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ICMA Quarterly Report

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ICMA
International Capital Market Association

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The mission of ICMA is to promote resilient and well-functioning international and globally integrated cross-border debt securities markets, which are essential to fund sustainable economic growth and development.

ICMA is a membership association, headquartered in Switzerland, committed to serving the needs of its wide range of members. These include public and private sector issuers, financial intermediaries, asset managers and other investors, capital market infrastructure providers, central banks, law firms and others worldwide.

ICMA currently has over 630 members in 71 jurisdictions worldwide. ICMA brings together members from all segments of the wholesale and retail debt securities markets, through regional and sectoral member committees, and focuses on a comprehensive range of market practice and regulatory issues which impact all aspects of international market functioning. ICMA prioritises three core areas – primary markets, secondary markets, repo and collateral: with two cross-cutting themes of sustainable finance and FinTech and digitalisation.

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Foreword

Advancing global markets

by **Jean-Luc Lamarque,**
Chair of the Board of ICMA

I am honoured to write this quarter's foreword as the new Chair of the Board of ICMA.

Let me begin by paying tribute to Janet Wilkinson, who has guided the Board with distinction over the last two years. It was a privilege to serve as Deputy Chair during her tenure and I look forward to building on the strong foundation she has helped to shape.

I would also like to extend my thanks to the German Regional Committee and the ICMA team for their invaluable contribution to the success of the 57th AGM and Conference in Frankfurt, under Bryan Pascoe's leadership. The event brought together an outstanding line-up of speakers and panels, and the engagement from members was remarkable. We now turn our attention to London in May 2026, where we hope to welcome even more of you.

2025 has already proved to be a pivotal year for the markets. "Liberation Day" created both volatility and uncertainty, but markets rebounded swiftly to record new highs in equity markets and historically tight credit spreads.

At the same time, Germany's far-reaching fiscal programme with its €500 billion infrastructure fund and renewed defence commitments has the potential to reshape not only Germany's outlook but Europe's growth prospects more broadly.

Against this backdrop geopolitical tensions remain acute, not least with the continuing war in Ukraine, now well into its fourth year. These realities underline the importance of resilient, well-functioning capital markets.

ICMA's mission has never been more relevant. With over 630 members across 71 jurisdictions, our role is to foster best practice and high standards across fixed income markets worldwide – from primary issuance to secondary trading, repo and collateral, sustainable finance and beyond.

Looking ahead, there are three areas where I believe ICMA should lead with purpose:

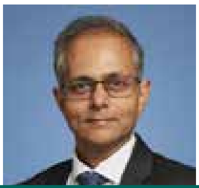
- Digitalisation: Establishing ICMA as the leading Association driving the responsible digital transformation of capital markets
- Primary Market innovation: While secondary markets have evolved dramatically over the last two decades, primary issuance practices have seen little change. ICMA's unique membership – spanning issuers, investors, intermediaries, law firms and platforms – places us in an ideal position to coordinate meaningful progress
- Education and capacity building: Building on ICMA's strong reputation in professional education, we have the opportunity to expand our offering and establish ICMA as the global reference point for capital markets learning

Finally, I want to recognise the dynamism of our members in the Middle East and Africa. Their growing engagement is helping to shape capital markets development well beyond their regions, and their contribution will be central to ICMA's future.

I look forward to working with all of you, alongside the Board, Bryan Pascoe and his team, to ensure ICMA continues to support our members and champion well-functioning capital markets worldwide.

Jean-Luc Lamarque is Managing Director, Chairman Primary Credit at Crédit Agricole Corporate & Investment Bank

The US Treasury market: major drivers and current outlook



by **Mohit Kumar,**
Jefferies International Limited

The US Treasury market currently stands at over $29trn. It is the largest and one of the most liquid government bond markets globally. Given the status of the US dollar as a reserve currency, US Treasuries form the bulk of reserve holdings among institutional investors.

Drivers of the Treasury market

The majority of market moves in the US Treasury market can be attributed to:

- *macro-economic factors:* Including growth and inflation expectations
- *supply and demand factors:* supply is driven by US fiscal deficit expectations, whereas demand is driven by domestic institutions (regulatory reasons), foreign institutions (reserve management) and institutional accounts (asset liability purposes)
- *risk aversion and correction to other asset classes:* US Treasuries are widely seen as a safe haven. Heightened risk aversion or uncertainty in the macro picture leads to a bid for US Treasuries.

The last 12 months have seen an interplay of all the above factors with the US Federal Reserve (Fed) moving to an easing cycle, the economy remaining resilient but showing some signs of slowing down, tariffs, and questions over the Fed's independence.

The recent macro backdrop

The US economy has remained resilient despite the Fed hiking rates from close to 0% to over 5%, and the yield curve inverting. Traditionally, aggressive Fed tightening and inverted curves have been followed by recessions, as central banks raise rates above neutral. The resilience of the US economy can be attributed to two main reasons:

1. Increases in short term rates typically hurt the small and medium enterprises (SMEs) as they depend on short-term funding. The SME sector is responsible for over two thirds of hiring in the US. However, in this business cycle, SMEs have been cash rich, as they were given 3-5 year loans during COVID. Thus, there was little or no pass through of higher funding costs onto the SME sector.
2. The consumer sector held up reasonably well despite higher rates. Looking at the details, the share of consumption of the 55Y+ generation has steadily gone up over recent years. Part of the reason for this is because the 55Y+ generation is the richest demographic cohort of our time. Higher rates are positive for the net savers. In addition, equity markets have rallied along with rising rates, and the 55Y+ generation is asset rich.

It is likely that we see some more slowdown in employment over the coming months. The SME sector will face a wave of refinancing towards early 2026, which should impact their hiring intentions and impact employment. Delayed tariff impact and reduction in government hiring and net immigration should all weigh heavy on the employment picture in the coming months.

However, in our view, the weakness in the employment picture should be consistent with a modest slowdown rather than a recession. We see the unemployment rate moving towards 4.5% (currently 4.3%), which, on a 20-year chart, looks good. The US economy has not had a recession when the unemployment rate was below 6%.

Tariffs: seeing only a limited impact

US tariffs have dominated markets in the past few months. Tariffs are equivalent to a tax on consumers, as companies are likely to pass on most of the additional cost to the US consumer.

In our view, the impact of tariffs on both growth as well as medium-term inflation should be limited. Growth impact should be largely offset by the fiscal impulse from the "Big Beautiful Bill".

To put some numbers on this, the average tariff rate in the US was 2.5% in 2024, which generated around $80bn of revenue. It is likely that in 12-24 months' time, average tariffs will settle around 15%. This implies additional revenue of $400bn annually. In reality, the additional revenue will be lower due to substitution and companies absorbing costs. Realistically, tariffs could potentially generate $250bn of additional revenue annually or $2.5 trillion over the next 10 years.

The "Big Beautiful Bill" is expected to cost around $4.5 trillion over the next 10 years. Of this, around $2 trillion is funded, which leaves a hole of around $2.5 trillion. It is very close to the additional revenue which is expected from tariffs.

Similarly, we would argue that the medium-term impact on inflation should be limited. By way of example, if something costs $100 and we apply a 15% tariff, then its costs $115 which is 15% inflation in Year 1. In Year 2, it still costs $115 (assuming no external effects) which is 0% inflation on year-on-year basis. Year 3 is also 0% inflation, and by that time the second order effects should also fade away.

Outlook for the Fed and fiscal risks

Even with a modest slowdown in the economy, we would expect the Fed to ease rates further. Currently, Fed rates are above neutral and in restrictive territory. With unemployment peaking around 4.5% and inflation moving towards the 2% level, we would argue that rates should be close to neutral.

There is a fair bit of debate on *what* the neutral rate is. Most estimates, including some Fed papers, put this somewhere between 3% and 3.5%. In a purely fundamentals-driven world we would argue that Fed should take rates towards 3.25%.

However, the current environment also sees some political influence, with President Trump repeatedly calling for lower Fed rates. We see a 25-50bp premia for Trump's influence, which suggests that Fed rates should move close to 2.75% over a 12-month horizon.

Fiscal concerns are likely to rise in the coming quarters, not just in the US but also globally. The Trump administration has passed the "Big Beautiful Bill" which is expected to cost $4.5 trillion over a 10-year horizon. The increased issuance required is over a period where international investors are becoming concerned about the reliability of the US as a trading partner and the USD as a reserve currency.

Market outlook

Higher issuance in the face of potentially reduced demand should lead to upward pressure on long-end yields with a steeper curve, as investors demand a higher premium to buy long dated US Treasuries. This steepening pressure could be further exacerbated due to global factors. France and the UK are also facing fiscal concerns. In addition, changes to the Dutch pension fund regulation should also lead to steepening pressure on the European curve.

The ongoing political battle over Fed independence should also support steeper curves. Trump's influence should lead to lower front-end rates. However, an overly dovish Fed would heighten inflation concerns and add to the steepening pressure.

Investors are concerned that US Treasuries could lose their safe haven and reserve status. However, these fears are likely exaggerated as there are no credible alternatives to such a deep and liquid market for large institutional accounts. We see the possibility of investors demanding a higher premium for USTs, but do not see a large shift in structural demand.

Overall, we see US Treasuries continuing to provide a deep liquid market for investors. Front end yields should experience downward pressure given the Fed cutting cycle, while the long end faces pressure from fiscal concerns. In short, we see a range bound environment with 10Y US Treasury yields in a 4-4.50% range over the next 6-month horizon, and steepening pressure on the curve.

Mohit Kumar is Managing Director, Global Macro Strategist and Chief Economist for Jefferies in Europe.

Market fragmentation and the pursuit of greater international harmonisation

by **Thorsten Guthke**

Summary

In an ideal world, one single regulatory regime for wholesale securities and derivatives markets would exist at a global scale. The current situation, with a fragmented market and various national or regional regimes that often do not respond to the needs of markets, be it for historical, political or other reasons, increases risks to the orderly functioning of financial markets and may even lead to systemic risk. Following a report issued in 2019 entitled Market Fragmentation & Cross-Border Regulation, the International Organization of Securities Commissions (IOSCO) mandated its AMCC (Affiliate Members Consultative Committee)[1] – of which ICMA is an active member – to report on the risks of market fragmentation. Following the first report, several years ago, the report has become an annual contribution of the AMCC, which is also shared with the IOSCO Board. The AMCC is currently working on a series of most relevant topics for its 2025 submission, and these are highlighted in this article, particularly from the perspective of bond markets. This article reflects on the current state of AMCC's work progress and the report's nearly final findings.

Banks' capital rules

Whilst Basel III standards are meant to harmonise, lead towards a common framework and a level playing field, the reality is that there are differences in transposition across jurisdictions, meaning that banks must implement different versions to manage the same risks. Further key divergences exist in the timelines for Basel implementation, and in both risk-based and leverage capital requirements.

Regulatory measures taken in the EU thus far are the entry into force of CRR3 and CRD6 in July 2024, while implementation dates have been postponed to January 2027. The UK has published a Basel 3.1 proposal for the implementation of Basel III, through its Prudential Regulation Authority (PRA) in two parts, with implementation dates also delayed until January 2027. In the US, competent authorities have not published any regulations other than a notice of proposed rulemaking in 2023; the process stalled following the November 2024 elections. A proposal made by the US authorities in June 2025 would change the Supplementary Leverage Ratio (SLR) buffer, aiming to restore the Leverage Ratio as a backstop rather than a binding constraint.

The AMCC recommends that prudential regulators be made aware of the impact of their diverging rules on market structure, liquidity provision and capacity, including access to clearing. An opportunity would be for the Basel Evaluation Task Force to review the implementation and help mitigate risks to market function and financial stability.

1. IOSCO AMCC (Affiliate Members Consultative Committee)

Benchmark reform – EU and UK Regulation

The EU and UK Benchmarks Regulations (BMRs) were conceived to protect domestic investors from the risks and disruptions caused by poorly governed or failing benchmarks. Nevertheless, cessation of a benchmark – or its regulatory prohibition - has the potential to cause widespread disruption in financial markets and beyond. An unknown share of the estimated worldwide 3.5 million benchmarks would likely no longer qualify under BMRs, exposing administrators and end users to disruptive bans across all asset classes. Against the background that implementation of the third country benchmark regimes for the BMRs have been postponed repeatedly – recognising that they are effectively unworkable - neither UK nor EU BMRs automatically make equivalent allowances for any other benchmarks, so creating risks for users that they cannot mitigate. Prohibition of benchmarks from other jurisdictions poses adverse effects regarding liquidity fragmentation and makes it difficult to invest in third country initiatives. Benchmark providers in other jurisdictions possibly face significant compliance burdens in attempting to align with the requirements of the BMRs. In the worst case, financial stability could be adversely impacted.

Looking at the regulatory actions taken so far, the EU has recognised the shortcomings of the EU BMR, in particular with respect to third country benchmarks. The revised BMR will become applicable from 1 January 2026 and will seek to align EU and non-EU benchmarks, while also removing non-significant benchmarks from scope. This will affect around 80% of benchmarks, limiting the scope to focus on critical, significant, and climate-related benchmarks. As a result, the regulatory burden on administrators of benchmarks should also decrease. Moreover, only critical or significant benchmarks may be scoped in. A benchmark exceeding EUR 50 billion is defined as significant. The regulation foresees an exemption regime for spot foreign exchange benchmarks.

In the UK, HM Treasury has extended the transitional period to 31 December 2030. It has also announced plans to reform the Benchmarks Regulation in order to reduce the burden on UK firms. Numerous benchmarks risk becoming prohibited, as the UK uses a greater variety of benchmarks and a larger volume than the EU.

