



ICMA

International Capital Market Association

Covered Bond Investor Council

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Introduction



- Covered Bonds are an important part of the financing of the mortgage and public sector markets. There is a significant public policy role for the asset class which we acknowledge
- The asset class also represents an important source of bank financing beyond the current governmental guarantees and therefore is part of the future solution to the liquidity crisis
- Recent disruption to the covered bond market has provoked debate across the industry. Action in other market segments suggest investors are slow to react or have their views listened to
- Covered bond issuers and traders have their own organisations to voice their views- this asset class has a 'life of its own'
- Regulators are anxious to discuss with industry over their treatment of covered bonds
- Investors need to ensure that their views are made known and interests protected at an early stage in every industry discussion
- The Covered Bond Investor Council (CBIC) is an investor driven organisation, independent of issuers and the market
- The CBIC is to be set up as a part of the International Capital Market Association to provide a strong platform and administrative support for the Council



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Mission





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Mission

- The objective of CBIC is to represent investor interests, and promote the long term future development of the European covered bond market.
- CBIC wants to embrace all investors, diversified by geography, type of activities and size.
- CBIC will not engage in discussions/recommendations with individual issuers about their Covered Bond Programs.



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Mission

CBIC seeks to promote the long term development of:

- Covered Bonds as a highly secure product
- Covered Bond Market liquidity



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Mission

Liquidity Issues

- CIBC acknowledges that liquidity in the Covered Bond Market must be viewed in the context of overall liquidity in the fixed income markets
- The CBIC will work to promote a liquid and smooth functioning market



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Organisation





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Organisation

Umbrella Organisation

- CBIC will be established as a Council under the umbrella of the ICMA (International Capital Markets Association)
- It will exist alongside the existing Asset Management and Investors Council ('AMIC'), with which it will share facilities

Membership

- The Council will be open to membership by all entities considered investors in covered bonds as agreed with the Chairman
- The aim would be for there to be a fair representation at steering committee and membership level of Central bank/ Sovereign wealth fund; investment management companies; insurance companies; pension funds; and money manager/ bank liquidity manager accounts
- The Council would also try to achieve a fair international representation including key German, French, Scandinavian, Benelux, Anglo-Saxon and South European accounts
- CBIC will work to extend the representation with important investors outside the European Area.



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Communications



Statements

- CBIC will address issues that members find important to the European Covered Bond Market.
- The CBIC would be available to comment on proposals forwarded to it via the secretariat. Direct approaches to individual members would not be encouraged. The CBIC would reserve the right to respond, or not as the case may be to specific inquiries
- CBIC will not engage in discussions with individual issuers about their Covered Bond Programs.



- ICMA is one of the few trade associations with a European focus having both buy-side and sell-side representation. Buy-side and sell-side members within ICMA are both entitled to have their views represented separately (e.g. to the European Commission and CESR), where they wish to do so. ICMA is also keen to encourage dialogue between the buy-side and sell-side, where both sides consider this appropriate.
- ICMA represents firms drawn from all capital market constituencies in 46 countries. Membership includes all the largest global investment banks, also regional banks, inter-dealer brokers, small private banks servicing retail clients and asset management firms. Membership in the association is also open to major issuers in the international debt markets, exchanges, other financial associations, ICSDs, central banks and professional advisers such as legal firms.



- The purpose of the ICMA Asset Management and Investors Council (AMIC) is to represent the views of the buy-side members of ICMA and to add value for them by discussing asset management issues of common interest, reaching a consensus and recommending any action that ICMA should take.
- This may include proposing market-led initiatives and market practice guidelines, where these are appropriate, and responding to consultation papers from regulators. The focus will be on asset management in Europe, while recognising that asset management is a global business.