International
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ICMA

Press release

News from the International Capital Market Association (ICMA)

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For immediate release

ICMA releases survey of corporate bond market

(London, UK) The International Capital Market Association has released the results of a survey on transparency and liquidity in the European corporate bond market. The survey was carried out in the context of the current review of the Markets in Financial Instruments Directive (MiFID) which focuses on transparency in non-equity markets.

The members of the association including buy side, sell side and repo market participants, were asked for their views on post trade transparency ie the availability of prices on trades in corporate bonds that have been done between two counterparties directly rather than on an exchange. Asked at what point, post trade, prices should be published, respondents indicated strongly (57%) that end of day pricing was ideal with a strong preference for high/low/median end of day prices rather than actual or aggregate trade prices. Most respondents (77%) also indicated that while trading volume should be published, they favoured end of day publication.

Commenting on the survey findings Martin Scheck, ICMA’s Chief Executive said “While most of our members support the move towards supply of post trade data to regulators, major concerns remain that the publication of post trade data to the market as a whole could have a negative impact on market liquidity. Clearly the detailed configuration of any post trade publication framework, in terms of how large trades are dealt with, time delays and definition of bonds to be included, will be critical in the effect that it has on our members and the market”.

Other key findings of the survey include:

When asked which measures could improve liquidity in the corporate bond market 83% of survey respondents ranked pre-trade transparency as the most important measure to improve liquidity compared with 57% who believed that better post trade transparency would improve liquidity. Overall, most respondents felt that improved quality of pre-trade pricing would have a positive impact on liquidity, market depth and bid- offer spreads.

87% of respondents felt that electronic trading would improve liquidity in the corporate bond market.

However 80% of survey respondents felt that regulatory intervention would not improve liquidity in the corporate bond market

A copy of the full survey can be downloaded from:
http://www.icmagroup.org/ICMAGroup/files/1f/1fa026d7-c864-4f55-8f5c-13d1231ed87b.pdf

ICMA response to CESR Technical advice of the European Commission in the context of the MiFID review: Non-equity markets transparency:
http://www.icmagroup.org/ICMAGroup/files/23/23119d6e-c6ef-4359-a6d6-08b82761bab7.pdf

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Notes for editors

International Capital Market Association (ICMA)

ICMA represents financial institutions active in the international capital market worldwide. ICMA's members are located in 46 countries, including all the world's main financial centres. ICMA's market conventions and standards have been the pillars of the international debt market for over 40 years, providing the framework of rules governing market practice which facilitate the orderly functioning of the market. ICMA actively promotes the efficiency and cost effectiveness of the capital markets by bringing together market participants including regulatory authorities and governments. See: www.icmagroup.org

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