With respect to additional steps towards greater harmonisation, the report recommends that IOSCO should promote voluntary adoption of IOSCO principles rather than jurisdiction-by-jurisdiction benchmark regulations. UK regulators should be encouraged to reform the UK BMR to create a proportionate regime that provides general approval for use of UK and third country benchmarks, unless specifically prohibited, instead of the current general prohibition. The UK Financial Conduct Authority (FCA) should be given the competence to designate benchmarks as “Systemic Benchmarks” and thus allow them to be scoped in. A ban should only be possible by the FCA following consultation and designation. This would limit mandatory compliance to those UK benchmarks whose discontinuation would pose the greatest threat to financial stability. It would also avoid disruption caused by prohibition of non-compliant benchmarks.

A balanced approach is essential to protect investors while also facilitating access to critical benchmarks and preserving the benefits of diverse and resilient financial markets.

CCP’s access to central bank deposit accounts

Access to central bank deposit accounts reduces counterparty credit risk and ensures clearing participants’ funds can be deposited into the most creditworthy type of counterparty. It also can alleviate liquidity challenges for Central Counterparties (CCPs), particularly in stressed market conditions. Access by CCPs to central bank liquidity facilities, which are typically made available to banks, can also provide a safe and reliable source of liquidity for CCPs. Therefore, allowing CCPs access to central bank deposit accounts for holding clearing participants’ cash collateral, is an important tool for mitigating systemic risk.

As each jurisdiction sets the conditions under which CCPs can gain access to central banks, the conditions for access currently differ. Some impose additional requirements, such as a bank license, or a particular status, eg of a Systemically Important Derivatives Clearing Organisation (SIDCO). Some jurisdictions only grant access for local CCPs.

In its European Market Infrastructure Regulation (EMIR) 648/2012, the EU stipulates that “a CCP should use central bank money to settle its transactions” and that “cash deposits of a CCP shall be performed through highly secure arrangements (…) or through the use of standing deposit facilities (…) or other comparable means provided for central banks”. These provisions also apply in the UK as part of UK EMIR. The EU Commission shall assess financial stability considerations with respect to central bank access for Union CCPs without them having to hold a bank license. In the US, following the Dodd-Frank Act, the Board of Governors may authorise the Federal Reserve Bank to make available deposit accounts to a depository institution. However, this does not apply to all large CCPs engaged in the clearing of USD based derivatives.

The AMCC believes that IOSCO should engage with central banks and further competent authorities with respect to central bank access of CCPs, taking into consideration the particular role of CCPs in supporting financial markets.

Digital assets – cross-border cooperation and international consistency

The market for digital assets is genuinely cross-border. Its regulation is subject to various jurisdictions and actions of stakeholders. Although some key jurisdictions are aligned to a certain extent, differing timelines developing regulatory frameworks and timing differences, in addition to inconsistent approaches present risks to efficiency, create gaps and increase the risk of regulatory arbitrage. Current definitions, eg for crypto assets, are too broad, not effectively demarcating between various types of digital assets, which risks unintended consequences.

In terms of ongoing regulatory measures, the Financial Stability Board (FSB) has proposed a global framework for the international regulation of crypto assets and global stablecoin arrangements, while IOSCO has released *Policy Recommendations for Crypto and Digital Asset Markets* and a consultation on Decentralised Finance (DeFi).

IOSCO can support the evolution of globally consistent frameworks based on the principle of "same activity, same risk, similar regulatory outcomes". The AMCC suggests engaging in international regulatory dialogues with the aim of achieving global legal standards. Private law initiatives already exist; IOSCO may want to support both efforts by national authorities (such as the UK Law Commission) and international efforts (like those by the International Institute for the Unification of Private Law (UNIDROIT) and the Hague Conference) to develop rules ensuring that the parties have clear legal positions in cross-border transactions. Tokenisation could provide good benefits and solutions. In addition, expanding definitions to capture new uses of digital assets would bring clarity. Interoperability will be key – both in terms of smart contracts and technology. Industry-wide standards can be of great help, such as the Common Domain Model (CDM) and the Bond Data Taxonomy (BDT) developed by ICMA and its members.[2]

Market access regimes

Market access for financial market participants from third countries is characterised by jurisdiction-specific regimes. Harm from fragmentation arises from differing supervisory and regulatory frameworks, impeding market entry for participants in a cross-border context. The conditions for equivalence are too rigid, not sufficiently taking into account the specific features of other jurisdictions, and this is compounded by insufficient political will to find another jurisdiction equivalent. This leads to legal ambiguities and conflicting requirements, negatively affecting their ability to provide services in a cross-jurisdictional context. This situation reduces cross-border flows, lowers liquidity, and impairs the market's capacity for innovation.

Relying on the home country's license of a trading venue aiming to expand its operations internationally, presents challenges: they arise from regulatory differences, eg in terms of approved listed products, trading dynamics, and the risks linked with various investor profiles. As these factors play a crucial role when it comes to a regulator's decision whether to approve a new trading platform, it is essential for regulators to consider the specific nuances of each country. The goal must be to foster an environment promoting both innovation and the proper functioning of markets.

In any cross-border market, access regimes based on regulatory and supervisory cooperation is a critically important component. For the time being, it is largely at the discretion of each EU member state to designate who can become members of a trading venue. With a view to regulatory measures up to now, MiFIR introduced an equivalence regime, entitling the EU Commission to allow third-country firms (TCFs) to do business in the EU without the need to establish a branch. On a subordinate basis, Member States may decide on such permission. MiFIR aims to ensure that TCFs are not prevented from accessing the EU's markets. Differing transposition of third-country regimes in various member states leads to an uneven playing field within the EU and provides many impediments compared with the market access rights that an EU firm would have.

What can be done for improvement and progress? AMCC is discussing suggestions for IOSCO to conduct a review of the existing cross-border market access rules. This should help identify potential market entry barriers, including an impact assessment on potential negative externalities on liquidity, cross-border flows and the orderly and efficient functioning of markets. Another consideration concerns potential remedial action, providing guidance to regulators and authorities to reduce fragmentation and establish legal frameworks and common supervisory practices for market access from participants domiciled in third countries. This process must ensure that measures will be maintained. Finally, regulators should assess the benefits of a streamlined authorisation, instead of full regulatory approval. This approach could facilitate market access while maintaining essential regulatory standards, ultimately leading to greater efficiency and integration in cross-border trading activities.

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2. ICMA Bond Data Taxonomy (BDT) Working Group

The future of financial markets: The role of DLT and tokenization in Europe


by **Stefan Wintels**
and **Tim Armbruster,** KfW

The world is undergoing profound changes and experiencing dynamic developments that also lead to greater fragmentation of global markets. In an increasingly complex global economy, the ability to remain competitive is becoming more important. This requires innovative approaches and the consistent use of new technologies. These developments affect not only the real economy but also the financial sector. The adoption of digital solutions is advancing rapidly worldwide, making it essential for the European financial market to further accelerate its digital transformation.

The financial sector has a pioneering role to play here. Due to its abstract nature, money is ideally suited for new digital forms and processes. Distributed ledger technologies (DLTs), tokenization, and artificial intelligence (AI) are already shaping capital markets worldwide and creating new opportunities for efficiency, transparency, and innovation. In Europe, the digitalization of the financial sector has also gained significant momentum in recent years—not least due to new regulatory frameworks for innovative products and processes. This article focuses on the latest advances in the digitalization of the European financial market and highlights the associated challenges and opportunities.

The digitalization of capital markets is not a new phenomenon. Market infrastructures have changed repeatedly throughout history, and the introduction of new technologies has always been a driver of progress. Hence, it is less a revolution but rather a rapid evolution. In this regard, Europe has achieved remarkable success in recent years: in 2024, the European Central Bank set new standards with its exploratory work on new technologies for wholesale central bank money settlement, involving over 60 market participants and a transaction volume of more than €1.6 billion. The first licenses granted under the DLT Pilot Regime mark another milestone on the path to market maturity for the newly developing DLT-based capital market.

In this innovative market segment, KfW succeeded in positioning itself as a driving force and a pioneer by actively shaping fundamental developments. With two issuances of its own, two purchases of DLT-based securities to date, and the publication of a market readiness whitepaper in collaboration with KPMG, KfW has gained important experience and is openly sharing this with the market. It is clear that the full potential of new technologies can only be realized through the cooperation of as many players as possible – individual initiatives are not sufficient. KfW sees itself as an enabler, working with partners to discern the future technological design of the financial market.

Recent developments at the European level underline that DLT and tokenization are here to stay. In July of 2025, the European Central Bank and the Eurosystem made a clear commitment to further advance the development of DLT-able central bank money with the "Pontes" and "Appia" projects. The European Securities and Markets Authority (ESMA) created a regulatory framework with the DLT Pilot Regime that promotes innovation while simultaneously ensuring stability. At the end of June this year, ESMA outlined ways in a status report, in which the temporary DLT Pilot Regime could be transformed into a permanent solution. In May 2025 already, the European Commission, with its market consultation on the Savings and Investment Union (SIU), had provided an important impulse for the further development of the European capital market by putting tokenization and innovation into focus.

These regulatory initiatives are necessary to create a secure and trustworthy environment for market participants venturing into new territory with innovative transactions. Nevertheless, additional steps must be taken to further increase the scalability of the DLT-based capital market. In our view, three requirements are crucial here:

- Firstly, concrete, timely, and reliable DLT-able payment solutions are needed—whether in the form of central bank money or from regulated private companies—to ensure the necessary liquidity.
- Secondly, a level playing field between DLT-based and traditional financial instruments is essential, for example regarding their central bank eligibility and usability for repo transactions.
- Thirdly, a harmonized, holistic European framework is needed to overcome the current fragmentation at the platform and infrastructure level.

The international dynamics in the digital capital markets will remain intense and highly competitive. The speed of adaptation and the willingness to embrace this change must be high, as competition, especially with these new technologies, is governed by the principle of "the winner takes it all". Catching up will be difficult.

KfW actively supports the development and implementation of new technologies and is helping to shape the digital financial market of the future. Through pilot projects, close dialogue with market participants, regulators and further stakeholders, as well as the publication of collectively gathered lessons learned, KfW is helping to pave the way and enable future-proof innovation. Let us seize the opportunities given by digitalization and shape the future of the capital market together.

Stefan Wintels is CEO, and Tim Armbruster is Group Treasurer of KfW

Demystifying repo haircuts


by **Andy Hill**
and **Alexander Westphal**

On 18 September, ICMA's European Repo and Collateral Council (ERCC) published a white paper, *Demystifying Repo Haircuts.* This paper is intended to help inform the related policy debate by seeking to demystify repo haircuts and addressing some misconceptions. "Haircuts" applied to repo transactions, and securities financing transactions (SFTs) more broadly, periodically come under the regulatory spotlight, particularly in the context of discussions around excessive leverage and potential risks for financial stability. The application of haircuts has recently garnered fresh attention as part of the broader focus on non-bank financial intermediation and related risks (see *FSB: Leverage in Nonbank Financial Intermediation*), with some questioning prevailing haircut practices, not least the observation of zero and so-called "negative haircuts" (see *ECB: The international dimension of repo: five new facts*). The paper further anticipates the Bank of England's Discussion Paper on *Enhancing the Resilience of the Gilt Repo Market.*

Purpose of haircuts

A repo haircut is the difference between the market value of collateral and the cash paid against it, expressed as a percentage. By reducing the effective value of collateral, haircuts protect one party against liquidation losses if the counterparty defaults. For the lender of cash, risks include:

- Collateral price volatility after the last margin call
- Market impact when liquidating collateral
- Issuer default of the collateral
- Delays in variation margin payments
- Exchange rate risk in cross-currency repos

These risks justify a haircut based on collateral quality and liquidity, rather than counterparty credit risk. However, in practice, creditworthiness is also priced in, especially when collateral and counterparty risk are correlated ("wrong-way risk"). Thus, haircuts serve as protection against liquidation risk but also reflect bargaining power and credit concerns.

Application in practice

In the interdealer market, haircuts are rare due to the two-way flows that characterise this market. Furthermore, they impede order book matching. But for low-quality or illiquid collateral, or for longer-term repos, haircuts may be applied even between dealers.

In the case of sponsored clearing, dealers may pay haircuts when using another firm's clearing access, covering that firm's CCP margin obligations.

Negative haircuts

At first glance, it seems odd that cash lenders sometimes pay haircuts (so-called negative haircuts). This occurs in specific collateral (SC) repos, where the motivation is to borrow a particular security, for example, to cover a short sale or hedge a futures position. Since SC repos are security-driven, the cash lender is effectively borrowing securities, not lending cash. To mitigate the lender's risk if securities are not returned, the borrower of securities posts more collateral than their value.

SC repos dominate the market post-crisis, and negative haircuts are therefore common and rational. This contrasts with general collateral (GC) repos, where the driver is cash funding, and the lender of cash applies haircuts.

Zero haircuts also appear in intra-group repos, where exposures are consolidated at group level with haircuts complicating balance sheet management without reducing real risk.

Haircuts vs. portfolio margining

At the transaction level, haircuts can appear inefficient when banks face counterparties across many trades. In practice, banks often manage risk on a portfolio basis, netting exposures across repos, securities lending, derivatives, and prime brokerage. This approach better reflects the real exposure in default scenarios. Because of this, trade-level haircut data provide little insight into true margining practices or systemic leverage.

