Results

February 22, 2021

<u>Number of responses</u>	**43**
Small Firm Size	**3**
Medium Firm Size	**17**
Large Firm Size	**23**

The Credit Roundtable produced a survey requesting comments around corporate bond trading conventions in the secondary market.

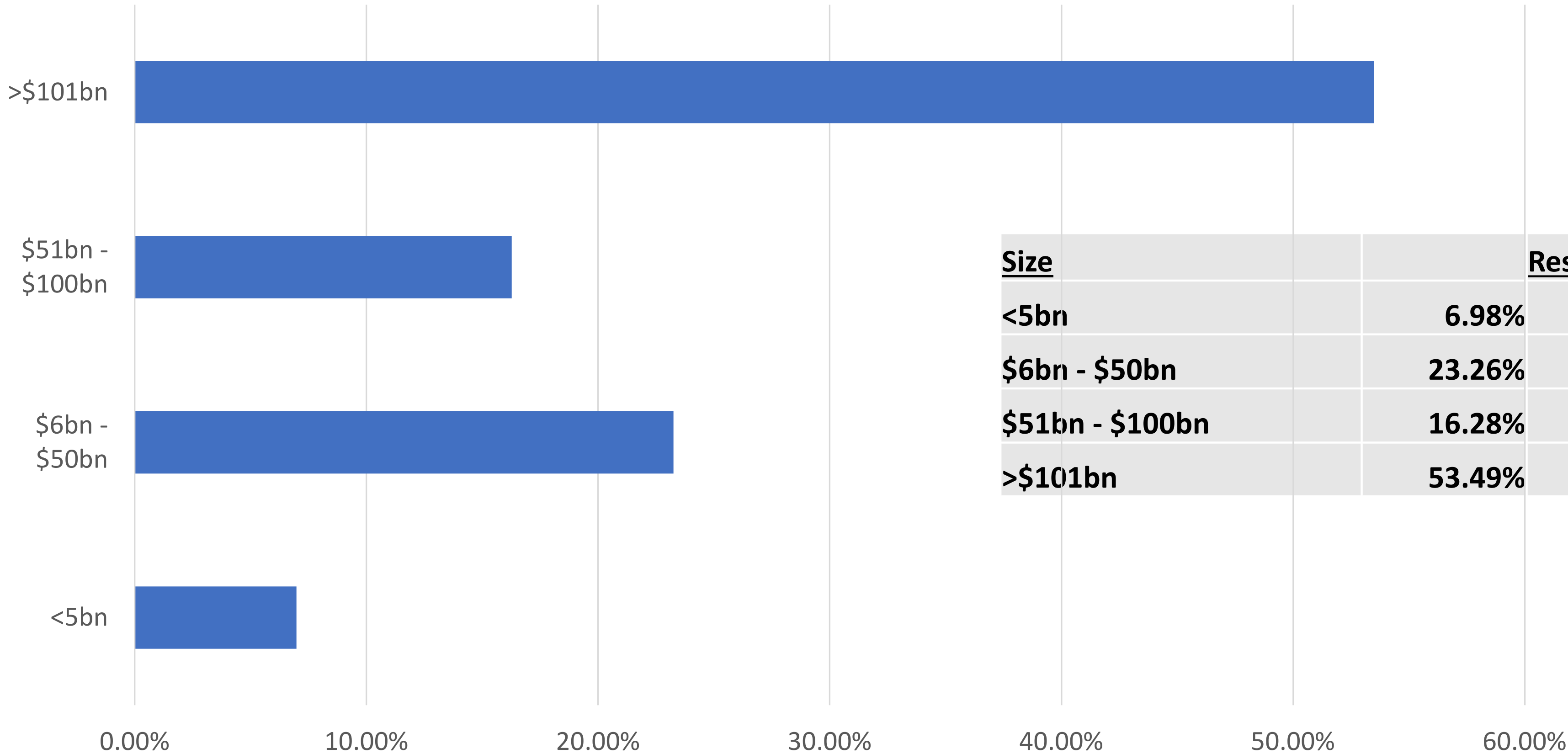
Conducted: February 15, 2021 – February 19, 2021

- 43 Different Firms Responded
- More Than $10 Trillion of Fixed Income AUM

Decisions for eliminating firm duplicates and weighting: If the response is the same, not applicable

- Responses from desk head prioritized
- Contact email prioritized
- Most common response
- Weighted by fixed income AUM

Q2: What is your organization's fixed income AUM?



