

Accelerating Fixed Income Markets Digitisation

White paper



*In October 2020 Digital Debt Capital Markets (“DDCM”) formed a partnership with IPC in order to take advantage of secure, compliant communications and access to a network across global financial markets. The UK-based fintech’s **agoraPlatform** digitises the entire lifecycle of a financial instrument from issuance through to final maturity, and are the only ones to handle syndicated issuances, as well as structured products and other financial instruments.*

Introduction

Communication in the fixed income markets has not fundamentally changed for decades and currently involves the use of multiple channels including voice, email, chat rooms and the sharing of Word documents, PDF, Powerpoint and Excel spreadsheets. These inefficiencies can cause time delay, embedded manual data transcription as well as reconciliation costs, and in the case of errors are very expensive to rectify. DDCM joined IPC’s Connexus Labs in order to develop, test and evaluate its **agoraSoftware** without having to invest in building the required beta infrastructure and connectivity for each proof of concept. IPC launched Connexus Labs in order to support client innovation by providing connectivity and a secure testing environment at no extra cost, which helps accelerate time to market.



Connecting the market participants

Digitising the entire life cycle of a financial instrument requires connecting to a range of market participants - from issuers to investment banks, CSDs, listing venues, rating agencies, lawyers, issuing and paying agents, custodians, as well as other service providers. Using Connexus Labs allowed DDCM to connect to the required counterparties and service providers, as well as market data sources, liquidity venues, the largest private voice network in capital markets and more than 550 public, private and hybrid cloud platforms.

The lab incorporates the Connexus Cloud platform, IPC’s flagship financial ecosystem that connects more than 7,000 capital market participants across 750 cities in more than 60 countries. This also gave the **agoraSoftware** development team access to IPC’s comprehensive array of published API’s supporting full integration with IPC products and services already being used across global capital markets.



How digitising works?

DDCM utilises Corda Enterprise, a distributed ledger technology from software provider R3, to create digital representations of fixed income securities as they exist today, in compliance with existing regulations. The ledger allows the dissemination of a single golden source of critical data, in a syndicated environment, digitally signed and available to deal participants on a confidential, permissioned, need-to-know basis. This can then be automatically integrated into post-trade processes,



making the entire workflow faster and more efficient. This enhances information sharing and eliminates a high level of manual inputs into a variety of systems by multiple participants.

Corda blockchain applications, known as CorDapps, are accessible via Connexus Cloud. IPC customers, such as DDCM, are able to deploy R3 Corda nodes in any public, private & hybrid cloud platforms with instant access over existing network connectivity to a global financial markets community.

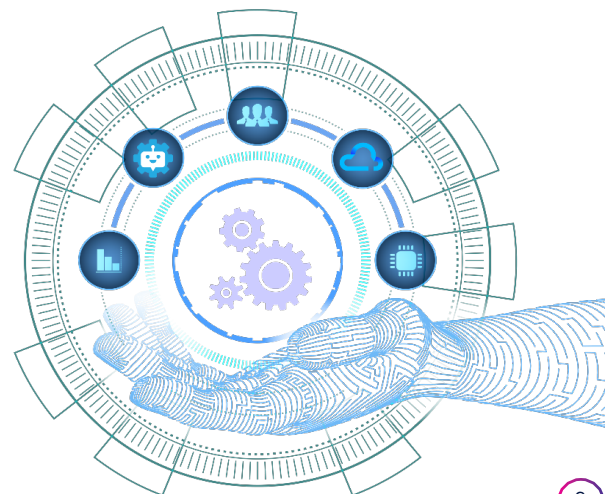
In conjunction with R3 Corda, the **agoraPlatform** uses smart contracts which are automatically triggered by the occurrence of specific events, in order to automate management of the lifecycle of a fixed income security, which decreases costs and the risk of operational errors, as well as improves efficiency. Connexus Labs allowed **agoraSoftware** to be tested with a potential network of more than 110,000 users and nearly 7,000 market participants in a secure cloud environment that met their stringent security requirements.

Connexus Labs Benefits

In the bond market a vast amount of the pre-trade price negotiation between dealers is still carried out over the phone or through chat messages. The lab has access to the IPC Connexus Voice API that is connected to both a test private wire voice network and the production Connexus Voice global network. The Voice API is integrated into chat sessions so that trades needing voice execution are automatically triggered across the network when necessary. There is a huge amount of value from being able to automatically link trades on the desktop to a specific voice conversation in terms of audit trails, surveillance and tracking performance.

Another benefit of Connexus Labs is that the **agoraPlatform** had access to on-demand market data from a single source to support testing and third-party product evaluations. SuperFeed, Vela's award-winning market data solution, provides coverage of more than 150 markets and data sources including all major North American and European exchanges and a growing number of Asia-Pacific venues. The market data feed is available to IPC customers in Connexus Labs via Connexus Cloud.

Key capabilities such as the Voice API and SuperFeed highlight two of many benefits DDCM experienced joining Connexus Labs and being able to access or integrate with existing applications that are already being used across the IPC network by thousands of participants in capital markets globally. In addition, DDCM could drive innovation without having to buy infrastructure to deploy applications or spending time on building connectivity with customers, which can be a lengthy process due to the security and resiliency requirements within financial services.



Driving efficiency throughout the fixed income lifecycle



IPC professionally manages the infrastructure and connectivity which speeds time to market and benefits both DDCM and fixed income market participants, who can shift to more efficient processing across the entire lifecycle of a financial instrument. Large financial institutions use Connexus Cloud for trade execution, order routing, market data delivery, clearing, settlement and accessing trade lifecycle services giving DDCM the opportunity to develop products, services and applications that can be integrated with the IPC product portfolio.

DDCM partnering with IPC and Connexus Labs helps the industry accelerate the digitisation of fixed income markets, which benefits all market participants by cutting costs, improving productivity and increasing resiliency through the use of innovation and modern technology.

About IPC

IPC is a technology and service leader that powers financial markets globally. We help clients anticipate change and solve problems, setting the standard with industry expertise, exceptional service and comprehensive technology. With customers first and always, we collaborate with each to understand their individual needs to help make them secure, productive and compliant within our connected community. Through service excellence, long-developed expertise and a focus on innovation and community, we provide agile and efficient ways for our customers to accelerate their ability to adapt to the ever-changing requirements for advanced data networks, compliance and collaboration with all counterparties across the financial markets.

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