Incentives for haircuts

Haircuts impose costs for one of the parties to the transaction. For cash borrowers, they must replace shortfalls via more expensive funding. For securities borrowers, they must post excess collateral (negative haircut), reducing liquidity.

For banks, haircuts also carry capital charges. For example, under EU CRR3 rules, reverse repo haircuts paid to unrated non-banks must be fully risk-weighted, consuming balance sheet capital.

Banks therefore seek to receive haircuts where possible, offsetting those they pay. While clients often pressure banks to reduce haircuts to win business, banks have strong incentives, both commercial and regulatory, to maintain or increase them at portfolio level.

Policy considerations

Regulators have long debated using haircuts as a macroprudential tool to limit leverage. The Financial Stability Board (FSB) proposed minimum haircuts in 2012, and in 2021 the Basel Committee (BCBS) recommended minimum floors for certain securities financing transactions (SFTs) involving non-prudentially regulated entities. However, implementation has stalled due to key limitations:

- security-driven trades: Negative haircuts are justified and common, making uniform floors problematic.
- calibration challenges: A “one-size-fits-all” approach ignores collateral quality, term, and market conditions.
- portfolio effects: Regulation at transaction level ignores holistic margining and netting practices.

If the policy goal is to constrain leverage, haircut regulation may not be the most effective tool. Haircuts are designed to manage liquidation risk, not leverage per se, which is better measured at the entity level.

Arguments that haircut floors would favour central clearing are also misleading, as bilateral and cleared repos face different risk frameworks. Removing unnecessary clearing barriers (capital charges, concentration limits, collateral eligibility) would be a more direct solution.

Finally, since haircuts represent an opaque transaction-level cost, they can distort pricing and activity, with potential knock-on effects for repo’s vital roles in funding, market-making, liquidity provision, and monetary policy transmission. Overly rigid haircut rules might drive activity into substitutes such as securities lending or total return swaps.

Conclusion

Haircuts are an essential tool for managing liquidation risk in repo and SFT markets, but their meaning and application are often misunderstood. They:

- reflect collateral risk more than counterparty credit risk, though both play a role;
- differ between cash-driven (GC) and security-driven (SC) trades;
- are best understood at a portfolio margining level, not transaction level; and
- create commercial and regulatory incentives for banks to balance haircuts paid and received.

From a policy standpoint, haircuts are a poor tool for constraining leverage or addressing systemic risk. While they can reduce leverage mechanically, their primary purpose is risk mitigation, and their effects vary widely across contexts. Efforts to regulate them uniformly risk unintended consequences for market efficiency and stability.

Repo remains central to financial markets, providing liquidity, supporting trading and hedging, and enabling monetary policy. Effective policy should recognise this and focus on facilitating safe, efficient repo markets rather than imposing blunt haircut rules.

Just as haircut data do not tell us very much about systemic leverage or potential risks to financial stability, the conclusion may be that nor are haircuts an effective policy tool for managing such risks.

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Building integrated bond markets: lessons from the EU consultation and ICMA's vision

By **Natalie Westerbarkey**

The European Commission's *Targeted Consultation on the Integration of EU Capital Markets* (launched in April 2025)[1] asked stakeholders to identify the barriers remaining in the way of a genuine Savings and Investment Union (SIU), the successor policy to the Capital Markets Union (CMU). The overall outcome, published in September 2025[2], synthesises responses from across the financial ecosystem–issuers, investors, intermediaries, and regulators.

While the consultation outcome does not single out "bond markets" as a dedicated theme, its findings speak directly to the structural challenges facing Europe's fixed income sector. Bond markets are a cornerstone of European finance: they provide governments and corporates with long-term funding, underpin investment portfolios, and serve as the transmission channel for monetary policy. Without integrated, efficient, and liquid bond markets, the broader ambitions of the envisaged Savings and Investments Union (SIU) cannot be realised.

This article links the Commission's consultation outcome to ICMA's earlier contribution, *"Building a stronger European integrated market: ICMA's vision for the Savings and Investments Union"* (June 2025).[3]

Taken together, they illustrate both what is being recognised in policy debates and what still requires attention. To structure the discussion, this article assesses three angles: acknowledged challenges; overlooked or weakly covered issues; and the implications–especially solutions–for cross-border fixed income integration.

1. Acknowledged challenges: recognising fragmentation and barriers

The consultation outcome confirms many of the issues highlighted in ICMA's response to the SIU consultation. Chief among these are regulatory and supervisory divergences, inconsistent transparency and disclosure, and operational inefficiencies in post-trade infrastructure.

Regulatory and supervisory divergences

Respondents emphasise that fragmentation remains a defining feature of EU capital markets. Bond issuance continues to be shaped by differing national rules on prospectuses, securities ownership, insolvency, and taxation. Even where EU legislation exists, divergent implementation–often the result of "gold-plating" Directives–creates uncertainty.

This mirrors ICMA's warning that entrenched national frameworks and inconsistent rule implementation raise costs and discourage cross-border activity. For fixed income, the effect is acute: issuers must duplicate legal and compliance efforts, and investors face uncertainty about creditor rights across jurisdictions.

Inconsistent disclosure frameworks

The outcome also highlights transparency and comparability gaps. Investors cannot always evaluate bonds on a level playing field because disclosure obligations vary between jurisdictions and asset classes.

1. European Commission: Targeted consultation on integration of EU capital markets (SIU)– 15 April 2025
2. European Commission: Consultation outcome – July 2025
3. ICMA-response-to-European-Commission-SIU-Implementation-Targeted-Consultation-on-the-EU-Capital-Markets-Integration-June-2025.pdf

Here too, ICMA's earlier call for simplification and proportionality resonates. ICMA stressed the dangers of regulatory complexity falling disproportionately on smaller issuers, which can deter participation. Harmonised and proportionate disclosure would improve comparability while lowering compliance costs.

Post-trade bottlenecks

Finally, stakeholders underscore the persistence of operational and post-trade inefficiencies. Settlement of cross-border bond transactions remains slower and more expensive than domestic equivalents, despite initiatives such as Target2-Securities (T2S). Clearing and collateral management also lack harmonisation, increasing liquidity risk.

ICMA had flagged these same issues in its SIU article from March 2025[4], pointing to legacy Giovannini barriers and urging preparation for a smooth transition to T+1 settlement. ICMA also highlighted the role of AMI-SeCo in delivering practical recommendations, reinforcing the sense that post-trade integration remains unfinished business.

In short, the respondents' outcome validates ICMA's earlier diagnosis: fragmentation in rules, transparency and infrastructure is constraining EU capital markets, including fixed income markets.

2. Gaps in the debate for bond markets

While the consultation captures the broad outlines of fragmentation in capital markets, it leaves important issues for bond markets underexplored.

Sovereign benchmarks and EU-level bond issuance

The role of sovereign bond markets in providing benchmark yield curves are often overlooked, as well as the potential that an expanded EU-level bond issuance may bring to the integration of EU capital markets and serve as a unifying reference point. Yet ICMA members see such benchmarks as pivotal to integration: they would anchor pricing, deepen liquidity, and provide a stable store of value.

Secondary market liquidity

A recurring concern in European corporate bonds is secondary market liquidity. Limited trading activity, fragmented venues, and capital constraints on dealers lead to wider bid-ask spreads compared to the US. Without deeper secondary liquidity, integration gains at the issuance stage will be undermined.

Credit ratings, taxation, and prudential treatment

Also largely absent are discussions of credit rating reliance, withholding tax inefficiencies, and prudential capital treatment of bonds held by institutional investors. ICMA has previously highlighted withholding tax as a major horizontal barrier, and market participants consistently identify ratings regulation and divergent prudential rules as sources of inefficiency.

Retail investor access

Finally, the contributions insufficiently address retail access to bond markets. While equities often dominate retail participation debates, expanding household investment into bonds could broaden the investor base and enhance liquidity. Barriers such as large minimum denominations and limited distribution platforms remain unaddressed.

In each of these areas, ICMA's earlier article offers strategic recommendations, from harnessing Distributed Ledger Technology (DLT) and the Bond Data Taxonomy (BDT) to reforming UCITS rules on securitisation. These missing themes illustrate where ICMA's agenda continues to fill important gaps in the policy conversation.

3. Implications: outlook on policy priorities to promote EU capital market integration

The stakeholder feedback, including the gaps, along with ICMA's vision, point to clear priorities to deliver solutions for policy makers. These can be grouped into short-, medium-, and long-term measures.

Short-term: harmonisation and simplification

- Streamline bond disclosure: A pan-EU prospectus framework, integrated into the European Single Access Point, would cut costs and enhance comparability.
- Tackle withholding tax: A digitalised, standardised EU-wide system for relief at source would immediately improve cross-border bond investment flows.
- Enhance supervisory convergence: More efficient collaboration and data sharing among national, EU-level and global supervisors could reduce divergences in how national regulators oversee the implementation of legislation in local markets and apply disclosure rules.

These align with ICMA's emphasis on simplification, proportionality, and regulatory uniformity, including its call for shifting more legal acts from Directives to directly applicable Regulations.

4. ICMA-response-to-European-Commission-Savings-and-Investment-Union-SIU-Call-for-Evidence-from-3-February-2025-March-2025-070525.pdf

Medium-term: infrastructure and technology

- Strengthen CSD interoperability: Expanding T2S and harmonising settlement conventions would reduce frictions in cross-border bond trades.
- Align clearing and collateral rules: Consistent treatment across CCPs would enhance repo and derivatives markets, which are critical to bond market liquidity.
- Promote digitalisation: The EU should relax constraints in its DLT Pilot Regime, as ICMA suggested, and encourage adoption of machine-readable standards such as the Bond Data Taxonomy (BDT)[5] to foster automation and interoperability.

These steps would modernise infrastructure, helping to reduce costs and risks while preparing markets for the transition to T+1 and beyond.

Long-term: structural integration

- Broaden retail access: Platforms enabling retail investors across Member States to access bonds, with harmonised minimum denominations and better investor education, would expand demand.
- Foster secondary market liquidity: Policymakers should support all-to-all electronic trading, calibrate prudential rules to avoid constraining dealer inventories, and incentivise market-making.
- Advance tax and insolvency convergence: Ultimately, harmonisation of insolvency regimes and convergence of tax treatment are necessary to remove deep structural barriers.

These longer-term reforms echo ICMA's call for horizontal barrier removal and competitiveness impact assessments, ensuring the regulatory environment fosters inclusion rather than concentrating advantages among larger players.

Conclusion: Convergence of views, but action needed

The European Commission's consultation outcome and ICMA's prior contributions converge on a critical message: *fragmentation is holding back Europe's capital markets, and bond markets are on the front line.*

The outcome confirms what ICMA has long argued, that divergences in regulation, disclosure, and infrastructure create inefficiencies and costs. Yet the vision of ICMA members goes further, filling gaps by spotlighting sovereign benchmarks, secondary liquidity, DLT adoption, and retail participation. Together, these perspectives offer a roadmap.

The next stage of the SIU should prioritise the simplification of disclosure, supervisory convergence, settlement harmonisation and the use of digital solutions to promote the integration of EU capital markets. Embedding competitiveness as a regulatory objective is supported by ICMA members.

Bond markets finance both governments and corporates and are pivotal for diversifying retail savings and in achieving the transition to a circular, sustainable economy. ICMA's policy recommendations aim to support these ambitions and to propose practical solutions to deliver on the SIU.

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5. ICMA - Bond Data Taxonomy (BDT) Working Group

Summary of practical initiatives by ICMA

The purpose of this section of the ICMA Quarterly Report is to summarise recent and current practical initiatives by ICMA with – and on behalf of – members, and to provide relevant points of contact at ICMA.

MPRP Membership Activities

1 The ICMA Market Practice and Regulatory Policy (MPRP) team engaged in key membership annual meetings, including the ICMA networking events in Geneva/Zurich on 1 & 2 July 2025. In addition, the MPRP team actively contributed to bilateral membership meetings and with policy makers in person at these locations as well as in virtual format such as the annual Financial Conduct Authority (FCA) call on 20 June 2025.

Regulatory Policy

2 *ICMA RPC:* ICMA's Regulatory Policy Committee (RPC) met in Frankfurt on 3 June 2025 to focus on ICMA's response to the EU Savings and Investment Union (SIU). A structured debate run by the three RPC SteerCo members on buy-side topics (Elisabeth Ottawa/Schroders), sell-side aspects (Carlo Brenner/Citigroup) and market infrastructure integration (Pablo Portugal/Euroclear) took place. Natalie Westerbarkey acted as interim RPC Secretary. The new RPC Secretary, Mr Thorsten Guthke participated as a guest and joined ICMA on 1 July as MPRP Director at ICMA's Brussels office to support the RPC in the future. The next RPC was held on 24 September 2025 in Brussels with a public-sector guest speaker from the European Commission DG FISMA Head of Unit CMU/SIU.

3 *SIU:* The EC published an SIU consultation paper on 15 April 2025 to which ICMA responded with a deadline of 10 June highlighting the most pertinent aspects related to international fixed income markets. The ICMA response has sourced member views from all key technical committees and is overall coordinated by the ICMA RPC. A summary response was published in the Quarterly Report Q3 and an aggregated response version published on ICMA's website.

4 *Eurobond:* The ICMA Brussels office hosted at its premises – together with the two ICSDs Clearstream and Euroclear – a Eurobond event on 24 September 2025 showcasing how this market boosts the objectives of the SIU, including the launch of ICMA's bond market policy mind map and ecosystem (see page 22) inviting policy makers to gain insights from market practitioners.

