RINGSTONE FUNDING

OTC vs Traditional Trading Global

Germany and UK

The incidences of OTC in comparison to traditional trading in relation to corporate bonds?

In summary, international statistics consistently show that OTC trading is the primary mode for corporate bond transactions, with only limited participation from traditional exchanges or electronic systems, mainly due to the specific characteristics of corporate bonds and their markets.

Global Trading Structure
Globally, **the overwhelming majority o**f corporate bond trading occurs over-the-counter (OTC), with only a small fraction transacted through traditional exchanges or alternative trading systems (ATS).
OTC trading remains the norm for corporate bonds, contrasting sharply with equities, which are predominantly traded on organized exchanges in most markets.
OTC trading is estimated to represent most corporate bond transactions worldwide; even in major markets like the United States and Europe, only a minority of trades are executed through electronic platforms or exchanges.
According to recent market data, trading on regulated exchanges remains rare for corporate bonds, as these instruments generally lack the continuous supply and demand characteristic of equities.
In *Germany*, what is the incidences for OTC in comparison to traditional trading in relation to corporate bonds?

Trading Modality	Approximate Share (EEA, includes Germany)
OTC (including SI)	~66% (56% SI + 10% OTC)
Exchange	~34%

In Germany, corporate bond trading is **overwhelmingly dominated by over-the-counter** (OTC) transactions, with only a small share occurring on traditional exchanges. OTC and systematic internaliser (SI) trading account for about 66% (56% SI plus 10% OTC as of 2020) of all bond trading volumes in the European Economic Area, which includes Germany, while exchanges account for a minority of trades

Exchange-based trading is relatively rare; bonds may be listed for visibility but actual liquidity and trade execution are mainly handled OTC.

Transparency is typically lower in the German market compared to the U.S., with post-trade disclosure being less frequent and pricing information often available only to counterparties directly involved in the transaction

In summary, Germany's corporate bond market remains primarily OTC, with the bulk of secondary market activity conducted outside exchanges through dealer networks, a pattern consistent with wider European practice.

In the *United Kingdom*, what is the incidences for OTC in comparison to traditional trading in relation to corporate bonds?

Trading Modality	Approximate Share (UK)
OTC (off-exchange)	~90%
Exchange	<10%

In the United Kingdom, **most** corporate bond trading takes place over-the-counter (OTC), with only a small proportion occurring on traditional exchanges or electronic trading platforms. **Estimates suggest that around 90%** of trades in the UK corporate bond market are conducted OTC, with electronic venues slowly gaining market share.

Electronic trading venues and systematic internalisers (SIs) have increased their market presence in recent years but still constitute a minority share of trading activity.