

International Capital Market Association

For more than 40 years, the International Capital Market Association (ICMA) has made a significant contribution to the development of the international capital market by facilitating the interaction between all market participants: issuers; lead managers; dealers and investors, to promote an efficient and well-functioning market.

From its modest offshore beginnings the international capital market has grown into a broad and deep market of around USD 14 trillion¹ in outstanding issues, serving the funding needs of governments, supranationals and corporates from all over the world. As the market has expanded across geographic boundaries and product areas, it has assisted the free movement of capital across borders and the integration of economies, removing obstacles and linking the different national markets together, enhancing structural reform and integration of capital and financial markets.

ICMA is both a self-regulatory organisation and a trade association. It represents members worldwide, who are active in the international capital market on a cross border basis. ICMA is distinct from other trade associations in representing both the buy-side and the sell-side of the industry.

ICMA is based in Zurich, and through a subsidiary in London and a representative office in Paris. The Association's head office is in Zurich where it was founded in 1969. While ICMA has traditionally been most active in the international debt market, the Association focuses today on all types of securities, taking full account of the increasing integration between the debt and equity, cash and derivatives markets, working with other trade associations where it makes sense to do so.

¹June 2009 source: Xtrakter

What we do

ICMA's mission is to make sure that the international capital market works as efficiently as possible and promote best market practice by:

- maintaining the framework of cross-border issuing, trading and investing through development of internationally accepted standard market practices;
- liaising closely with governments, regulators, central banks and stock exchanges, both at national and international level, to ensure that financial regulation promotes the efficiency and cost effectiveness of the international capital market;
- encouraging networking, flow of information and the organisation of market events.

History

The growing challenges of globalisation and consolidation in the banking sector, together with increasing regulatory activity, led to the formation of the International Capital Market Association in July 2005 through the merger of ISMA and IPMA, creating an organisation with a broad franchise across the primary and secondary international capital markets.

The driving force behind the creation of the Eurobond market was an unfavourable tax regime introduced in the USA in the early 1960s, effectively forcing international borrowing in US dollars offshore. The first Eurobond is generally considered to have been an issue by Autostrade in 1963.

The Association was established in 1969 by a group of bond dealers representing banks and securities firms, as the Association of International Bond Dealers (AIBD), in response to a settlement crisis which threatened what was then the new Eurobond market.

In the years that followed, AIBD enacted a series of rules and recommendations governing market practice, thereby providing the stability and order essential

for the continuing development of the international capital market.

In the 1980s AIBD began to provide data services to the market and in 1989 launched the transaction matching, confirmation and regulatory reporting system, known as TRAX.

The International Primary Market Association (IPMA) was founded in 1984 by major banks to provide sound basic recommendations for the primary capital market.

In 1992 AIBD changed its name to International Securities Market Association (ISMA).

ICMA sold its market services business, including TRAX, to Euroclear in April 2009.

Membership

ICMA has around 350 members located in 45 countries worldwide drawn from both the buy and sell-side of the market. It is primarily a pan-European association, but with strong links and a number of members outside Europe.

ICMA's full members are firms who actively deal in securities and include: securities dealers and brokers; regional and commercial banks; private banks; asset managers; investment banks and issuers.

Associate membership is open to organisations that play an important role in the market and maintain close relations with ICMA, including professional advisors.

Organisation and governance

The general meeting of the members is the supreme agency of the Association and it has, *inter alia*, the power to amend the statutes, elect board members and terminate their mandate, elect the auditors, approve the accounts, determine the annual subscriptions to be paid by members and decide on the termination of the Association.

The Board performs a supervisory role and is not involved with the day-to-day management of the Association. The board consists of sixteen members, one of which is the Chief Executive.

The Board has established the following committees assisting the board in performing its supervisory role:

(a) the Audit, Compliance and Governance Committee, which oversees

compliance by the Association with all laws, rules and regulations applicable to it in order to enable the board to conduct appropriate supervision of the Association's regulatory affairs and for overseeing, controlling and reporting on the budgetary process and financial control of the Association;

(b) the Oversight Committee, which supervises the executive committee and any committee established by the executive committee;

(c) the Compensation Committee, which determines the compensation of the Association's senior executives.

The Executive Committee has responsibility for the executive management and administration of the Association. The Executive Committee reports to the board through the Chief Executive. The Executive Committee has established a number of committees to assist it in the discharge of ICMA's functions.

Committees, councils and working groups on market practice and regulation

Participation in ICMA's committees, councils and working groups allows members to provide expert input and direction in its work. They are valued as forums for discussion and reaching a consensus on topics of common interest.

Regulatory Policy Committee

The Regulatory Policy Committee oversees all of ICMA's regulatory policy and market practices work. It consists of the government affairs, regulatory and compliance heads in member firms; the chairs of the sub-committees forming part of the market practices committee are also invited to its meetings.