Regular roundtables hosted at ICMA's premises in Brussels are being planned, with the launch scheduled for 30 October 2025 featuring ICMA's work on secondary market strategic developments and bond market data reports.

5 *Eurofi:* ICMA participated at the Eurofi event in Copenhagen on 17-19 September 2025 along with ICMA CEO Bryan Pascoe, and engaged in priority bilateral meetings with high-level decision makers, members and the financial community.

6 *Covered Bonds:* ICMA participated at the Covered Bond Investor conference in Frankfurt on 26 June 2025, delivering opening remarks and co-sponsoring the event with the support of the ICMA events team.

Primary Markets

7 *ICMA's Issuer Forums*: The next Public Sector Issuer Forum (PSIF) meeting is scheduled for 16 October in Washington, within the margins of the World Bank/IMF meetings. ICMA's Corporate Issuer Forum (CIF) met on 2 October, and the ICMA Financial Institution Issuer Forum (FIIF) is meeting on 9 October. Katie Kelly acts as the Secretary of the PSIF, the CIF and the FIIF.

8 *ICMA PMPC, LDC and related groups*: ICMA's Primary Market Practices Committee (PMPC) is meeting on 9 October, with Ruari Ewing as Secretary. He also acts as Secretary of ICMA's Asia Pacific Bond Syndicate Forum (ABSF) and of ICMA's Asia Pacific Legal & Documentation Forum (ALDF), which is due to meet on 18 November. ICMA's Legal & Documentation Committee (LDC) met on 17 September, with Miriam Patterson as Secretary. She also acts as Secretary of ICMA's Securitisation Discussion Forum.

9 *Regulatory Reviews:* In the UK, ICMA continued to focus on the prospectus and MiFID product governance regimes (with final UK Financial Conduct Authority (FCA) positions having been published) and on the CCIs (PRIIPs replacement) regime (with a final FCA position awaited). In the EU, ICMA continued to focus notably on

the prospectus regime (following the final ESMA position on Level 2 requirements) and on the retail investment strategy including PRIIPs and MiFID investor protection topics (with further trilogue discussions occurring). In the US, ICMA responded to the SEC's Concept Release on Foreign Private Issuer Eligibility on 8 September.

10 *Confidentiality agreement template:* ICMA published the joint AFME/ICMA confidentiality agreement template on 6 October (included as a new appendix in the Primary Market Handbook). This template was prepared by AFME's High-Yield Division and ICMA for use in high yield and leveraged finance transactions and investment grade and sub-investment grade bond offerings.

11 *ICMA's Securitisation Taskforce:* The Securitisation Taskforce led by Miriam Patterson is considering co-signing a joint statement with other trade associations on some buy-side aspects of the European Commission's proposed package of measures for reviving the EU Securitisation Framework announced on 17 June. The aim is for the joint statement to be issued by late October.

11a *ICMA (Primary) Market Innovation Project***:** ICMA published a paper *Balancing vision & reality*.

12 *European Primary Market Forum:* The annual European Primary Market Forum (EPMF) will take place on 12 November and will be hosted by DLA Piper. The EPMF brings together stakeholders from across the ecosystem to explore the key forces shaping today's debt capital markets.

JIBAR Transition

13 At the request of the South African Reserve Bank (SARB), ICMA (Katie Kelly) is assisting with the transition from JIBAR (the South African IBOR) to ZARONIA (the local risk-free rate) until JIBAR's expected cessation at the end of 2026. Katie participated in a JIBAR transition webinar on 10 September, sharing lessons learned from LIBOR transition.

Commercial Paper and Certificates of Deposit

14 ICMA conducted a series of interviews with market participants which helped inform the conclusions of a paper on how to scale up the commercial paper market and will be published shortly. Katie Kelly is the secretary to the ICMA Commercial Paper and Certificates of Deposit Committee (CPC).

15 Katie Kelly participated in a webinar arranged by the European Money Markets Institute (EMMI) on 'Building a transparent ESG Market' and featured on the agenda of the Short Term European Paper (STEP) Conference on 8 October in Brussels.

Secondary Markets

16 *T+1:* ICMA continues to actively participate in discussions in the UK and the EU related to the shortening of the settlement cycle to T+1 on 11 October 2027. In the UK, ICMA has been engaged from the start as an active member of the UK Accelerated Settlement Taskforce and Technical Group. In the EU, ICMA is a full member of the EU T+1 Industry Committee under the new EU T+1 Governance and has actively contributed to the EU's High-Level Roadmap to T+1 which was published on 30 June. In this context ICMA has been particularly focused on Trading and SFT impacts, providing the secretariat for the related Technical Workstreams.

17 *ICMA BMLT:* the Bond Market Liquidity Taskforce (BMLT) led by Andy Hill and supported by Simone Bruno, began its phase II in H2 2024 focusing on the European investment grade corporate bond market. The report will be developed in two stages: i) an initial quantitative analysis and ii) qualitative interviews with ICMA members, which will be synthesised and anonymised. The ICMA secretariat has shared with BMLT members the preliminary quantitative analysis and is currently conducting qualitative interviews with ICMA members to confirm findings and explore any gaps in the quantitative analysis.

18 *Bond market transparency:* In July, the European Commission adapted ESMA's Final Proposal on the amended RTS2 (non-equity transparency) and we are currently awaiting approval from the European Parliament and Council. According to the amended RTS2, the timeline for the RTS to apply is 2 March 2026. In the UK, the new transparency regime for bonds will apply from 1 December 2025. Furthermore, in July this year ESMA announced their selection of Ediphy/Fair CT as the Consolidated Tape Provider (CTP). The UK Government published a procurement notice on 29 August stating ETS Trading Software as the selected candidate, however on 24 September the FCA published a brief update stating it has received a legal challenge to their decision. On 10 September, ICMA provided its response to the UK Financial Conduct Authority (FCA) Consultation Paper CP25/20 on the SI Regime for bonds and derivatives in the UK.

19 *SMPC and SMF:* The annual Secondary Market Forum (SMF) is currently planned to take place jointly with the Asset Management and Investors Council (AMIC) Forum, as a full one-day event in Paris in Q1 2026, where members are invited to visit both the SMF and AMIC Forum, being provided with a set of joint panels as well. The last SMPC meeting took place on 17 September 2025 in London. Topics included the EU Government Bond market (with an external presentation from Christoph Rieger, Commerzbank), the upcoming changes (removal) of the SI regime for bonds and derivatives in the EU and

UK and other MiFIR/D related topics, as well as updates on the upcoming SEC rule on mandatory clearing of US Treasuries, the IOSCO final report on pre-hedging, which is expected later this year, and the ICMA ETWG's current joint project with the FIX Trading Community on Axe distribution standards. Nina Suhaib-Wolf is Secretary to the SMPC as well as secretary to the Electronic Trading Working Group (ETWG) and the Markets in Financial Instruments Directive (MiFID) Working Group.

20 *ETF Markets*: ICMA continues to monitor developments in market structure such as the growth of Exchange-traded fund (ETF) markets, the use of innovative trading protocols and further automation in electronic trading. A thought leadership article on Secondary Market structure and innovation has been composed based on input from selected market participants from ICMA's Electronic Trading Working Group (ETWG) and FinTech Advisory Committee (FinAC) and is ready to be published in the next ICMA Quarterly Report.

21 *ICMA European Secondary Market Reports*: The sovereign edition of the European Secondary Market Report for H1 2025 was published on 27 August. Starting from H1 2025, following member feedback, ICMA has chosen to include bonds issued by the EU in its European Sovereign Bond Data report. This is intended to reflect the growing scale of issuance and turnover in EU bonds and a wider market shift toward the classification of the EU as a sovereign borrower.

22 *Pre-hedging:* Following the International Organization of Securities Commissions (IOSCO) consultation report on pre-hedging to which ICMA responded in February, IOSCO hosted a roundtable on pre-hedging in Paris on 3 June, which ICMA attended and where ICMA was invited to present its views on this topic, alongside other trade associations and selected firms. Based on all feedback and input, IOSCO is expected to publish recommendations by the end of 2025.

23 *ETWG*: ICMA's Electronic Trading Working Group (ETWG) held a meeting on 1 July 2025, where the first results of the ETWG survey on electronic trading protocols were presented to members, with a view to updating the group with further insights gained during the subsequent meeting. Armin Peter also provided an update on the Primary Market Innovation project, and information was provided on a new project around axe distribution standards, which ICMA has agreed to work on jointly with the FIX Trading Community, following some buy-side concerns raised about recent changes in the quality of axes. ICMA plans to publish a discussion paper outlining current concerns and possible next steps to find solutions, including a potential update of the ICMA Industry guide on this topic, published in 2021. The next ETWG meeting is planned for October 2025.

Repo and Collateral Markets

24 *ICMA repo events*: This year's ERCC AGM and Conference will be held on 19 November in London, hosted by Euronext. Compared to previous years, the format of the event has been slightly extended, covering a more global agenda and including a dinner with sponsors, speakers and committee members on the day before. Separately, ICMA is organising the ERCC's annual 2-day flagship educational event, the Professional Repo and Collateral Management Workshop, which will be held on 25-26 November, also in London. In addition, ICMA will deliver repo training at IOSCO's headquarters in Madrid to secondees.

25 *ICMA GRCF*: ICMA's Global Repo and Collateral Forum (GRCF) continues to meet on a quarterly basis. The virtual meetings are usually attended by over 100 participants and cover a broad range of topics, from regional updates to global themes, including legal developments and key regulatory initiatives such as repo clearing or the move to T+1.

26 *ERCC Committee:* The ERCC Committee convened on 17 June in Madrid for a meeting held in the margins of the annual ISLA conference. The first regular meeting after the summer break was held on 2 October, hosted by Tradeweb in London. In addition, a shorter call was held on 11 September which focused on more imminent T+1 developments. Alex Westphal acts as Secretary to the ERCC and GRCF.

27 *Repo clearing:* The SEC's mandatory clearing requirements for US Treasuries are set to take effect in phases - with cash transactions due by December 2026 and repo transactions by June 2027 - with major implications for both US and international market participants. ICMA has been following the discussions closely and has been discussing with members, in particular, in the ERCC. In the APAC region, ICMA is currently running an interview series with selected banks to assess readiness and challenges, which will likely lead into a broader market survey. On 15 October ICMA is holding an additional webinar on the topic (ICMA members only).

28 *Haircuts:* In light of the current regulatory focus on repo haircuts, ICMA has published a paper on demystifying haircuts and addressing some of the underlying misconceptions.

29 *T+1:* The impact of the upcoming European transition to T+1 on the repo market is one of the main focus areas for ICMA. This includes our successful advocacy for an exemption of securities financing transactions (SFTs) from the T+1 rule, but also ICMA's active push for measures to mitigate the impact on SFT markets more broadly. This includes the usage of relevant settlement optimisation tools (shaping, auto-partialling etc) as well

as underlying market infrastructure changes. A workshop focused on SFT settlement optimisation in the context of T+1 was held on 9 September in Brussels, involving the ECB, along with FMIs and market participants.

30 *Gilt repo market resilience:* On 4 September the Bank of England published a discussion paper on *Enhancing the resilience of the gilt repo*. ICMA is working on a response to this important consultation, led by members of the ERCC's dedicated Gilt Repo Market Taskforce. The deadline to respond to the consultation is 28 November.

31 *Transaction reporting - SFTR:* On 23 June, the European Securities and Markets Authority (ESMA) launched a call for evidence on A Comprehensive Approach for the Simplification of Financial Transaction Reporting, which presents an opportunity for a structural review of existing reporting requirements across MiFIR, EMIR and SFTR. With its SFTR Taskforce, ICMA has undertaken a comprehensive review of SFTR reporting requirements and put together a detailed list of proposed structural improvements, which we shared with ESMA on 19 September as part of our consultation response.

Asset Management

32 *NBFIs:* On 10 July, ICMA hosted a roundtable on leverage in Non-Bank Financial Intermediation (NBFI) with Sarah Pritchard, Executive Director, Markets and International, at the UK Financial Conduct Authority (FCA), as well as Co-Chair of the Financial Stability Board's (FSB's) Working Group on NBFI leverage, to discuss the final FSB recommendations, which were published the day before. As a follow-up to the roundtable, the NBFI ICMA team had a meeting with the FCA asset management team to discuss the FCA perspective and applications of the FSB recommendations in greater detail.

33 *ICMA AMIC Committee:* The AMIC Committee convened in Brussels on 11 June with the European Commission DG FISMA E3 – macroprudential team as guest speakers, to discuss the European NBFI agenda. The AMIC Secretariat is managed by Irene Rey.

Sustainable Finance

34 *UK transition finance consultation:* In September 2025, ICMA responded to the UK Government's consultation on climate-related transition plan requirements.

35 *In-person meeting of the Executive Committee of the Principles:* On 16 September, the Executive Committee of the Principles held an in-person meeting at ICMA's London office to discuss strategy and priorities for 2025/26.

36 *New York Climate week:* From 22 to 26 September, ICMA participated in several speaking engagements during the New York Climate Week. See Sustainable Finance section for full write-up.

37 *ICMA Dutch regional committee event:* On 8 October, the ICMA Dutch regional committee held an in-person event at Goldman Sachs Asset Management in The Hague, focusing on how geopolitical divergence is influencing green finance and the evolving application of the Principles.

FinTech and Digitalisation

38 *FinTech Advisory Committee (FinAC):* A meeting was held on 10 September that focused on AI buyside innovation and provided an update on the strategic objectives of the AI in Capital Markets (AICM) Working Group.