Size		Responses
<5bn	6.98%	3
$6bn - $50bn	23.26%	10
$51bn - $100bn	16.28%	7
>$101bn	53.49%	23

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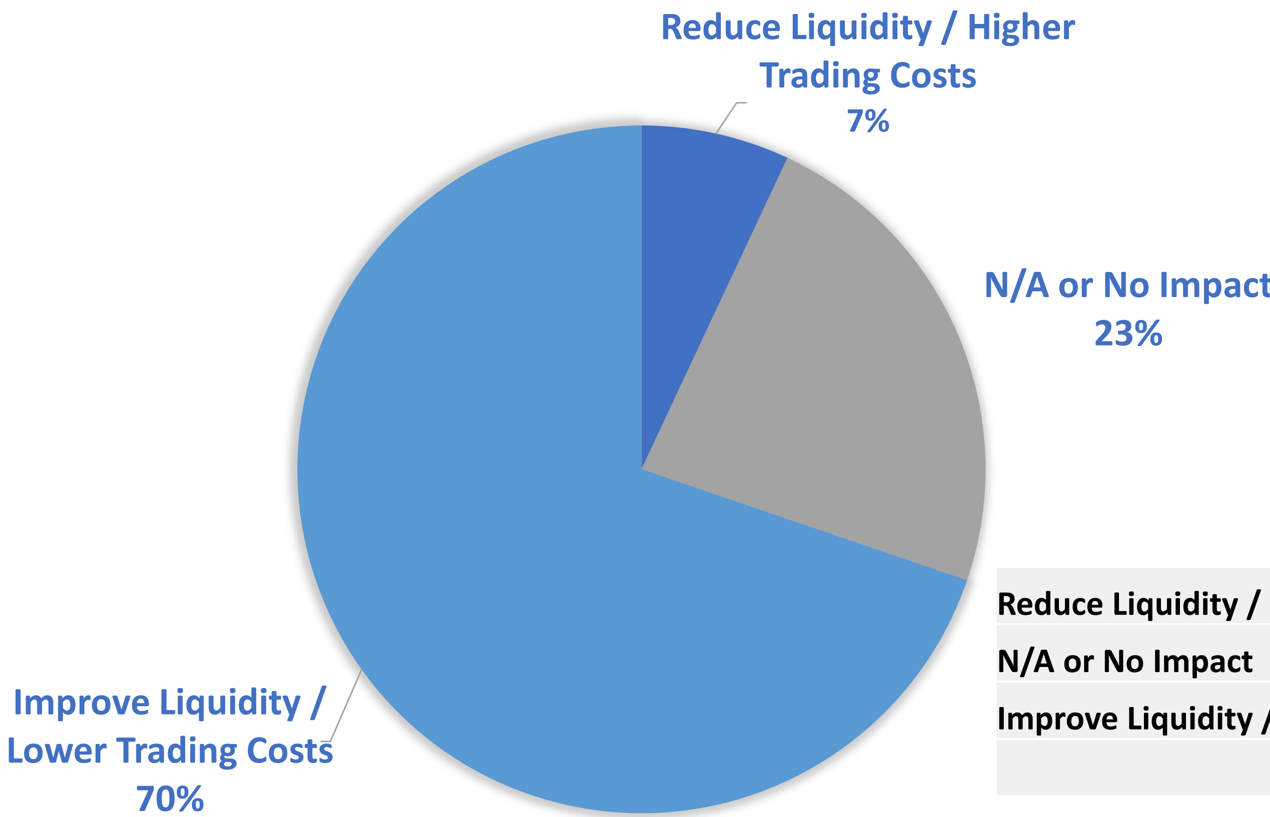
Q3: What is your opinion on the impact to all long corporates of trading 20 year corporates off the 20 year US Treasury (including consideration of swaps)?



