This database called “insurers\_transactions.rds” includes all insurers’ transactions in bonds that can be found in Mergent (mostly corporate bonds, but could also include treasuries, MBS etc) for the period 2005-2022. Each row is a transaction of a certain insurer with a specific dealer on a certain day for a specific bond. If an insurer makes more than one transaction for that bond with that dealer on that day, they are all aggregated in one row. I describe below the variables.

* "fund\_id" : Number which uniquely identifies the insurance fund
* "parent\_id" : Number which uniquely identifies the insurance company parent
* "brok\_id" : Number which uniquely identifies the Broker/Dealer
* "cusip" : 8 digits cusip that uniquely identifies the bond traded
* "report\_date" : transaction date
* "trade\_cost" : The Cost of the trade denominated in U.S. Dollars and noted in thousands.
* "trns\_amount" : The par amount transacted between the Broker and Managing Firm in 000s. The amount is negative in case of a sale
* "estimated\_date": if false, the date of the trade is exact. If true, the trade date is approximate
* "book\_value" : The original cost of acquiring the bond, including broker cost and incidental expenses.
* "broker\_name" : name of the dealer intermediating the transaction
* "parent\_name" : name of the parent of the insurance company
* "parent\_type" : the firm type of the parent (irrelevant for now)
* "parent\_country\_code" : country code of the parent company
* "bond\_type" : type of the bond traded. Refer to the Mergent.pdf file for the full description. Simple Corporate bonds are types CDEB, CMTN, USBN
* "elec\_platf" : a dummy that equals 1 if the dealer is either Marketaxess or Tradeweb
* "ATS": a dummy that equals 1 if the dealer is in the following list from FINRA <https://www.finra.org/filing-reporting/otc-transparency>

Important: to get the price of transaction (we might need in future analysis, not now) it is enough to divide the trade\_cost but the absolute value of the transaction amount. When doing that, one has to be careful to look for outliers (sometimes insurance companies report the cost directly in dollars and not in 000s).

Bokoni uni in Milan

Nova business school in portgual

**12.22.23 PT Project Meeting**

Converged on data cleaning for current project. Now conducting analysis

Another project could use analysis – being moved to new project.

* New dataset, already cleaned by someone else.
* Asked to do analysis on new dataset, though related.

Database of trades of insurance companies in U.S. for corporate bonds

* Insurance companies are the largest traders of corporate bonds in the world
* Daily trades done by each company daily (2015 – 2022)

With new dataset, want to look at new insurance company (companies that have not traded corporate bonds in a while) – do they use marketaxess or Tradeweb (equals 1) or OTC broker (traditional broker equals 0)

* First need a sense of how often companies trade bonds – i.e how often are there breaks of 3 months, 6 months, etc.
* This is from the perspective of the corporate bond market – thus justifies a one-size-fits-all approach to the dataset

First Task: Analysis into the time frequency on various measures of “new entrants”

Also want to look at number of trades and dollar value of trades on a monthly basis for market share of electronic platforms in making corporate bond trades.

1. Find insurance companies in the whole dataset
   1. Total companies
   2. At least three month gap of no trades
   3. At least six month gap of no trades
   4. At least one year gap of no trades
   5. At least two year gap of no trades

Output layout

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Company | 3-month gaps | 6-month gaps | 1-year gaps | 2-year gaps |
| Str | int | int | int | Int |
| **Total** | **int** | **int** | **int** | **Int** |

Line graph of time versus market share for e-trading platforms

Broad overview: see impact of e-trading platforms on corporate bonds. i.e complementary to traditional trading or substitutions (this is why we are interested in market share). By looking at new entrants, we can see the swing of platforms (i.e whether they start as e-trading, then go to brokers, or vice versa)

Bilateral platforms versus multilateral platforms (one versus multiple providers)

Timeline:

1. Already have access to the data (Dropbox)
2. No strict timeline (pretty light on dropbox)
   1. More precise timeline given next week.
   2. Try to get it before next week.