

Technology | AI

Fintech Platform LTX Launches Chatbot to Help US Bond Traders

- BondGPT to help traders find more liquid bonds at better price
- Tool uses OpenAI technology to help power its bond analytics

by Olivia Raimonde
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US corporate bond investors are getting a new artificial intelligence-powered tool aimed at helping them more easily make electronic trades with increased transparency in the notoriously opaque market.

LTX, a subsidiary of Long Island-based Broadridge Financial Solutions Inc., launched BondGPT Tuesday, according to a statement. The company says the chatbot, powered by OpenAI Inc.'s GPT-4 language model, is an attempt to simplify work flows for traders who often navigate a complex market where liquidity is increasingly waning and prices for individual credits lack transparency.

"What continues to be hard for investors and traders is taking in the flood of bond market data and quickly acting on that data in a productive way," Kevin McPartland, head of research for market structure and technology at financial services analytics firm Coalition Greenwich, said in a phone interview. "AI is starting to come in a very real way to financial markets."

Recent advances in so-called generative artificial intelligence such as OpenAI's GPT-4 have set off intense competition among technology companies to develop AI-powered prod-

ucts for use across many industries, including finance. The corporate bond market, however has lagged in modernizing its trading process, making it more cumbersome for portfolio managers to execute trades.

Any innovation to the bond market will "provide an edge" to traders and portfolio managers as generic AI tools continue to be injected with financial data sources to assist investors, McPartland said.

BondGPT

Traders can ask BondGPT detailed questions, such as the average yield and certain maturity range for a specific sector they want to allocate money to, or which bonds had the highest trading volumes in a certain time frame, said Jim Kwiatkowski, chief executive officer of LTX.

"Emerging technologies such as generative AI hold immense potential to drive electrification and transparency in the corporate bond market," Kwiatkowski said. BondGPT can help expedite pricing decisions, facilitate counterparty selection for transactions and increase investor's access to liquidity, he said.

Across fixed income, artificial

intelligence and machine learnings are most prevalent in the mortgage-backed security and collateralized loan obligation markets, according to Coalition Greenwich, a data analytics company. More than 50% of investors in those asset classes said they have adopted advanced technology to some degree in their work flow, according to a report Tuesday.

More than 30 dealers and 80 asset managers have joined the LTX platform with over \$7 billion in firm orders, according to LTX's statement. The platform's cloud-based repository of trading intentions saw an average daily volume of over \$25 billion in the first quarter.

"This opens up unprecedented possibilities for credit investment professionals," Miguel Cota, senior credit trader at American Century Investments, said in LTX's statement. BondGPT offers portfolio managers and traders a new approach to trading analysis that departs from traditional trading methods, he said.

Broadridge Financial Solutions's platforms underpin the daily trading of more than \$9 trillion of US equities, fixed income, and other securities globally, according to the company.

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