Reduce Liquidity / Higher Trading Costs	7%	3
N/A or No Impact	23%	10
Improve Liquidity / Lower Trading Costs	70%	30
		43

Un-Weighted

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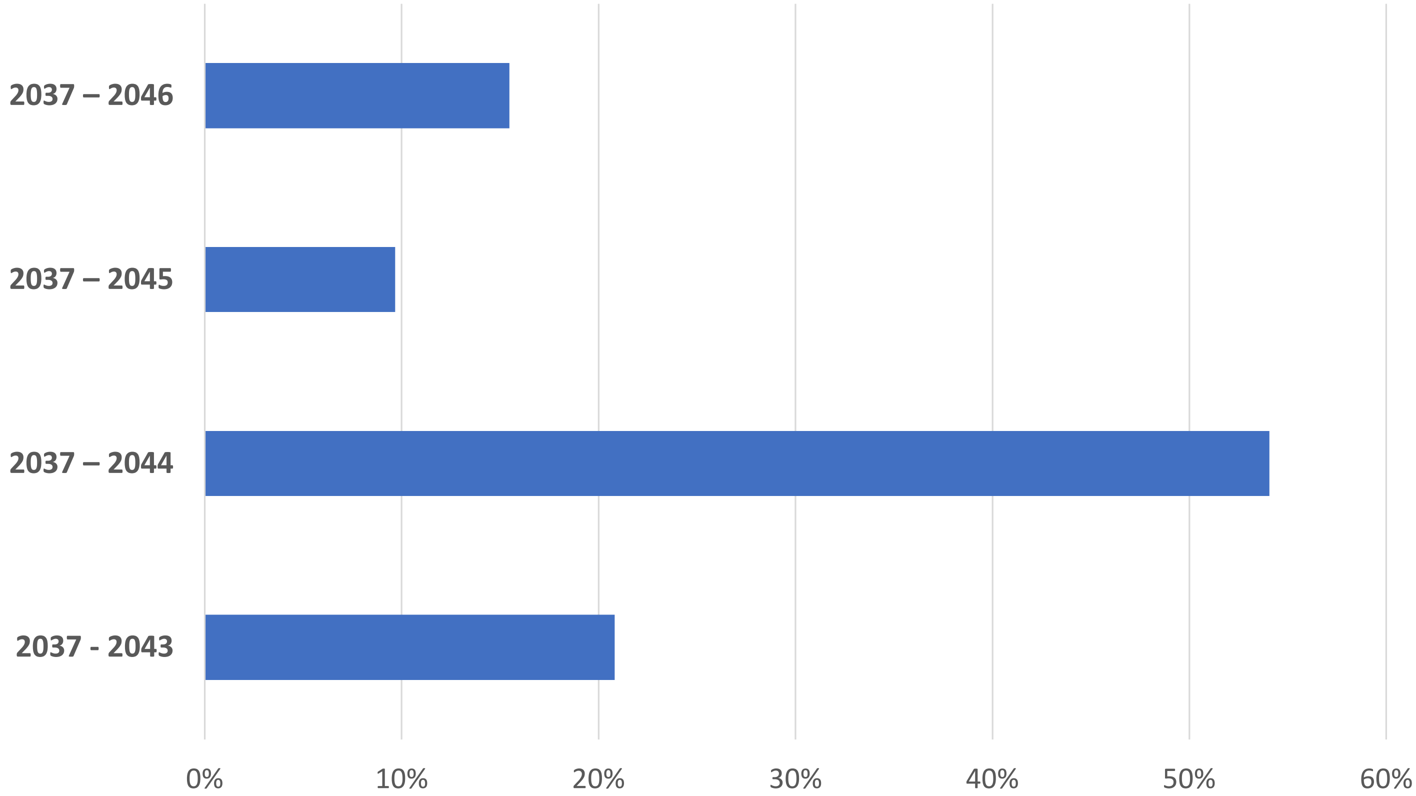
Comments on question 3 regarding the impact to all long corporates of trading 20 year corporates off the 20 year US Treasury:

- Lower trading costs, but also lower yield for the corporates trading off the new 20yr.

- We think there are hedging benefits associated with benchmarking to the 20yr, but not necessarily pricing benefits to outright bond trading activity (to be seen).

- In a rising rate/curve steepening environment you should be using the 20yr to hedge corporates

Q4: What is your opinion on the vintage year for a corporate bond to begin trading to the 20 year (as opposed to the 30 year)?