Recently the focus of its work has been on the regulatory response to the international financial crisis; bond market transparency; and the future of the OTC market.

Primary Market Practices Committee

The Primary Market Practices Committee consists of the syndication managers of member firms active in arranging syndicated bond issues in Europe. The committee is concerned with market practice in the primary market, including the IPMA Handbook.

Legal & Documentation Committee

The Legal & Documentation Committee consists of the heads and senior members of the legal transaction management teams of member firms active in lead-managing syndicated bond issues in Europe. It is concerned with market practice on documentation, including the IPMA Handbook, and related regulatory issues.

Secondary Market Working Group

The Secondary Market Working Group comprises market practitioners in the secondary market. It has recently overseen the updating of ICMA's rules and recommendations for the secondary market and its overall focus is to ensure the functioning of this market.

Euro Commercial Paper Committee

The Euro Commercial Paper committee comprises the heads and senior members of the ECP teams of member banks active in this market sector. It is concerned with the functioning of the ECP market, including maintenance of documentation standards, disclosure, the restructuring and revival of the asset-backed CP market, and regulatory issues affecting the market.

European Repo Council and Committee

The European Repo Council has been instrumental in developing standard market practice as the repo market in Europe has developed since the early 1990s. The European Repo Committee (ERC) is the governing board of the European Repo Council consisting of 19 market practitioners drawn from and elected by the European Repo Council.

The European Repo Council and the ERC meet regularly to discuss market developments and make representations to the European Central Bank, Euroclear, Clearstream, and national CSDs.

Asset Management and Investors Council (AMIC)

AMIC represents ICMA's buy-side members and comprises asset managers, treasurers of official institutions, and representatives of private banks and hedge funds. AMIC is a forum for discussion of regulatory affairs, market trends and specific market practice issues affecting the buy-side, with working groups set up at the instigation of members to consider specific products, markets and regulatory initiatives.

The Covered Bond Investor Council is a special interest grouping under the auspices of AMIC.

AMTE Council

The AMTE (Euro Debt Market Association) Council, based in Paris, aims to facilitate the development of the depth, liquidity, transparency and innovative nature of the euro debt markets and to be a centre of expertise for government and government guaranteed debt. Its members include issuers, intermediaries and investors.

Council and Committee of Reporting Dealers

Currently, some 30 reporting dealers within the overall membership of ICMA form the Council of Reporting Dealers. The council comprises the market making community within ICMA and accounts for the majority of cross-border professional trading. The Committee of Reporting Dealers, comprising nine individuals drawn from the council members, oversees the actions of the council.

European Financial Markets Federation (EFMF)

The European Financial Markets Federation brings together trade associations across Europe, including Germany, Italy, Switzerland, the UK and Russia, to discuss regulatory and market practices issues in common.

Regional organisation

ICMA has a strong regional organisation, with each of the twelve regions having its own regional committee which meets to deal with specific regional matters and organises meetings of the regional membership.

Members may be represented on the committee of their respective region, led by a regional chairman. The Committee of Regional Representatives (comprised of the twelve regional chairmen) reports directly to the board of ICMA, enabling the viewpoints of each region to be fully represented.

The 12 regions are: Austria, Eastern and South Eastern Europe; Belgium; France and Monaco; Germany; Iberia; Italy; Luxembourg; Middle East, Far East and Africa; the Netherlands; the Nordic countries; Switzerland and Liechtenstein; United Kingdom, Ireland and the Americas. For Latin America a chapter has been established to deal with issues specific to this area.

Education

For many years ICMA has made investment in executive education for the financial markets a priority. ICMA courses are administered and overseen by the ICMA Centre at the University of Reading.

The Association's core executive certification programmes are all recognised as certificates of competence in the capital markets and are successfully completed by large numbers of international participants each year. The ICMA Centre also runs specialised courses in markets, products and operations, including Collateral Management, Corporate Actions, Global Custody and Derivative Operations.

It also makes its expertise available in the creation of customised programmes for member firms.

The ICMA Centre is a purpose built facility on the campus at Reading University in the UK funded entirely by ICMA and uniquely featuring state of the art dealing rooms to provide students with hands on experience (see www.icmacentre.reading.ac.uk). It runs academic programmes in international securities, investment and banking.

ICMA members have the opportunity to participate in these high quality executive education programmes at preferential rates.

ICMA Executive Education – Certification Programmes

Introductory programmes

Financial Markets Foundation Course

Securities Operations Foundation Course

Intermediate programmes

International Fixed Income and Derivatives Certificate

Operations Certificate Programme

Specialist courses

Primary Market Certificate Programme

Contact:
education@icmagroup.org
for more information.

Events

ICMA is committed to holding regular conferences and events with, and for, members. In this way the Association interacts with its members and provides a platform for networking between all the capital market constituencies which it represents. ICMA provides speakers and assistance in the organisation of local events for members.

