

# Building a platform for auctions.

Dutch State Treasury Agency

CASE STUDY

BLOOMBERG ELECTRONIC TRADING

---

**Bloomberg**

---

# Dutch State Treasury Agency

## Location

The Hague, Netherlands

## Industry

Banking

## Customer profile

- The Dutch State Treasury Agency (DSTA) is a directorate of the Dutch Ministry of Finance. It finances the Dutch State, efficiently managing the national debt and public money in the treasury. It employs more than 60 financial experts.
- The DSTA uses auctions as a price discovery mechanism in the process of covering its funding need. It aims for issues to be transparent, consistent and market-based in order to create the best basis for successful auctioning.
- The DSTA also advises Dutch government departments on market developments and financial instruments.

## Business situation

The Dutch State Treasury Agency needed a provider to facilitate the sale of longer term government bonds using the Dutch Direct Auction technique. It was looking for a secure, user-friendly auction platform that was compatible with this method to successfully issue government bonds.

## Bloomberg solutions

Bloomberg Auction System (BAS)

## Results

Bloomberg enhanced its Bloomberg Auction System, building a new workflow that enabled the Dutch State Treasury Agency to complete a successful Dutch Direct Auction within nine months of engagement.

## A trusted partner.

---

**“Our old system was outdated.  
We needed something  
completely new.”**

—Paul van Arragon  
Senior Dealer, DSTA

At the beginning of 2022, the Dutch State Treasury Agency (DSTA) conducted a market consultation as it searched for a new platform to issue longer-term government debt using the Dutch Direct Auction (DDA) technique.

The DSTA needed a secure, fast and functional auction system that offered real-time visibility. “Our old system was outdated. We needed something completely new,” explains Paul van Arragon, Senior Dealer at the DSTA.

The DSTA was already part of the Bloomberg universe and had been using the Bloomberg Auction System (BAS) to issue Treasury bills for several years. But that system wasn’t compatible with the DDA approach. This led the DSTA to approach Bloomberg to collaborate on the development of an enhanced auction system for the DDA method.

## The Dutch Direct Auction technique.

Used for the issuance of longer government debt – typically 10- to 30-year bonds – auctions using the DDA technique take place infrequently but engage a broad investor base.

The type of debt isn't the only difference. Auctions using the DDA technique operate differently to a regular auction. There's no absolute price; bidders don't simply submit a bid. Instead, bids are placed as a spread against a reference bond which is priced by dealer consensus at the end of the auction.

Most importantly, it's a rule-based auction method where all investors receive equal treatment and end investors participate directly. "There are many rules for allocating bids, and bids that exceed certain parameters shouldn't be available for input from our primary dealers. That's critical," says Paul.

"There is no room for a flaw in the system. If we think something isn't possible and mid-auction it becomes possible, it takes a lot of work to correct it. During an auction, there's simply no time for that."

Bloomberg needed to enhance its existing auction system's end-to-end tender management workflow to issue bonds successfully in this way. The platform also had to connect seamlessly with the DSTA's treasury management system. The process demanded the development of many additional elements for the existing BAS platform to grow the product to support the DDA method.

## Developing an agile relationship.

**“Awareness of when the pace of delivery may be impacted, and the weeks where output was likely to be higher – such as when Bloomberg would deliver new features for testing – enabled the DSTA side to make sure we had enough time and people to test during those more productive weeks.”**

–Paul van Arragon  
Senior Dealer, DSTA

Enhancing BAS wasn't the only defining aspect of this project. In a first for both the DSTA and Bloomberg, the respective teams agreed to adopt an agile scrum working methodology, led by a dedicated project manager from the DSTA, to collaborate closely during the project's 12-month timeline.

A project plan set out the initial parameters, and every week the DSTA and Bloomberg had a virtual stand up to check in on progress. DSTA traders were a key part of the project team answering questions and discussing solutions with the Bloomberg team. This constant engagement with the end user helped maintain focus on the project's goals and ensured the end product met their needs.

Teams from both sides also met at monthly sprint reviews to look over what had been delivered so far – and plan for the next four-week sprint. In between these meetings, stakeholders were able to assign tasks and follow the project's progress on a Jira board, which was managed by the project manager.

As a result, when Paul joined the project half-way through, he was able to hit the ground running.

By breaking the project down into units of work like this, stakeholders from both sides were able to stay up to speed, plan better and, ultimately, ensure requirements were met in a timely manner. That even came down to resources and when stakeholders were on holiday.

The unprecedented level of transparency delivered by this agile approach led to greater engagement from the DSTA during the development and testing phase, which, in turn, drove faster success and better working relationships.

“Awareness of when the pace of delivery may be impacted, and the weeks where output was likely to be higher – such as when Bloomberg would deliver new features for testing – enabled the DSTA side to make sure we had enough time and people to test during those more productive weeks,” explains Paul.

## Going to market successfully.

“It can be hard for someone in my role to understand what it takes to develop something. Coding is not my field of expertise, but the Bloomberg team took us by the hand, explaining everything clearly. Constant communication ensured a great product – and result.”

–Paul van Arragon  
Senior Dealer, DSTA

The original projected timeline was a year, but the agile process was so successful that Bloomberg delivered the platform in just nine months, with the DSTA running a successful DDA auction on the new platform on 27 September 2022.

The enhanced auction platform is effective, secure and connects seamlessly to existing DSTA platforms. The DSTA also benefits from an up-to-date, accurate overview for analysis and an output of data to use externally.

Crucially, the DSTA weren't disappointed in their choice of partner. “Bloomberg's professionalism and depth of knowledge were noticeable,” states Paul. “It can be hard for someone in my role to understand what it takes to develop something. Coding is not my field of expertise, but the Bloomberg team took us by the hand, explaining everything clearly. Constant communication ensured a great product – and result.”

## Key insights.



**Bloomberg Auction System can be enhanced to offer bespoke functionality**



**Agile scrum methodology accelerates project delivery, benefits working relationships and increases client satisfaction**



**Seamless integration of BAS with other systems offers better usability**

## About Bloomberg Electronic Trading.

Traders and portfolio managers at the world's leading financial institutions are partnering with Bloomberg's electronic trading team to access a comprehensive global network of deep liquidity for multi-asset class trading. Before, during and after the trade, access comprehensive end-to-end solutions across the trading life cycle, bringing together pricing, analytics, liquidity, automation, and execution optimized by straight through processing so you can connect more successfully to the global trading markets – all in one place.

**Bloomberg**



### Take the next step.

Learn more at  
[bloomberg.com/electronic-trading](https://www.bloomberg.com/electronic-trading)

#### Beijing

+86 10 6649 7500

#### Dubai

+971 4 364 1000

#### Frankfurt

+49 69 9204 1210

#### London

+44 20 7330 7500

#### Hong Kong

+852 2977 6000

#### Mumbai

+91 22 6120 3600

#### New York

+1 212 318 2000

#### São Paulo

+55 11 2395 9000

#### Shanghai

+86 21 6104 3000

#### Singapore

+65 6212 1000

#### Sydney

+61 2 9777 8600

#### Tokyo

+81 3 4565 8900