Year	
2037 - 2043	**21%**
2037 – 2044	**54%**
2037 – 2045	**10%**
2037 – 2046	**15%**

Other response: 2037-2043

Weighted

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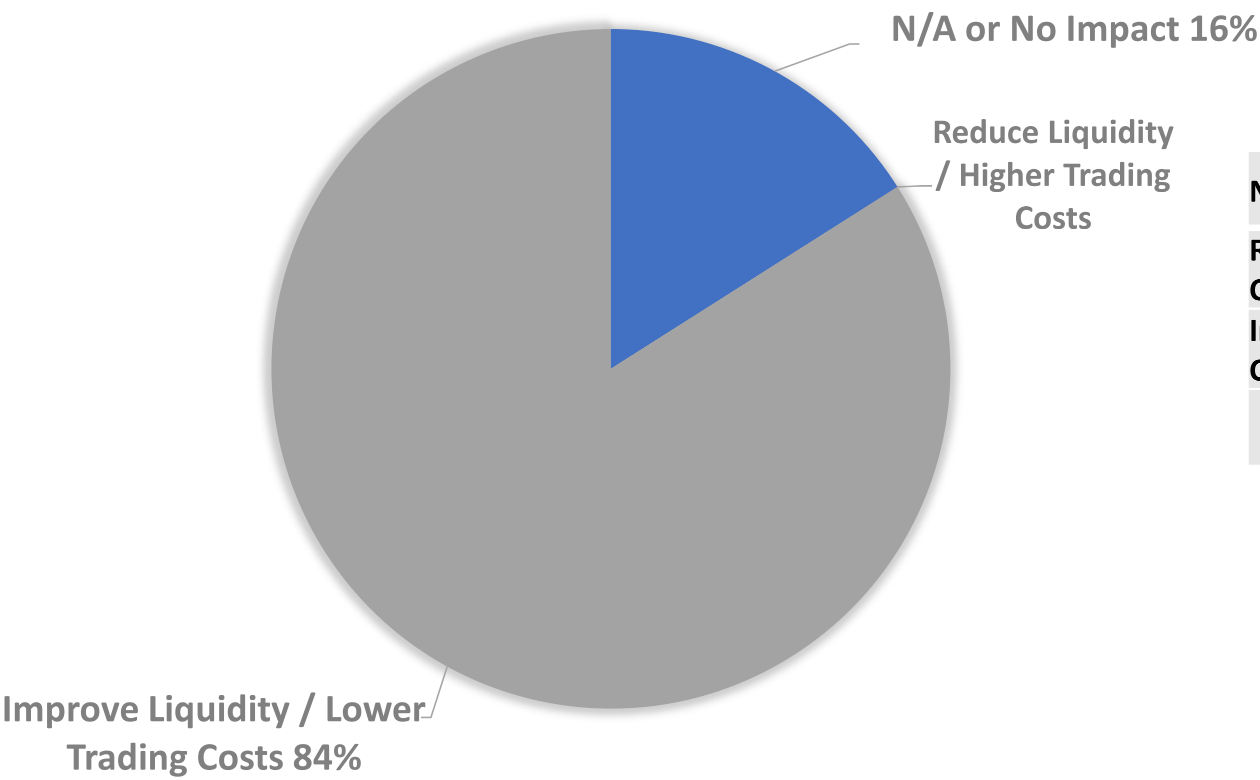
Q5: What is your opinion on the impact to 20 year corporates of trading 20 year corporates off the 20 year US Treasury?



N/A or No Impact	16%	7
Reduce Liquidity / Higher Trading Costs	0%	0
Improve Liquidity / Lower Trading Costs	84%	36
		43