39 *DLT bonds:* A meeting of the Distributed Ledger Technology (DLT) Bonds Working Group was held on 1 July that discussed the Eurosystem roadmap for the settlement of DLT-based transactions and featured a presentation on a Smart Bond Contract by DZ Bank, amongst others.

40 *Monetary Authority of Singapore (MAS) Project Guardian:* ICMA continues to lead the Fixed Income workstream, which held meetings throughout Q3.

41 *Wholesale CBDC:* ICMA attended a meeting of the Eurosystem's New Technologies for Wholesale Settlement Contact Group (NTW-CG) on 16 July 2025.

42 *Bond Data Taxonomy (BDT):* The BDT Working Group held its quarterly meeting on 25 September 2025. The meeting featured a presentation on "Project Shastra" by the World Bank, which utilises the BDT and generative AI to extract key trade terms from dealer term sheets to enhance post-trade and optimise liquidity management.

43 *ISO 20022:* A BDT Subgroup meeting on the integration of the BDT into ISO 20022 was held on 5 September 2025.

44 *Common Domain Model (CDM):* ICMA continues to chair the CDM Technology and Architecture Working Group, hosted by FINOS, and contributes to CDM maintenance and governance.

45 *Artificial Intelligence (AI):* The AI in Capital Markets (AICM) Working Group held its quarterly meeting on 17 September 2025. The meeting reviewed the FCA's recent multi-firm review of algorithmic trading controls and discussed potential working group deliverables for 2026.

46 *Sustainable finance and FinTech:* ICMA's taskforce held a virtual workshop on AI and Large Language Models (LLMs) for Sustainable Bonds and ESG Scoring on 8 July.

47 *Data collection and reporting:* ICMA attended a meeting of the UK's Industry Data Standards Committee (IDSC) on 15 July.

48 *Meetings with regulators and international organisations:* On 10 July, ICMA held a roundtable with members and the Organisation for Economic Co-operation and Development (OECD) on scaling AI adoption.

49 *Events:* ICMA is planning a number of upcoming FinTech and digitalisation events in Q4 2025, including in Washington D.C., Hong Kong, Singapore, Milan, Copenhagen and the annual FinTech and Digitalisation forum held in December in London. Further details can be found here.

50 *Speaking engagements:* ICMA, as part of their ongoing collaboration with Swift, participated in Sibos, held in Frankfurt, to discuss the Bond Data Taxonomy (BDT) integration into ISO 20022.

51 *Education:* ICMA launched its AI for Debt Capital Markets course, which experienced high volumes of interest. The course will run for a second time in November.

ICMA bond market policy mind map and ecosystem

Summary

This article summarises and explains ICMA's bond market mind map and ecosystem.

The tool illustrates a selection of major international policy developments with the aim of helping visualisation of the interconnectivity of policies and main actors in the bond market and the bond life cycle. It highlights some of the main themes and includes links for further educational reading.

The goal is to illustrate the bond market in a simplified way. It can serve a variety of purposes, such as an educational tool for introducing key technical terms; explaining the functioning of fixed income markets, its actors and the main policy initiatives that govern the activities and relationships among the players. It is furthermore a reference document, highlighting some of the key activities and initiatives in which ICMA is involved on behalf of its 630-plus members internationally, as well as an entry portal into further thought-leadership contributions and publications. It offers themes for engagement with policy makers and members, intended to prompt an exchange of views for them to learn more about the opinions and activities of ICMA stakeholders.

Part I. The ecosystem

I. 1. Bond life cycle

The graph at the centre describes the bond life cycle from issuance to settlement.

A bond is a financial debt instrument that allows investors (creditors) to allocate money (principal) to sovereigns and corporates (borrowers) so as to receive a fixed, or sometimes variable, return (interest income or coupon), over an agreed period of time (maturity or duration), after which the capital is returned to the investor. An equity, in contrast, represents a share of a company, either a publicly listed company following an (initial public offering) IPO on the stock exchange or a privately held company.

The bond issuance process is referred to as the primary markets, meaning the creation of a bond instrument. Depending on the issuer institution, it is identified as either a sovereign bond, if issued by a public sector agency, or government or a corporate bond, if issued by a private sector company or financial institution.

Once issued, the bond instrument can be traded, ie bought and sold on the secondary markets on an exchange, multi-lateral trading facility (MTF) or bilaterally. Repo and collateral activities are a core function to ensure liquidity in the markets as they allow market-makers to fund their long and short positions. Repos are repurchase agreements where one party sells an asset and commits to repurchase the same at a different price in the future. The asset therefore acts as collateral and mitigates the credit risk that the buyer has on the seller.

After trading, the bond is cleared either bilaterally or centrally, then settled within a depository, which together are referred to as post-trading activities. Clearing is the process of calculation of net obligations by the trading parties. In the bond market this takes place mostly bilaterally (over-the-counter, or OTC) or sometimes centrally. A central counterparty (CCP) is used, for example, for US Treasuries or other government bonds in the cash and repo markets, whereby the CCP becomes the seller to every buyer and buyer to every seller, a process referred to as novation. Settlement is the transfer of legal title from the seller to the buyer within a central securities depository (CSD) acting as the registry taking care of the asset safekeeping.

I. 2. Main market actors

The main players in the bond market are listed to the right of to the lifecycle graph. The soft copy is interlinked with ICMA's member committees, leading to further information on the key topics. The actors access the value chain at different stages of the bond life cycle.

The value chain begins with the issuers. They can be either private sector corporates and financial institutions launching corporate bonds, or public sector issuers such as Sovereigns, Supranationals and Agencies (SSAs), such as the European Investment Bank (EIB), or governments acting through debt management offices (DMOs) or commercial and sovereign development banks (sovereign bonds). Governments and corporates issue debt to fund their projects, expansion and business needs, to raise capital from investors through non-bank financing, instead of using bank lending facilities.

Investors buy bonds either in the primary or secondary market. There are two basic types of investors, retail investors and institutional investors, which are referred to as the 'buy side'. There are a variety of institutional types in the private sector such as asset managers, traditional mutual funds, non-traditional or alterative hedge funds, pension funds, banks, insurance companies, as well as in the public sector like sovereign debt management offices (DMOs), central banks and Sovereign Wealth Funds (SWFs).

Intermediaries provide various enabling functions for issuers and investors, including the syndication, ie underwriting of bonds. They are referred to according to the services they offer and clients they serve, for example issuer agent banks, corporate investment banks (financing), syndicate banks (underwriting) etc. Broker-dealers and investment banks' key activities are trading in secondary markets representing the 'sell side'. Large financial institutions often offer a combination of these services along the value chain.

Intermediaries guide issuers in designing the parameters of the bond including deal size, bond price, yield, duration, risk grade etc. They have a network of investors and expert understanding of the market and its trends, hence are well placed to design issuer product supply so to match with investor demand through so called 'road shows', 'book building' and an auction process.

Market infrastructures, such as issuer platforms, trading venues, CCPs, CSDs and the ECB's T2S, act as central-type utilities, whereas the term intermediaries is used for actors that perform substitute-type activities. The two International Central Securities Depositories (ICSDs), differ from other Central Securities Depositories (CSDs) as they primarily support the international Eurobond market. Eurobonds can be denominated in any currency including US dollar or Japanese yen, not only the euro. They are sold internationally and named Eurobond after the first such issuance in Europe in 1963.

Vendors and service providers offer a range of services to the issuers and investors across various stages of the bond life cycle. These include credit rating agencies (CRAs), data providers, vendor platforms, professional services firms specialised in law, accounting, auditing and consulting.

I. 3. Key policy themes

Policy developments and regulatory reform play a key role in this eco-system, as they represent a decisive factor in the design of financial products, their distribution to investors, market operations, and the interactions and relationships among market players overall in the ecosystem.

A selection of three key policy themes is outlined to the left of the bond life cycle, including resilience, efficiency, and competitiveness. These overarching objectives inform the design of regulatory initiatives. They address primarily the aim to 1) ensure the stability of the financial system and the safety of its individual actors, 2) design operationally sound and efficient market processes from an operational perspective, and 3) promote the financing of economic growth and the transition towards a circular economy through competitiveness initiatives.

I. 4. Legal & documentation

Voluntary international, standardised legal and documentation agreements increase the safety and soundness of the global bond market, encouraging all actors to adhere to the same terms and conditions within the ecosystem.

Part II. The mind map

The individual themes around the ecosystem are a selection of key developments impacting the global bond market.

II. 1. Market Practice and Regulatory Policy (MPRP)

On the left side of the chart, the dark blue box illustrates Market Practice and Regulatory Policy themes. The central diagram reflects the bond life-cycle process with a focus on issuance (primary markets), trading (secondary markets), repo and collateral, and post-trading (clearing and settlement) topics.

This includes the revitalisation of the securitisation market in primary markets, bond market transparency and liquidity in secondary markets and best practices in the repo and collateral market. Key themes include possible central clearing policies and the shortening of the settlement cycle to T+1.

Across the bottom, the chart illustrates two cross-cutting themes of

- FinTech and Digitalisation
- Sustainable Finance.

II. 2. FinTech and Digitalisation

FinTech and Digitalisation initiatives are illustrated at the bottom left in the red box under three categories:

1) regulatory initiatives, 2) standards and best practices, and 3) public policy

These include recent initiatives in topics such as in artificial intelligence (AI), bond data taxonomy (BDT) and digital bonds.

II. 3. Sustainable finance

Sustainable finance initiatives are illustrated at the bottom right in the green box comprising the same three categories of 1) regulatory initiatives, 2) standards and best practices, 3) public policy.

A small selection of the many initiatives in this area are highlighted, including a)the recent ESMA guidelines on fund names, b) the Green, Social, Sustainability & Sustainability-Linked Bond Principles; and c) global intra-governmental policy agreements.

II. 4. Strategic policy goals

Strategic policy goals are illustrated in the vertical light blue box at the right of the chart.

The focus here is on three aspects:

1) capacity building, 2) capital markets and asset management and 3) instruments and product types.

Capacity building is very broadly defined and comprises a wide range of initiatives, from building skills, networking and transferring knowledge from developed to frontier markets. The bond market has a key role in supporting economic growth globally by helping governments and supranational agencies raise capital to finance growth.

The optimal design of policy frameworks like the EU Capital Markets Union (CMU)/Savings and Investment Union (SIU) and a sound asset management framework are key to helping mobilise cash deposits into capital markets, as well as incentivising retail and institutional savings and investments into sustainable corporates and projects. Some basic product terminology supports the better understanding of the wider policy goals.

These strategic policy tools assist the achievement of macro-objectives.

In summary, the visual arrangements of the mind map are arranged so that:

- the left and bottom-left side of the chart focuses more on operational control, reliable and innovative technology and technical market functioning aspects, protecting market systems and its actors.
- the right and bottom-right side of the chart focuses more on strategic aspects, financing the economic transition and ways to stimulate economic growth.

The initiatives are however highly interlinked and not restricted to their individual boxes, for example:

- "sustainable repo" interrelates the repo initiatives with the sustainable finance agenda
- securitisation in the primary connects with asset management initiatives and capital markets objectives within the CMU/SIU to revitalise economic growth through diversified sources of funding and risk transfer; there is also a working group on green securitisation interlinking it with sustainable finance
- sustainable finance is also believed to be accomplished more efficiently through FinTech and Digitalisation
- the capacity building initiatives are embedded across all activities on the mind map

II. 5 Data

At the centre of the smooth functioning of capital markets and achieving policy goals is obtaining and using accurate data. Data is a key driver of markets (liquidity, stability), products (pricing), players (resilience) and policy (business case for regulation).

In order to identify 'the right data' in the debt capital markets, highlighted by the diamond shaped graphic there are some important aspects to consider:

- integrity / quality.
- comparability / standardisation.
- consistent terminology / reference data.

II. 6 Professional training & investor education

The underlying foundation of all the above initiatives and objectives, however, rests on knowledge. Education empowers consumers, market actors and policy makers to achieve their financial goals, economic growth and market stability.

The yellow box at the foot of the chart shows ICMA Education and Training courses and certification for professionals across all bond market product areas.

On the right-hand side of the yellow box are some important investor education initiatives from a public policy perspective, with links to resources for financial literacy, bond issuers, and bond investors.

III. Conclusion

ICMA's bond market mind map and ecosystem provides a snapshot of some key features of the bond market. It does not purport to be complete, nor to provide legal or other advice, but rather it is aimed at inspiring discussion with stakeholders and members on policy developments in the fixed income markets. We would be delighted to exchange views on these aspects.

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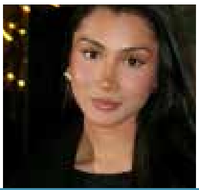
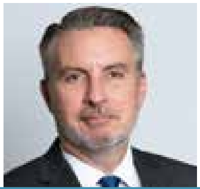
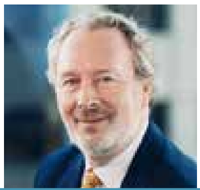
Primary Markets

by **Ruari Ewing, Miriam Patterson, Katie Kelly, Sabah Anjum, Nicholas Pfaff** and **Andy Hill**



UK prospectus regime (POATRs) and related aspects following Mansion House

The UK Chancellor's 15 July Mansion House Speech (citing the UK government's Leeds reforms and related Financial Services Growth and Competitiveness Strategy announced earlier that day to a meeting of senior banking officials and business leaders in Leeds) notably referenced the UK Financial Conduct Authority (FCA) having that day published its final prospectus rules.

The FCA indeed published on 15 July its Policy Statement PS25/9 on new rules for the public offers and admissions to trading regime – this follows ICMA's prior comments reported in the 2025 First Quarter edition (at pp.27-28) and 2025 Second Quarter edition (at p.26) of this Quarterly Report.