Regular events focused on specific areas of the market include the Primary Market Forum, a cross market discussion platform involving banks, issuers, investors, infrastructure providers and law firms.

The ICMA AGM and related conference is an international event which allows the entire membership to gather and debate the issues of the day and to hear the views of market experts.

Market practice and regulatory policy

ICMA provides services for members through its market practice and regulatory policy activities in Europe and beyond by:

- **setting standards of good practice for orderly markets**, in consultation with members, so that membership is seen as a “seal of approval” by their peers, supervisors and regulators;
- consulting members and representing members’ views to regulators and central banks on cross-border regulatory issues that affect them;
- representing both the sell-side and buy-side together, when they agree, and facilitating dialogue between them;
- working in cooperation with other trade associations, where it is in ICMA’s members’ interests; and
- sharing ICMA’s experience of setting standards of good market practice in

Europe with trade associations and self-regulatory organisations in Europe and other parts of the world.

Given ICMA’s geographically diverse membership, ICMA concentrates on cross-border, rather than domestic, regulatory and market practice issues.

ICMA works closely with members through its market practices and regulatory policy committees and councils.

Market practice – rules, recommendations and standard documentation

All ICMA members have access to the IPMA Handbook, ICMA’s rules and recommendations for the secondary market and the legal opinions on the Global Master Repurchase Agreement.

ICMA’s legal help desk offers guidance to members in all these areas.

Legal help desk
+41 44 360 5239
legalhelpdesk@icmagroup.org

Primary market

The IPMA Handbook is a comprehensive document covering the issuance of a broad range of international securities, continuously responding to market developments when guidance is required. It is the most widely used issuing framework in the international debt markets worldwide.

Secondary market

ICMA’s rules and recommendations for the secondary market form a reliable framework for trading debt and related securities (both between members as well as between members and other professional market participants) and for the clearing and settlement of trades in such securities.

Repo

In the rapidly expanding cross-border repo market ICMA has been an active force in standardising documentation. The Global Master Repurchase Agreement (GMRA) is the most predominantly used standard master agreement for repo transactions in the cross-border repo market. The 1995 and 2000 versions of the GMRA, developed by the Association, are underpinned by legal opinions from nearly 70 jurisdictions which address the enforceability of the netting provisions of the GMRA, and the validity of the agreement as a whole. ICMA provides its members with guidance on the GMRA and is the sole provider of industry standard legal opinions on the agreement.

Dispute resolution - conciliation and arbitration

In the event of a dispute, ICMA makes its conciliation and arbitration procedures available to members and other interested parties enabling them to resolve their

disputes in a swift and cost efficient manner with the help of experienced market experts.

Regulatory status

In Switzerland, ICMA's domicile, the Swiss Federal Banking Commission (SFBC) recognised the Association in 1998 as an "institution similar to an exchange" and submitted it in part under the Federal Act on Stock Exchanges and Securities Trading (SESTA). At the same time, the SFBC granted ICMA a license to operate as an institution similar to an exchange and approved ICMA's statutes and by-laws. Following the disposal by ICMA of its market services business in 2009, the SFBC's successor, the Swiss Financial Market Supervisory Authority FINMA, confirmed that ICMA continues to be an institution similar to an exchange under SESTA and maintained the Association's respective license of 1998. In this capacity and to the extent of its submission under SESTA is ICMA subject to supervision by FINMA.

In the UK, the Department for Trade and Industry approved ICMA in 1988 as an "international securities self-regulating

organisation" (ISSRO) for the purposes of the Financial Services Act 1986. Under the Financial Services and Markets Act 2000, which came into force in December 2001, ICMA retained its ISSRO status. In 2005, HM Treasury confirmed that the merger between ISMA and IPMA does not affect ICMA's ISSRO status. More recently, HM Treasury also confirmed that the disposal of ICMA's market services activities does not affect ICMA's status as an ISSRO, notwithstanding that ICMA ceased to operate TRAX following disposal of this business.

Also in the UK, the predecessor of the Financial Services Authority (FSA), the Securities and Investments Board (SIB), designated ICMA in 1988 as a Designated Investment Exchange (DIE) under its Conduct of Business Rules. Designation by the FSA means that transactions on the relevant exchanges are more favourably treated for the purpose of the relevant FSA rules.

International recognition

ICMA is an affiliate member of the International Organisation of Securities Commissions (IOSCO) and in consequence, a member of the IOSCO Self-Regulatory Organisation Consultative Committee (SROCC).

ICMA is also a member of the International Council of Securities Associations (ICSA), a global forum for non-governmental regulatory organisations, whose aim is to encourage the sound growth of the international securities markets by promoting harmonisation in the procedures and regulations of these markets. ICMA's President is currently Chairman of ICSA.

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