Un-Weighted

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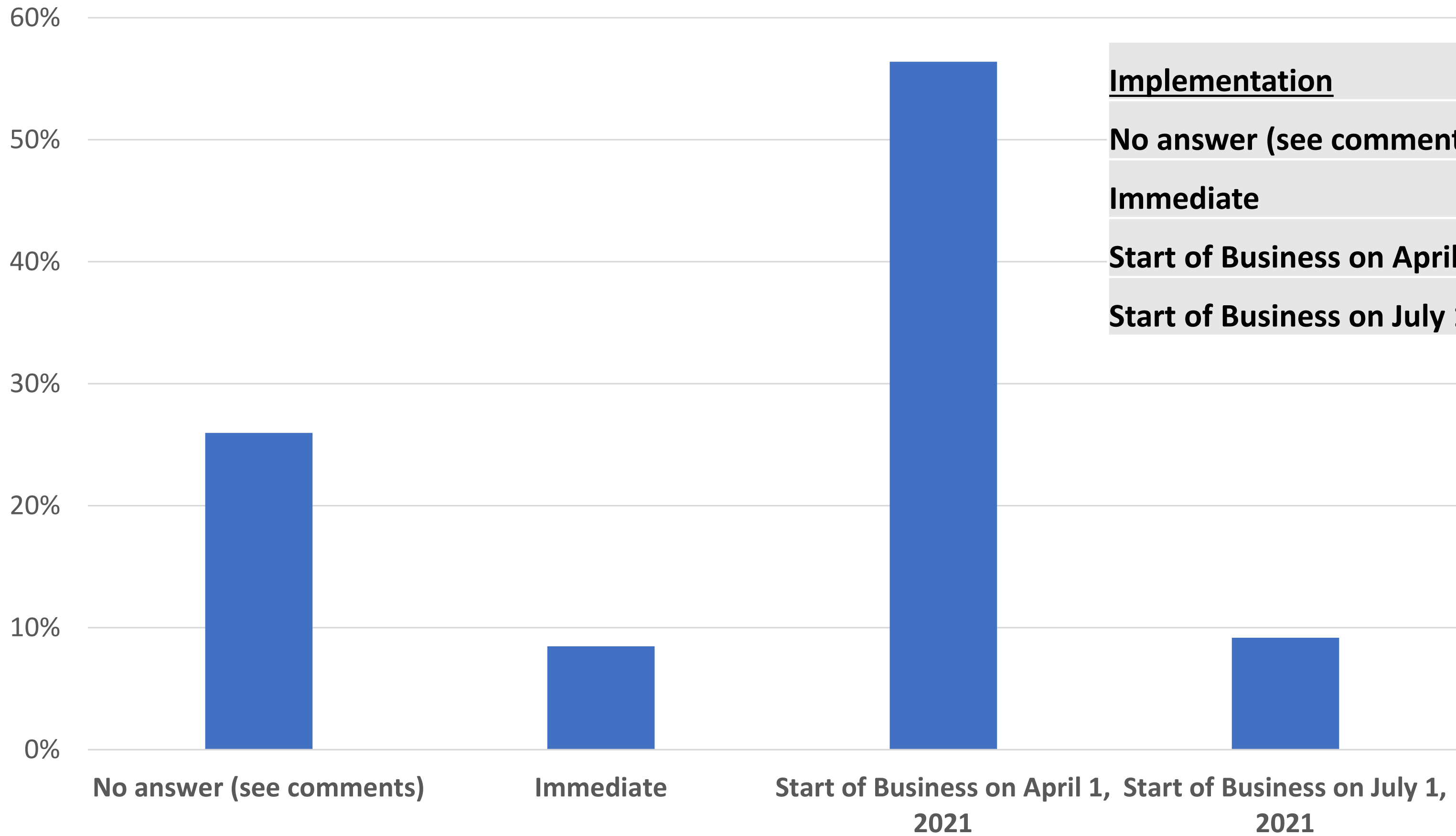
Comment on question 5 regarding opinions on the impact to 20 year corporates of trading 20 year corporates off the 20 year US Treasury:

- If the 20yr bucket is constructed correctly (e.g. don't overload the 20yr bucket), we think that this will improve delta hedging for some accounts without negatively impacting pricing/liquidity.

Q6: What is your opinion on implementation?



Implementation	
No answer (see comments)	**26%**
Immediate	**8%**
Start of Business on April 1, 2021	**56%**
Start of Business on July 1, 2021	**9%**