Many of ICMA's comments seem to have been reflected in the final rules, notably in the institutional context. The retail-targeted product governance alleviations seem to have added a target market review exemption but otherwise be substantively unchanged (just a renaming its scope from *"non-complex listed corporate bonds"* to *"plain vanilla listed bonds"*) and so remain relatively narrow. It may however take some time (also given the sizeable material – 456 pages) for the full implications to be assessed in the primary market community (the retail aspect is also awaiting the outcome of the FCA's CCI regime work, where ICMA's prior comments were reported at pp.26-27 of the 2025 Second Quarter edition of this Quarterly Report).

ICMA will also be working with members on consequent revisions to various selling restrictions and legends in the ICMA Primary Market Handbook, ahead of the new prospectus regime coming into force on 19 January 2026 (existing prospectuses are grandfathered).

There were a few other points of background interest to new bond issuance in the speech.

(1) Consumer Duty – The FCA was tasked with assessing the impact of the Consumer Duty and whether it unduly effects wholesale activity (vanilla listed bonds are already out of scope of the Consumer Duty, as reported at pp.36-37 of the 2023 Second Quarter edition of this Quarterly Report), with the FCA reporting back on 29 September with a four-point action plan (including assessing whether existing exemptions go far enough).

(2) Green taxonomy – The government decided not to pursue a green taxonomy.

(3) Blockchain – The government is focusing on blockchain, including tokenised securities and stablecoins and a design for a new digital gilt instrument.

(4) Targeted support – The government is working to introduce *"targeted support"* for consumers further to the existing mix of investment advice and guidance. (Related FCA consultation CP25/17 *inter alia* references the UK product governance regime *"where … a product … will be available for other firms that provide targeted support to recommend as a ready-made suggestion"*, with *"available"* seeming likely to be interpreted similarly to the legacy PRIIPs *"made available"* concept, with further FCA consultation CP25/26 not seemingly further referencing product governance.)

(5) Overseas regime deference – The Financial Services Growth and Competitiveness Strategy includes Overseas Recognition Regimes to enable unilateral *"recognition"* of non-UK regulatory frameworks that provide for outcomes similar to the UK (albeit not initially covering regulations related to bond issuance). This replaces the UK's legacy EU equivalence regimes, which additionally assess the specifics of legal requirements and regulator supervision.

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EU prospectus regime and other regulatory developments

Listing Act (Prospectus Regulation) Level 1: On 15 July (and following prior bilateral engagement by ICMA), ESMA published a Final Report on *RTS concerning documents incorporated by reference*. This seems notably to rectify (via a proposed Commission delegated regulation) the recent EU Listing Act Regulation's omission (in its replacement of Prospectus Regulation Art.19(1)(a)) of prior prospectuses approved under the EU's prior Prospectus Directive (the predecessor to the current Prospectus Regulation regime) from incorporation by reference into new prospectuses (which is necessary for borrowers to undertake tap issuances fungible with prior issuances).

Listing Act (Prospectus Regulation) Level 2: ICMA engaged bilaterally with ESMA and the European Commission on some remaining outstanding aspects following ESMA's 12 June Level 2 advice and recommendations to streamline prospectuses under the Listing Act, which otherwise seemed much improved from the prior consultation draft (ICMA's December 2024 consultation response is reported at pp.28-29 of the 2025 First Quarter edition of this Quarterly Report).

Retail Investment Strategy (PRIIPs and MiFID investor protection topics): As it continues to watch for developments in the Retail Investment Strategy (RIS) dossier trilogue negotiations on the co-legislators' different texts, ICMA extended its bilateral outreach to co-legislator representatives (on MiFID product governance, MiFID inducements and more generally on ensuring the scope of the RIS dossier is clearly limited to the retail context).

CSDR cash penalties: ICMA contacted the European Commission following ESMA's 26 June final report on *Technical Advice on the Scope of CSDR Settlement Discipline* seemingly not having adopted ICMA's suggestion of a one-day grace period for all transactions in a new bond due to settle on the bond's issue date (most recently reported at pp.20-21 of the 2024 Fourth Quarter edition of this Quarterly Report).

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ICMA response to US SEC concept release on foreign private issuer eligibility

On 8 September, ICMA submitted its response to the US SEC's Concept Release on Foreign Private Issuer Eligibility. The release, published on 4 June 2025, is a forerunner to potential SEC rulemaking and sought public comment on the definition of foreign private issuer (FPI). The release indicates the SEC may be considering significant changes to its FPI regime for the first time in decades. The FPI definition is a gateway to various accommodations under US securities laws, mainly for non-US issuers to access the public equity and debt securities market in the US. Although the main focus of the release is on FPI accommodations for non-US issuers accessing the US market, the potential changes discussed in the release could have an impact on the offering of securities outside the US pursuant to Regulation S under the US Securities Act of 1933, as amended.

ICMA's response mainly focussed on the potential impact that a change to the definition of FPI could have on Regulation S debt offerings (convertible and non-convertible debt). In light of this, in the response:

- ICMA urges the SEC not to make any changes to the definition of FPI, but if deemed necessary, to make targeted changes to disclosure requirements applicable to FPIs accessing the US market.
- If the SEC decides to address its concerns by changing the definition of FPI, ICMA strongly recommends that the current FPI definition should continue to apply to Regulation S.

The ICMA response also cross-referred to two sections of the response from the Forum for US Securities Lawyers in London. These sections discuss the potential impact of changes to the definition of FPI on Regulation S offerings and ask for provisions relating to grandfathering and having a long implementation timeline.

Market participants are waiting to see how the SEC will respond after its review of submitted comments, and whether it will propose new rules to address the concerns outlined in its concept release. ICMA will continue to monitor developments in this area.

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Primary Market Handbook update

On 6 October 2025, ICMA published an update to the ICMA Primary Market Handbook to include the AFME (HY Division)/ICMA Confidentiality Agreement Template. The Confidentiality Agreement Template can be found under new Appendix A3a of the Handbook.

The template was prepared by AFME's High Yield Division and ICMA for use in high yield and leveraged finance transactions and investment grade and sub-investment grade bond offerings (as well as other relevant capital markets transactions). Use of this agreement is not mandatory, and some parties may prefer their own standard forms. However, for investment grade and sub-investment grade bond transactions, this template may be particularly suitable and helpful for debut issuers, infrequent issuers, and those in emerging markets.

A Word version of the confidentiality agreement template for ease of use can be found under Other ICMA primary market materials on ICMA's website.

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The application of use-of-proceeds bonds to the financing of defence expenditures

The success of the sustainable bond market has been fuelled by financial innovation, represented notably by use-of-proceeds bonds and sustainability-linked bonds. These innovations can have wider applications beyond the financing of sustainable projects and companies in the debt capital market. This is illustrated by recent developments concerning use-of-proceeds bonds and the financing of defence expenditure.

Both Euronext and Nasdaq published in June this year defence bond frameworks named respectively European Defence Bonds and Defense, Resilience and Infrastructure Bond Criteria (NDRI). These frameworks provide for use-of-proceeds bonds dedicated to defence expenditures with rules relating to project eligibility, transparency, reporting and exclusions. Euronext also covers potentially all general corporate purpose bonds from companies with more than 50% of revenue generated from defence which are then considered as "pure play".

The Euronext framework excludes "controversial weapons" and circumscribes issuers to those from the EU, UK, Ukraine and EEA countries, as well as countries having entered into defence agreements with EU countries such as Japan and South Korea. The Nasdaq framework also excludes controversial weapons and refers to issuers from all EU and NATO countries (so potentially including the USA).

These developments are already being tested in the market. French banking group BPCE (which includes Natixis) inaugurated the Euronext framework with an initial €750 million transaction, while the French national promotional bank, BPI, has published an issuance framework which points towards future transactions in this area.

It is important to note that the potential financing of defence-related expenditure directly by sustainable bonds is a separate topic that was addressed in June by the ICMA-supported Executive Committee of the Principles. The Executive Committee updated its Guidance Handbook (Q&A) confirming the likely ineligibility of defence projects for green, social and sustainability (GSS) bonds. It otherwise underlined the role of social bonds in supporting vulnerable populations with dedicated projects in fragile and conflict states through direct emergency relief such as food, shelter and healthcare, as well as specific projects designed to alleviate unemployment and hardship of affected populations including through social and economic reconstruction efforts.

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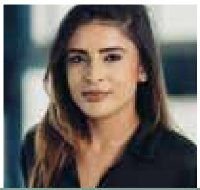
Secondary Markets

by **Andy Hill, Alexander Westphal, Nina Suhaib-Wolf, Simone Bruno** and **Aman Gill**







Bond market axe distribution standards

An axe to grind

An axe is a specific interest that a market participant has to buy or sell securities. In the case of dealers, this is usually related to a long or short risk position that they are looking to offload or cover, or it could be based on a client order that they have been actioned to work. For investors, axes are of particular interest since they provide the opportunity to trade within the bid-ask spread and often in larger than normal market size.

Historically, dealers would share axes with targeted clients via their sales desk, perhaps based on previous interests and orders, or presented as an opportunity to switch out of similar holdings in their portfolio for additional yield pick-up, credit diversification, or a change in duration. In recent years, as markets have become more electronified and automated, and following a trend already well established in the equity market, asset managers and other investors are increasingly demanding that bond axes, particularly in credit, are communicated electronically. Trading venues, accordingly, provide protocols that allow dealers to post their axes, usually anonymously, to potential counterparts.

Axe dissemination standards

More recently, some asset managers have indicated frustration with the frameworks for disseminating dealer axes electronically and a lack of standards or best practice. In 2021, ICMA, working with its secondary market electronic trading community, published a taxonomy of bond price distribution protocols which included a definition of an axe. However, this fell short of providing best practice, with little appetite for this among members. ICMA, through its Electronic Trading Working Group (ETWG), has been considering reviewing the taxonomy, both in terms of how useful it is and whether it could benefit from being updated.

At the same time, FIX has been exploring the possibility of introducing additional data fields to bond market axes, similar to those that are already widely used in the equity market, intended to improve the quality of axe data, and has formed a dedicated Axe Standards Working Group to this end. Given the complementary nature of these initiatives, and the overlap in membership of the two working groups, ICMA and FIX have agreed to work together.

Axe dissemination practices

Following an initial FIX-led workshop and a subsequent ETWG-led discussion, it was decided that a good starting point would be to document the current status quo and practices with respect to electronic axe dissemination in the European bond market, identifying common concerns or frustrations. ICMA has agreed to hold the pen on this project and, based on the discussions from the previous workshop and call as well as a series of bilateral interviews, including both sell and buy side participants, intends to publish a discussion paper in the coming weeks.

Without pre-empting the conclusions of the paper, what appears to be the biggest challenge is reconciling the requirement of the buy side for more granular and higher quality (ie reliable) data around dealer axes and the sell side's concerns around information leakage. Trading venues may also have a role to play, with the algorithms being used to route dealer selection for Request For Quote (RFQs) potentially incentivising the posting of ghost axes.

While the discussion paper will not set out recommendations to improve axe data quality and practices, it is hoped that a better understanding and articulation of the current challenges and experiences of both the buy and sell side will at least pave the way for deeper discussions about possible solutions.

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T+1: EU High Level Roadmap and recommendations

In the EU, as highlighted in our last ICMA Quarterly Report (Q3 2025, page 39), the recommendations of the various workstreams under the EU T+1 Industry Committee have been compiled into a full report, the so called High-Level Roadmap to T+1 Securities Settlement in the EU, which was published on 30 June 2025. The High-Level Roadmap sets out detailed recommendations across the thematic areas of the workstreams: trading, matching and confirmations, clearing, settlement, asset management, FX, corporate events, securities financing transactions (SFTs), legal and regulatory issues as well as the operational timetable, the latter of which had been a central topic of discussion during the first half of 2025. ICMA is a full member of the Industry Committee and is also providing the Secretariat to two of the workstreams: trading, jointly with FESE; and SFTs, jointly with ISLA.

Following the publication of the High-Level roadmap, the work in the Industry Committee and workstreams continues, as a number of the recommendations require further discussion and agreement on the specifics of their implementation. A particular focus in this context lies on some of the recommendations that had been put forward in relation to SFTs, the operational timetable, and measures to improve settlement efficiency. A series of workshops and additional workstreams have been set up in this respect. Those open issues and discussions are covered in more detail in the repo and collateral section of this Quarterly Report. In parallel to those ongoing industry discussions, firms will have to start their internal journey to ensure compliance with the high-level recommendations under the Roadmap over the coming years and until the move to T+1 on 11 October 2027.

On the EU regulatory side, the final text of the amendment of CSDR on T+1 has now been approved by the EU Parliament and EU Council and will be published in the Official Journal of the EU (OJEU) in the next weeks, before entering into force.

In the UK, the Accelerated Settlement Taskforce (AST) Technical Group has published a new, slightly revised version of the UK's Implementation plan which had been initially published in February 2025. The amended version, which was published in September, reflects feedback received in response to the public consultation as well as subsequent discussions in the AST. The updates are relatively minor and focus mainly on the FX-related and environmental recommendations, but also include some editorial changes. Otherwise, the substance of the report remains unchanged. Aside from the report, a new testing workstream is being set up by the AST to support the delivery of T+1 settlement in the UK. Market participants are welcome to join this new workstream.

In Switzerland, the Swiss Securities Post-Trade Council (SPTC) published its report on "T+1 in Switzerland and Liechtenstein" in September, including impact assessments, recommendations and action points as well as a consultation for market participants to reply to by 10 October.

