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Global markets focus: How to future-proof your fixed income leadership

The next fixed income cycle will reward firms that treat succession strategically—building leaders who can navigate clearing, data, regulation, and resilience as well as revenue.

With the US fixed-income landscape entering a period of structural change, the leadership model that has carried businesses through the last cycle is unlikely to be the one that creates advantages in the next.

The market is being reshaped by numerous factors: the US Securities and Exchange Commission (SEC) Treasury clearing mandate, evolving capital and liquidity expectations, continued digitization, and the growing interdependence of trading, data, and technology. In this changing environment, balance sheet strength will still matter, but so will something more operational—platform efficiency. Firms can gain a meaningful edge in cost, speed, resilience, and client service by organizing their data, workflows, clearing infrastructure, and decision-making processes to absorb regulatory change and deploy new technology effectively.

Succession planning needs to shift accordingly, moving beyond just identifying replacements. It must derisk the franchise and future-proof leadership against regulatory, operational, and market structure disruption, while simultaneously ensuring that leadership capabilities evolve faster than the market itself.[1]

Four complementary steps can accomplish this.

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Build franchise resilience into succession planning	**Redefine the leadership profile: From P&L owner to platform steward**	**Build depth across the client franchise**	**Integrate risk and operational resilience into leadership development**

1. Build franchise resilience into succession planning

One of the clearest examples of evolving leadership needs in this space involves US Treasury central clearing. Under the current implementation timeline, mandatory clearing for eligible US Treasury cash transactions is scheduled for December 31, 2026, followed by eligible repurchase agreements (repo) transactions on June 30, 2027. These changes will materially affect how fixed-income businesses manage risk, capital, liquidity, and operational infrastructure.

Most firms depend on a small number of clearing experts, where, if any of these leaders depart, the operational and financial impact can be severe.

Succession planning therefore must include:

- Documented clearing playbooks owned by at least two deputies
- Cross-functional rotations between trading, operations, risk, and finance
- Shadow coverage on clearing, margin, and settlement processes well ahead of these processes being put into use

The point is not simply to strengthen controls; it is to ensure that the franchise is not dependent on just a few individuals at a time when the market is restructuring.

More broadly, fixed-income leaders operate in an environment of continual regulatory recalibration rather than a settled end state, and the strongest successors should be able to lead through ambiguity, not just execute against a fixed set of requirements.

1 For further information on how to develop continual, strategic succession planning, see "Route to the Top 2025 | The ascent redefined: Charting more effective routes to the summit," Heidrick & Struggles, July 23, 2025, heidrick.com.

2. Redefine the leadership profile: From P&L owner to platform steward

Historically, succession discussions in fixed income have typically centered on P&L ownership, client franchise, and leadership presence. These factors are still important but are no longer sufficient. As businesses depend more on clearing infrastructure, data architecture, automation, and operating discipline, the next generation of leaders will need to act as stewards of a complex platform, not as stand-alone revenue owners.

Recent discussions with fixed-income COOs suggest that the challenge often is not the shifting technology behind the platform itself, but the organization's ability to absorb change. As technology, regulation, and operating requirements evolve in parallel, leadership increasingly becomes a coordination challenge as much as a business challenge.

This broader leadership mandate spans five dimensions.

First, future leaders will need execution fluency across both voice and electronic channels, along with a forward-looking view of market structure. They must understand where liquidity is moving, how pricing and transparency are changing, and what those shifts imply for talent, workflows, and client economics.

Second, they must have a working command of clearing, settlement, collateral, and margin dynamics. This is no longer specialist knowledge tucked away in the operating infrastructure of the business; it is increasingly central to resilience and profitability.

Third, next-generation leaders will need regulatory credibility. The ability to engage constructively with the SEC, the Federal Reserve (the Fed), and the Financial Industry Regulatory Authority (FINRA)—and to translate commercial decisions into sound governance and risk outcomes—will matter more as regulatory scrutiny intensifies.