Weighted

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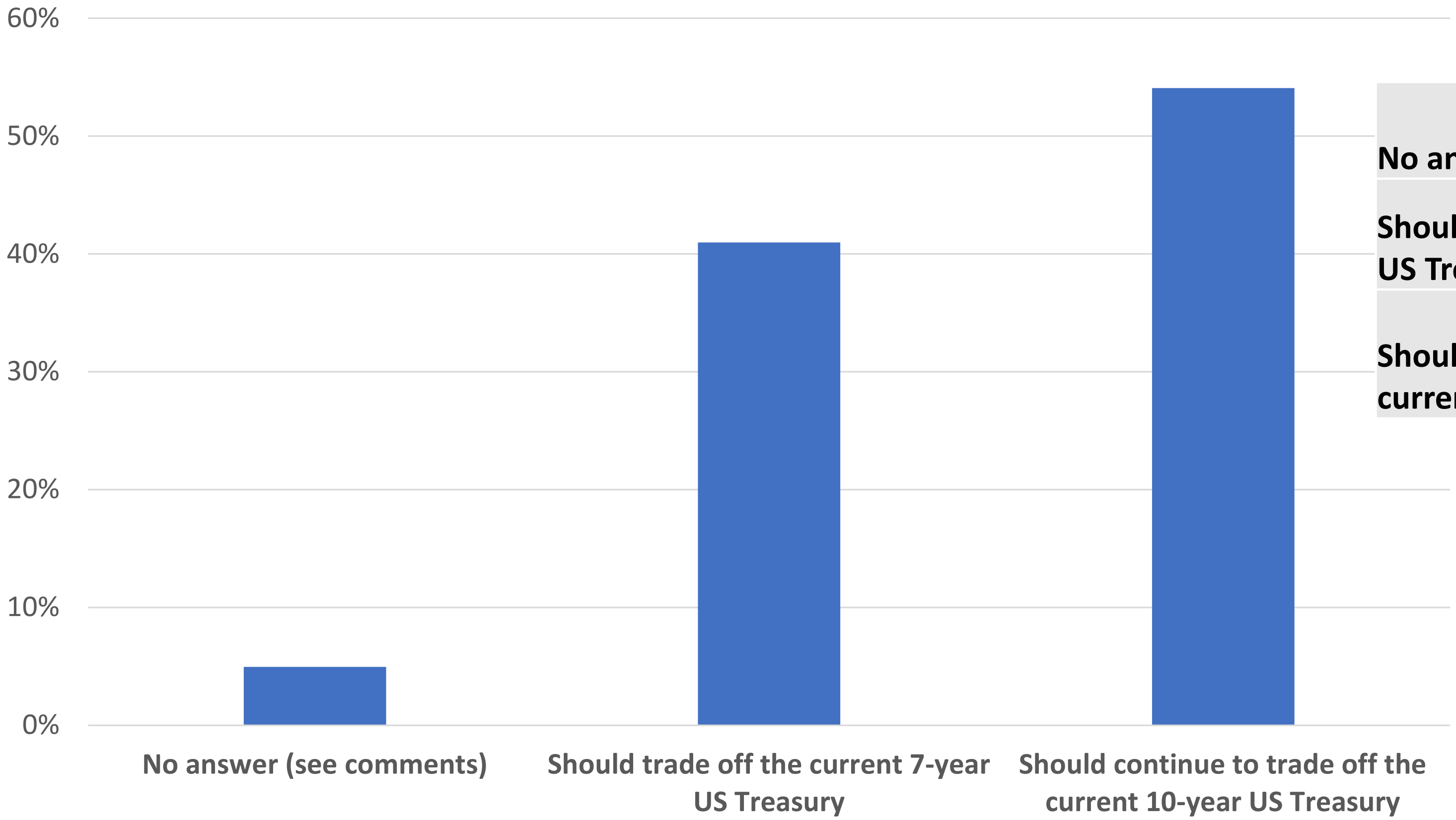
Comments on question 6 regarding opinion on implementation:

- Prefer to not be implemented

- We would generally prefer that a transition not on a quarter-end, otherwise we have some flexibility. However, we have some dependencies on 3rd parties like pricing vendors and index providers. We can't move until those 3rd parties are ready to support the new market convention.

Q7: What is your opinion on secondary market trading of old 10-year corporate securities?



No answer (see comments)	5%
Should trade off the current 7-year US Treasury	41%
Should continue to trade off the current 10-year US Treasury	54%

Weighted

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Comments on question 7 regarding opinion on secondary market trading of old 10-year corporate securities:

- Less of an issue here given a much shorter maturity gap
- Other: need to define what old 10yr is, is it a 2029, 2030, etc.
- Depends on the remaining maturity.
- Trade off G spread
- If the risk is more reflective of a 7yr duration should trade off of the 7yr TSY

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