2023 Outlook
Market Turbulence, Regulation, Data & Technology
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As we begin 2023 with continued market turbulence, uncertainty, and a heightened regulatory environment, firms are reevaluating their existing strategies, processes, and tools to ensure they are equipped to navigate what lies ahead. Investors are analyzing their portfolios to ensure they are well-positioned in terms of their risk profile and expected returns over time. Interest rates are expected to continue to rise, creating more opportunities in fixed income as well as alternative investments, which are becoming increasingly accessible to retail investors.

At the same time, Chairman Gensler and the SEC have communicated a very aggressive regulatory agenda, which has only been heightened by the collapse of FTX. It appears that nothing is off the "regulatory table" with recent announcements regarding best execution, enhanced fixed income pre-trade transparency, broader access to treasury trade data, and a focus on criteria governing ESG classifications.

Consequently, firms are challenged to innovate and take advantage of the massive amounts of available data and adopt advanced technologies that will drive new insights, make existing processes more efficient, help them manage and grow their business, and support critical regulatory requirements. Oftentimes – _especially in fixed income_ – the plethora of execution venues and custodians create challenges related to consistent and unbiased analytics. Interdependencies and inconsistencies between custodial relationships, execution venues, data, and analytics can create operational risks as well as redundant, sub-optimal, and inefficient tools and workflows for firms to manage their everyday business.

In fixed income – especially given the growth of the RIA market where there are typically multiple custodial and transactional relationships – it is more important than ever for firms to have a singular view into every position and transaction. With this, it becomes easier to deliver consistent and unbiased analytics that track

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exposure, monitor market activity, measure quality, create workflow efficiencies, enhance existing client relationships, and create new business opportunities. For buy-side firms that continue to struggle with fixed income transaction cost analysis, enriched data sets are now available through the application of machine learning technologies that will finally enable firms to measure _transaction quality_, not just cost.

While market turbulence and uncertainty can be unsettling to many, the growth of market data driven by regulations focused on greater levels of transparency, coupled with technological developments, will make 2023 a year of tremendous innovation and opportunity. In many ways, the world feels a lot like the late 1960s and early 1970s – "and the times they are a changin'."

To learn more, please visit bondwave.com,

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ABOUT BONDWAVE LLC

Founded in 2001, BondWave, an affiliate of First Trust Portfolios L.P., is a financial technology firm specializing in fixed income solutions. We serve a wide range of users including traders, compliance professionals, and RIAs from the smallest to the largest firms in the industry who use our tools to provide a superior fixed income experience to their clients while supporting critical regulatory mandates.

Effi®, our Engine for Fixed Income, is the single platform through which we deliver all our solutions providing intuitive dashboards and insights into every fixed income position and transaction. Capabilities include portfolio analytics and reporting, custom alerts, and proposal generation, as well as tools that support best execution, fair pricing, and mark-up monitoring and disclosure on both a pre- and post-trade basis. BondWave leverages advanced technologies and data science to develop proprietary data sets that fuel our innovative solutions.