

BondWave PRESS RELEASE

BondWave Launches Prevailing Market Price (PMP) Waterfall Solution

WHEATON, IL, February 14, 2018 – BondWave LLC, a leading financial technology firm focused on fixed income solutions, announced today the launch of its Prevailing Market Price (PMP) ‘Waterfall’ Solution aimed at generating PMP values to support the pending mark-up disclosure regulations. Delivered via Effi™, BondWave’s premier fixed income analytics platform for trading desks and advisors, the solution enables financial services firms to control security of their trade data and customize the configuration based on their own definitions and parameters across all levels and steps in the waterfall.

The mark-up disclosure rule, scheduled for implementation on May 14th, 2018, generally requires firms to disclose on their customer confirmation, mark-ups and mark-downs, based on the “Prevailing Market Price” (PMP) on corporate, agency and municipal bonds bought from or sold to retail customers on the same day that they are bought or sold for the firm’s own account (with certain exceptions). The rule prescribes how firms should determine the PMP, establishing a multilevel/multistep ‘waterfall’ approach for determining the value.

BondWave’s solution has the flexibility to generate calculations at different time intervals, providing up to eight asynchronous values for the various levels and steps of the waterfall. In addition, BondWave offers a sophisticated oversight and exception handling module which identifies trades that are subject to disclosure, flags exceptions based on client-defined criteria, provides the ability to resolve them with supervisory controls, and gives access to a range of supporting PMP content to support regulatory inquiries and management reporting. Finally, for those trades identified as subject to disclosure, the system generates extract files for consumption by each client’s confirmation process.

“The implementation of the Mark-Up Disclosure Rule is no small undertaking,” said Michael Ruvo, CEO of BondWave. The objectives are clear:

- First, one needs to choose a solution that will calculate the PMP correctly with strict adherence to the prescribed ‘Waterfall.’
- The second is to calculate the PMP value accurately - resulting in a value that truly reflects the dealer’s compensation for its customer trades. Choosing the right solution is only the first step of the process. Once a solution is chosen the next hurdle is getting it implemented and adequately tested.

- The next critical step is systems integration. The PMP solution needs to be integrated with internal and external systems and this step typically requires far more time than the industry has between now and the currently scheduled Go Live Date of May 14th. In almost all cases this new PMP process needs to integrate with many legacy systems which can be challenging since the introduction of new connections adds stability risks that only can be mitigated by adequate testing.

“The challenges associated with adopting the appropriate solution for this rule requires a high level of precision and a one-size-fits-all approach generally fits none well. Further, given the bifurcated nature of liquidity and execution in the fixed income markets, our solution is designed with an open architecture that can support integration with multiple execution platforms. BondWave’s solution follows the rule and provides the precision necessary to support requirements, however implementation and coordination among multiple systems make the current timeline difficult to achieve,” noted Ruvo.

For more information on the BondWave PMP Waterfall Solution, please visit:
www.bondwave.com/prevaling-market-price-pmp/

About BondWave LLC

BondWave is a financial technology company specializing in fixed income solutions. We serve a wide range of customers, from small independent RIAs to some of the largest broker-dealers and custody providers in the financial services industry. Traders and advisors use our tools to provide a superior fixed income experience to their clients. By creating sophisticated, yet simple solutions for all stakeholders in the investment process, we help traders and advisors better leverage individual bonds as they work to achieve the investment objectives of their clients. Our tools enable strategy-based investing - including portfolio creation, monitoring and rebalancing - while greatly enhancing the communications between the trading desk, advisors and their clients. BondWave is liquidity and trade agnostic and our sole focus is to provide a simple, sophisticated user experience around individual bond investing. Additional information is available at www.bondwave.com.