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ICMA Secondary Bond Market Data Report: sovereign edition

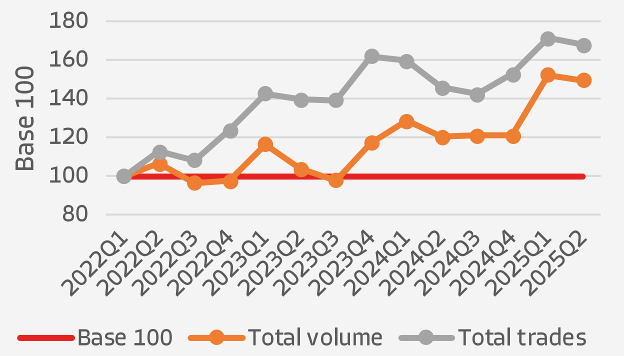
On 27 August 2025, ICMA published its seventh semi-annual Sovereign European Secondary Bond Market Data Report, covering the period from January 2022 through December 2024. This will be followed by a corporate edition in due course. An initiative of the ICMA Secondary Market Practices Committee (SMPC), the report compiled and analysed EU and UK secondary bond market data published under the MiFIR/MiFID II RTS2 requirement. The data was aggregated using Propellant Digital software and enriched using reference data provided by ICE Fixed Income Data Services.

Previous versions of this report solely included transactions on bonds issued by Debt Management Offices (DMOs) in Europe, the UK and the US. Starting from H1 2025, following member feedback, ICMA has now also chosen to include bonds issued by the EU in its European Sovereign Bond Data report. This is intended to reflect the growing scale of issuance and turnover in EU bonds and a wider market shift toward the classification of the EU as a sovereign borrower.

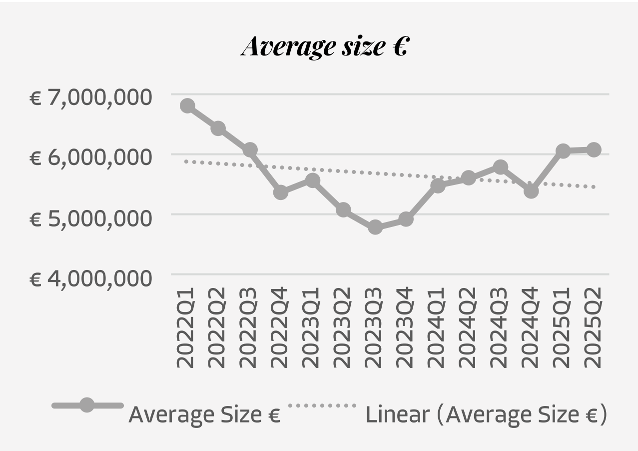
The latest reports have allowed ICMA to: (i) identify new patterns in the data; and (ii) confirm observations identified in previous editions.

In our latest report, we note that the overall notional traded continues to grow, reaching a level of €36.57 trillion in the first half of 2025, an increase of 21.4% compared to €30.12 trillion in the first half of 2024. Similarly, the number of trades also increased, though at a slower rate. We observe 6.04 million trades in H1 2025, an 11% increase compared to 5.44 million trades in H1 2024.

Quarterly volumes and trade count (base 100)



It is worth highlighting that since 2024, the growth in volume has outpaced the growth in trade count, reversing the downward trend in average trade size that ICMA had been monitoring previously. Average sizes now appear to be on a slow but upward trajectory, reaching €6.06 million in H1 2025, which is above H1 2023 and H1 2024 levels, though still below those of H1 2022. Looking at notional traded by trade sizes, we note a shift toward larger trades, with the share of notional traded in sizes above €50 million rising from 22% in H2 2023 to 29% in H1 2025, while mid-sized brackets (€2 to €50 million) have steadily declined.



The sovereign bond market continues to be dominated by the same six issuers: the US, Italy, Germany, the UK, France, and Spain, which alone account for 91% of traded volume in H1 2025. Since H1 2023, the notional traded in Italian BTPs and UK gilts has started to grow at a faster rate than their peers. By Q2 2025, volumes for these two issuers were up 121% and 71% respectively, compared to Q1 2022. For the same period, all other peers grew within a 4% to 42% range.

Jurisdictional differences between EU and UK trading venues continue to hold. Typically, we observe average trade sizes consistently larger in the UK compared to the EU. Additionally, the European markets tend to be dominated by EUR-denominated bonds, where notional traded represents 77% of the EU total trading. In the UK, on the other hand, the turnover of EUR-denominated bonds only represents 34% of the total traded amount in the UK, against 49% for USD-denominated bonds.

In the previous version of this quarterly report (issue 78, page 37), we wrote a piece on the falling overall share of notional executed over the counter (OTC). In the latest Secondary Bond Market Data Report, this trend is reconfirmed. Specifically, OTC trading has steadily declined since 2022, falling from 64% to 50% of notional volume and from 51% to 41% of trade count by H1 2025.

With regards the upcoming post-trade deferral regimes that will come into force in the EU and UK in the next few months, we have used and retrofitted all trading data for the period of H1 2025 and it emerges that in the EU, 90.9% of Group 1[1] transactions and 92.6% of Group 2[2] transactions would have been disclosed in real-time, covering 41.6% and 36.6% of turnover, respectively. In the UK, real-time disclosure would have applied to 78% of transactions, representing 31% of total notional traded.

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Changes to the non-equity SI regime EU and UK and ICMA response to FCA consultation

FCA Consultation Paper on The SI regime for bonds and derivatives

Following its 'Discussion Paper on the Future of the SI regime' as part of PS24/14 on Improving Transparency in Bond and Derivatives Markets in November 2024, to which ICMA responded in January 2025, the FCA published in July 2025 its Consultation Paper (CP25/20) on 'The SI regime for bonds and derivatives', to which ICMA responded on 10 September. In its response, ICMA supported the FCA's consultation proposal to remove the Systematic Internaliser (SI) regime for bonds, derivatives, structured finance products and emission allowances. ICMA also agreed with the FCA proposal to remove the prohibition on an SI operating an OTF as well as with the proposed amendment to remove the ban on matched principal trading by MTF operators. ICMA's response was provided with contributions from members of its MiFID Working Group.

Non-equity SI regime removal EU and UK

Aside from developing the response to the FCA Consultation Paper, ICMA also recently held discussions around the removal of the SI regimes for non-equity in the EU and UK, and implications for firms more broadly with members of its MiFID Working Group as well as ICMA's Secondary Market Practice Committee (SMPC) in its most recent meeting, aimed at providing a forum for discussion and exchange of information on these important changes.

1. Most liquid bonds, full information from ESMA: https://www.esma.europa.eu/sites/default/files/2024-12/ESMA74-2134169708-7775_MiFIR_Review_Final_Report_on_amendment_of_RTS_2_and_RTS_on_RCB.pdf

2. Least liquid bonds

In the EU, the MiFIR Review amendments, including the removal of the mandatory SI regime for non-equity (under MiFID II Article 4 (20)), entered into force on 28 March 2024, with the MiFID text to be transposed into national law within 18 months and by 29 September 2025. As per the EU MiFID text, there is still an option to opt-in as an SI for bonds and derivatives. Moreover, the new regime of the Designated Publishing entity (DPE), which is replacing the SI on the obligation for post-trade transparency reporting, started to apply in the EU on 3 February 2025.

In the UK, the FCA is now also planning to remove the SI regime for bonds, derivatives, structured finance products and emission allowances, as per its Consultation Paper CP25/20, as stated above. According to CP25/20, the FCA plans to finalise the changes in a Policy Statement in the fourth quarter of 2025, following the consultation. Furthermore, the Designated Reporter (DR) Regime was introduced in the UK on 29 April 2024, replacing the SI obligation for post-trade transparency reporting in the UK.

At this point in time, there are a few remaining questions which were discussed between ICMA members, such as the exact process and timing for firms to "de-register" as SI for bonds and derivatives. It is ICMA's understanding that in the EU, firms will have to de-register by notifying their National Competent Authorities (NCAs), leaving questions around the exact process and timing, whereas in the UK, depending on the outcome of CP25/20, there would also be further clarification needed. One suggestion for the FCA would be to simply clear out the register for non-equity SIs, which would provide a clear solution, which ICMA has also suggested in its response to CP25/20. Other topics of discussion included the removal of post trade reporting fields and other practical implications for firms resulting from the removal of SI obligations and introduction of DPE and DR regimes.

Going forward, ICMA intends to stay engaged with members and provide more information around the transformation, both in the EU and UK.

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Bond Market Liquidity Taskforce: Liquidity and resilience in the European corporate bond market

Following its work related to the core European Sovereign bond markets, ICMA's Bond Market Liquidity Taskforce (BMLT) has turned its attention to the European investment grade corporate bond market. In the first half of 2025, the ICMA secretariat took a deep dive into the data, and in June shared with BMLT members its preliminary data analysis, including modelling for liquidity proxies. The data suggests a well-functioning market, across most segments, most of the time. Although the market does appear to be prone to rapid declines in liquidity in times of extreme volatility or over regulatory reporting dates, suggesting a direct link with dealer capacity.

ICMA is currently in the second stage of this work which consists of semi-structured interviews with market participants, including dealers, investors, and relevant market infrastructures. These discussions include developments in the credit repo, credit derivative, and corporate bond ETF markets, the evolution of e-trading and automation, as well as changes in the market micro-structure. The insights provided will help to paint a detailed and informed narrative on the nature, structure, and performance of the European IG corporate bond market, which, along with the data and analytics, will feed into a study report that we hope to publish later in the year. While the interviews are anonymised, participating firms, including data providers, will be acknowledged in final publication. Contributor firms will also receive updates of drafts in advance of publishing.

If you would like your firm to be part of this work and contribute to the interview stage, please contact Andy Hill and Simone Bruno who are leading the project from the ICMA secretariat.

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Consolidated tape for bond tender: EU and UK latest

Since the beginning of the year, both the EU and UK have conducted their respective bond CTP tenders. In the EU, ESMA announced on 3 July their selection of Ediphy (fairCT) as the first Consolidated Tape Provider (CTP) for bonds in the EU. In the UK, a contract award notice was published on the UK Government website on 29 August naming ETS Trading Software as the firm the contract was awarded to. However, on 24 September the UK Financial Conduct Authority (FCA) published an update stating that they have received a legal challenge to their decision to award the contract for the bond CTP. ICMA are awaiting further updates on the situation in the UK. So far it had been expected that the bond CTPs both in the EU and UK could be ready to go live in H1 2026. More details about the respective procedures under which the tenders were run in the EU and UK, respectively, can be found under the ESMA CTP website and FCA CTP website.

Parallel to the procedures of the bond consolidated tapes, the new bond deferral regime in the EU is due to apply from 2 March 2026, as can be seen in the amended RTS2 (combined with RTS1), following adaption by the European Commission in June 2025. The revised RTS 2 is currently still undergoing scrutiny in the Council and EP, after which it is expected to enter into force in Q4 2025, following publication in the Official Journal of the EU (OJEU). In the UK, the new bond transparency regime will apply from 1 December 2025, following the FCA's policy statement PS24/14 on Improving Transparency in Bond and Derivatives Markets, published in November 2024. This means that the UK deferral regime will start to apply around three months earlier than the EU regime.

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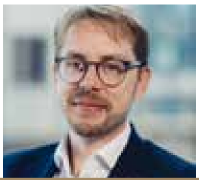
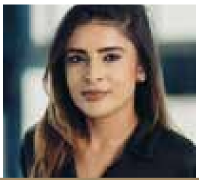
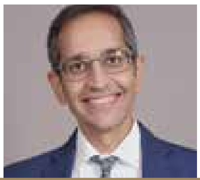
Repo and Collateral Markets

by **Andy Hill, Alexander Westphal, Zhan Chen, Aman Gill, Mushtaq Kapasi** and **Alex Tsang**


China's recent reforms in cross-border repo and collateral markets

Since the submission of ICMA's response to the People's Bank of China (PBoC) consultation on further opening China's repo market to offshore investors in February 2024, there have been a number of important measures released by the official sector to develop China's repo and collateral markets. ICMA has been proactively engaging with key stakeholders regarding the opening of China's onshore repo market to offshore investors, especially on promoting the use of GMRA for cross-border repo transactions. As concluded in January, the results of the 11th UK-China Economic and Financial Dialogue highlighted further collaboration between the PBoC and ICMA to assist China's adoption of the GMRA for cross-border repo transactions as one of the key policy outcomes[1].

National People's Congress (NPC) consultation on bankruptcy law: In September, the NPC released its first draft of the *Enterprise Bankruptcy Law of the People's Republic of China (Draft Amendment)*[1] for public consultation. The draft introduces the concept of Qualified Financial Contracts (QFCs) which under Article 58, allows for contracts subject to close-out netting to receive special treatment from intervention by bankruptcy administrators. ICMA will submit a joint response to the consultation with ASIFMA before the deadline on 11 October.

PBoC notice on cross-border repo: In September, the PBoC released its Notice to Further Supporting Overseas Institutional Investors in Conducting Bond Repo Business in China's Bond Market[2] to broaden access for offshore investors to China's onshore repo market, including the potential application of the GMRA. ICMA provided comments to the PBoC in the drafting process of the notice.

ICMA and its membership are currently reviewing the final rules in detail to ensure that they will effectively facilitate title-transfer repo transactions from a legal, operational, and governance perspective.