Fourth, they will need to oversee data, automation, and artificial intelligence (AI)-enabled workflows, and make corresponding judgment calls. They don't have to build models themselves, but they do need to be able to challenge assumptions, interpret outputs, understand model risk implications, and ensure that data quality and governance are strong enough to support business decisions.

And fifth, they must be able to balance commercial performance with operational discipline and look beyond near-term revenue to platform resilience.

Firms that continue to assess successors primarily by historical revenue production, tenure, or traditional notions of star power may be choosing leaders who struggle to adapt to the next fixed-income cycle.[2]

2 For more on how to better apply and employ assessment data, see Sarah Arnot, Sharon Sands, and Todd Taylor, "Leadership assurance: How data can improve every aspect of executive leadership development and succession planning," Heidrick & Struggles, July 31, 2024, heidrick.com.

3. Build depth across the client franchise

Succession risk in fixed income does not sit only at the top of the organization; it also runs through the client franchise.

Many businesses still rely heavily on a small number of senior relationship holders. That may be manageable in stable periods, but becomes a vulnerability when talent markets tighten, client expectations shift, or leadership transitions happen faster than expected. No important client relationship should depend entirely on one person.

Stronger succession plans therefore should build continuity into coverage models. This can mean mapping key clients to more than one senior leader, linking compensation to shared franchise development rather than individual ownership, and introducing structured hand-off mechanisms, such as joint account reviews and transition planning. These moves are not merely defensive—they can improve the quality and durability of the client franchise over time.

Technology can also help institutionalize knowledge that historically has belonged to one individual. Better use of analytics can help firms capture patterns in client behavior, engagement, and preferences so that insight is less likely to leave with a single coverage leader. Over time, this makes the franchise more transferable and more resilient. The same logic applies to internal talent.[3]

Competition for seasoned fixed-income professionals is evolving, with traditional banks increasingly competing with one another, principal trading firms, electronic market makers, and technology-enabled financial institutions. In that environment, succession planning must include retention.

Firms that want to hold on to their next generation of leaders should think carefully about what they reward. A clear signal about the kind of leadership they want can be shown through compensation and development pathways that recognize platform improvement, client outcomes, and control effectiveness—not only trading revenue. Selective retention packages, visible sponsorship, and opportunities to lead modernization or infrastructure initiatives can also help firms develop and keep talented next-generation leaders.

4. Integrate risk and operational resilience into leadership development

Leadership readiness is easy to overestimate during stable periods. Operational resilience needs to become a core component of every successor's development plan, with leadership development in fixed income increasingly exposed to stress, not just success.

Tabletop exercises around central counterparty (CCP) outages, margin shocks, or settlement failures can reveal whether a candidate is able to integrate commercial judgment with risk awareness and operational decision making under pressure. Joint rotations or projects sponsored by the COO and risk functions can give emerging leaders a better understanding of how the business holds together.

These exercises can deepen a future leader's skill set and knowledge base and, when done properly, can also serve as formal inputs into succession evaluation, testing whether they can integrate regulatory, operational, and commercial considerations in difficult situations.

3 For more on how to build bench strength across the leadership pipeline, see "Treating your leadership pipeline as a strategic asset: The seven functions of an executive leadership team," Heidrick & Struggles, 2024, heidrick.com.

What the next cycle demands

Today, the biggest succession risk in fixed income is not retirement but disruption. Treasury clearing, changing capital requirements, AI-enabled operating models, and more data-driven markets are redefining effective leadership. Top-tier firms will treat succession as a strategic tool, building leadership benches and operating platforms that evolve as quickly as the market. In the next cycle of the fixed-income environment, advantage will belong to firms with strong balance sheets, adaptable platforms, and leaders who can navigate markets, regulation, technology, and operational resilience.

About the author

Elisabetta Bartoloni
is a partner and sector leader of the Americas Global Markets Practice;
she is based in the New York office.

ebartoloni@heidrick.com

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