PBoC China Interbank Bond Market (CIBM) consultation: In August, ICMA responded to the PBoC's *Decision on Amending Certain Regulations (Draft for Comments)*[3] published in July relating to further developing the CIBM. ICMA's response highlights that we would welcome further legal reforms to implement and enable collateral to be transferred on an "absolute title transfer" basis whereby in repo transactions, transferees receive all ownership and legal rights to the collateral, free of any claims or restrictions.

Hong Kong Monetary Authority (HKMA) repo reforms: This year, the HKMA has facilitated a new access channel for offshore investors to conduct repo businesses using onshore collaterals.

- In January, the HKMA announced[4] a new offshore repo arrangement, allowing Northbound Bond Connect participants to use onshore bonds to conduct RMB repo transactions offshore in Hong Kong. Effective since 10 February, these transactions must involve at least one of

1. https://www.gov.uk/government/publications/2025-uk-china-economic-and-financial-dialogue-policy-outcomes/2025-uk-china-economic-and-financial-dialogue-policy-outcomes

2. https://npcobserver.com/wp-content/uploads/2025/09/Enterprise-Bankruptcy-Law-Draft-Revision.pdf

3. http://www.pbc.gov.cn/tiaofasi/144941/3581332/5853996/index.html

4. http://www.pbc.gov.cn/tiaofasi/144941/144979/3941920/5784671/index.html

the designated market makers and participants are given the option of entering transactions using their own repo agreement template, such as the GMRA or the National Association of Financial Market Institutional Investors (NAFMII) Bond Repurchase Master Agreement.

- In July, the HKMA made a further announcement[5] on enhancing the offshore repo arrangement, which would support re-hypothecation of bond collaterals during the repo period, as well as cross-currency repo transactions (expanded from RMB only to also include HKD, USD, and EUR).

Hong Kong Fixed Income and Currency (FIC) Roadmap: In September, the HKMA and Securities and Futures Commission (SFC) released their FIC Roadmap which we believe is a meaningful and significant push for Chinese fixed income market internationalisation. The four pillars of the strategy are (1) primary issuance hub; (2) secondary market liquidity; (3) offshore RMB; and (4) next-generation infrastructure.

ICMA will continue to work closely with financial regulators onshore and offshore to facilitate the internationalisation of China's cross-border repo and collateral markets, including advocating for the GMRA to be used for cross-border repo transactions on a title-transfer basis as more offshore investors are allowed to participate in the onshore repo and collateral markets directly.

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ICMA's ERCC and GRCF

ERCC AGM and Conference in London: Registrations are open for the ERCC Annual General Meeting and Conference 2025 which will be held on Wednesday 19 November in London. The afternoon event is kindly being hosted by Euronext in Fishmongers' Hall, commencing at 12:15 UK time with registration and a light lunch. The programme will cover a mix of panel discussions and keynote speeches involving senior market practitioners, ICMA experts and public sector representatives. Speakers will discuss the current state and outlook for the repo market, both from a European and also a global perspective, and also touching on the latest legal and regulatory developments as well as related ICMA initiatives. As always, the ERCC conference will be a great opportunity for the wider repo community to get together. The event will be followed by networking drinks. You can find further details of the event and register here. We look forward to seeing you in London for this occasion.

ERCC Committee meetings: On 2 October, ERCC Committee members gathered in London for their first regular meeting after the summer break, hosted by Tradeweb. A shorter virtual meeting was held on 11 September to focus on the important ongoing discussion around T+1 impacts on repo. The previous regular meeting was held on 17 June in Madrid, hosted by ICMA in the margins of the annual ISLA conference. Minutes of Committee meetings are made available to all ICMA members (login required) once approved by the Committee in the subsequent meeting. Following the resignation of long-standing Committee member Eugene McGrory (BNP Paribas), we welcomed Graeme Futter (Standard Chartered Bank), the runner-up in the previous elections, as a new member on the ERCC Committee.

Repo governance: ICMA is currently reviewing the governance framework underpinning its repo and collateral work, as set out in section 1000 of ICMA's Rulebook. The current framework is complex and outdated, thus the aim is to simplify and update the rules in order to make sure that the governance framework is fit for purpose. A revised, significantly shorter section 1000 has been shared with the Committee for review. Subsequently, we will share the proposal with the wider ERCC membership for approval. The aim is to finalise the process in time for the next elections to the ERCC Committee, which will kick off as usual in early December with the call for candidates. In practice, the new rules should not materially impact the operation of existing committees and working groups, but it will establish a more consistent framework that is open to ICMA's global membership and that will be complemented by separate documents setting out additional terms of reference for the ERCC and the GRCF.

GRCF meetings: On 17 September, ICMA's Global Repo and Collateral Forum (GRCF) held its third meeting of 2025. The virtual session covered a broad range of topics, including updates from the different regions as well as global themes. Our special thanks to the Financial Services Authority of Indonesia, Otoritas Jasa Keuangan (OJK), who joined the meeting to share an interesting perspective on the Indonesian repo market and related challenges. Among the global themes, a key focus was on the ongoing discussions on T+1 as well as the global NBFI agenda. In addition ICMA provided an overview of its repo education programme. The GRCF is open to all ICMA members with an interest in global cross-border repo markets. If you would like to join, please email: grcf@icmagroup.org.

ICMA's Professional Repo and Collateral Workshop: The ERCC's flagship educational event returns in 2025 and is open for registrations. The 2-day event will take place on 25 and 26 November at ETC Venues Monument in London. The course is delivered by ICMA experts and senior market practitioners, who provide in-depth insight into the structure, functioning,

5. https://www.hkma.gov.hk/eng/news-and-media/press-releases/2025/07/20250708-4/

and regulation of the repo market and related developments. The workshop is offered to members at a significantly discounted rate, making it a unique opportunity for both junior repo market practitioners as well as more experienced participants across the industry and adjacent markets who want to gain a better understanding of this crucial market and its role in the wider financial system. We warmly welcome participants from the public sector, including central banks and regulatory bodies. For further details and to register, please click here.

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Bank of England consultation on the gilt repo market

On 4 September 2025, the Bank of England published its awaited Discussion Paper on *Enhancing the Gilt Repo Market*. The aim of this discussion paper is to explore the effectiveness and impact of a range of potential reforms to enhance the resilience of the UK gilt repo market. It has been developed in close consultation with the Financial Conduct Authority (FCA), and with input from HM Treasury and the UK Debt Management Office (DMO).

As had been widely anticipated, some of the key measures discussed include increased central clearing and minimum haircuts as possible measures to shore up market resilience, particularly in the instances of stress events, such as the COVID-induced dash-for-cash in early 2020 and the Truss-triggered LDI crisis of September 2022.

The Bank has requested feedback on the measures discussed in the paper, with a deadline for responses of 28 November.

Under the stewardship of the ERCC, ICMA has mobilised a dedicated Taskforce to develop a formal response. The Taskforce consists of key gilt repo market participants, including dealers, investors, and relevant infrastructures.

If your firm is active in the gilt market and you would like to participate in the Taskforce, or nominate a colleague to do so, please reach out to Andy Hill and Alexander Westphal who are holding the pen on the response. ICMA hopes to produce an advanced draft of its response by late October, well in advance of the response deadline.

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T+1 and SFTs

As discussed in more detail in an article in the previous edition of the Quarterly Report, securities financing transactions (SFTs) have played a central role in the discussions around the shortening of the settlement cycle in Europe to T+1 which is planned for October 2027. While SFTs as a product class have been exempted from the T+1 requirement, it has always been clear that they will be disproportionately impacted by the move to T+1, given their inherent role to support firms' cash market trading and liquidity management. As a result, a large portion of the repo market is expected to shift to same-day (T+0) settlement. ICMA has been very vocal around those impacts from the start of the discussion, and this is also clearly reflected in the recommendations put forward by the SFT workstream, one of the ten Technical Workstreams established under the EU T+1 Industry Committee and co-led by ICMA and ISLA. While all of the almost 30 SFT recommendations have been incorporated into the EU's High-Level Roadmap published on 30 June, it has been clear that several of the key points will require further discussion in terms of agreeing the specifics of implementation.

From an SFT perspective, the most important open item relates to a recommendation put forward by the SFT workstream for all CSDs (T2S as well as the two ICSDs) to introduce a new 'batch' settlement cycle in the late morning, in addition to the existing night-time batch settlement or NTS cycle. As described in more detail in the Roadmap itself (see pp.45-48), the purpose of this new settlement cycle would be to mitigate the expected increase in firms' intraday liquidity costs and potential knock-on impacts on settlement efficiency that would result from a substantial shift to T+0 for repo which would also mean that netting opportunities are significantly reduced. This recommendation has led to extensive discussions with the relevant market infrastructures, as this is understandably a major change. Following further discussion, it is clear that the importance of the problem is acknowledged by all stakeholders and that a solution will have to be found. However, the discussion continues on what exactly this solution should be. On 9 September, all relevant stakeholders met in Brussels for a half-day workshop on the topic. ERCC representatives laid out the problem statement in more detail and set out a list of questions for the CSDs to address. The ECB/4CB (as T2S operator), along with domestic CSDs and the two ICSDs all presented their perspective, which led to a constructive discussion and certainly a step towards an agreed solution. However, further discussion will be needed, so a second workshop has now been scheduled for 19 October in Frankfurt. The objective is to reach an agreement by the end of November, which is the target date for all open discussions to conclude, ahead of finalising the Roadmap.

Besides the batch discussion, this deadline also relates to a number of other open issues that are relevant from an SFT perspective. In particular, this includes the use of the important settlement optimisation tools which the SFT workstream and other workstreams had strongly recommended, most importantly, partial settlement and shaping. On the former, a Taskforce has been established to explore ways in which a more mandated use of auto-partialling can be achieved without ignoring the complexities around the topic and considering whether any exemptions are needed. Finally, the shaping of large settlement instructions into smaller clips is another important tool that ICMA and the ERCC have focused on for years. While the Roadmap includes a clear recommendation for automated shaping in line with current ICMA best practice (for bonds and repo trades), it remains somewhat unclear how this can be achieved. While the Roadmap suggests automation at the level of trading venues, ie shortly after trade execution, others have questioned whether an automation at the level of the CSD would not make more sense and whether there needs to be a legal requirement for shaping in order to achieve the desired outcome. The ERCC is leading the discussion on this important topic and is looking to host a workshop with all the relevant stakeholders, including trading platforms and market participants, to agree a solution.

Finally, another open question relates to the use of the transaction type identifier field in settlement instructions. This is a long-standing issue that the ERCC has highlighted repeatedly in the past and continues to focus on (see article on the related ERCC initiative below). The EU Roadmap includes an explicit recommendation that seeks to ensure consistent usage of the field. However, the question is how this can be achieved. This is currently being considered by a Taskforce that is looking at SSIs.

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LCR and open reverse repos

On 14 May 2025, the EBA published an updated report on the monitoring of LCR and NSFR in the EU, which includes important additional guidance for firms related to the EBA's updated Q&A on the treatment of open reverse repos under the Liquidity Coverage Ratio (LCR). The updated Q&A specified that an institution is able to recognise "the relevant inflow if it can demonstrate to the supervisor that the open reverse repo would be called and effectively mature under certain circumstances, within the following 30 days.", but already anticipated additional EBA guidance to specify how firms are expected to meet this condition. The latest report provides this guidance, setting out two possible approaches: the first one builds on the definition of trigger events in a firm's liquidity risk management policy that led to termination of open reverse repos, and the second one is based on historical experience in times of stress. Both approaches are described in more detail in the EBA report. While we welcome the guidance, it has raised new questions as the drafting is somewhat ambiguous. Based on further discussions with members of the ERCC's Prudential Working Group, ICMA has reached out to the EBA to request further clarification. The discussion on this topic is ongoing and we will update members accordingly.

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SEC mandatory clearing for US Treasuries

The US Securities and Exchange Commission's (SEC's) mandatory clearing requirements for US Treasuries are set to take effect in phases - with eligible cash transactions by December 2026 and repo transactions by June 2027. These changes will have significant implications not only for US firms but also for market participants around the globe. ICMA, through the ERCC and its regional engagement in APAC, has been closely following the developments on this topic. Over the summer, ICMA conducted an interview series with selected banks in Asia, which highlighted both readiness challenges and concerns over the broad extraterritorial scope of the UST clearing mandate. To further capture market views, ICMA will shortly launch a wider member survey to gather feedback on the scope of the mandate, firms' level of preparation, expected business and market impacts, operational challenges, and areas where further regulatory clarity or industry support is needed.

In the meantime, members are invited to join us for an ICMA webinar: Preparing for the SEC's Treasury clearing mandate. The webinar will be held on 15 October, 08:30-09:30 BST and will feature speakers from DTCC and Linklaters along with the relevant ICMA experts. Further details and a link to register are available here.

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ESMA's Call for Evidence on EU transaction reporting: SFTR proposals

On 19 September, ICMA responded to the European Securities and Markets Authority's (ESMA's) call for evidence on *A Comprehensive Approach for the Simplification of Financial Transaction Reporting*, which sought views on a proposed structural review of existing reporting requirements across SFTR, MiFIR and EMIR. As part of the consultation, ESMA proposed two broad options: Option 1 focuses on removing duplication within the existing frameworks (mainly EMIR and MiFIR) by delineating reporting either by instrument (option 1a) or by event (option 1b); and option 2 would aim to introduce a single reporting regime merging the three existing frameworks (option 2a) and potentially extending this to others (option 2b).

In its response, rather than focusing on the options set out by ESMA, ICMA suggests that the initial priority should be given to measures that aim for a simplification and burden reduction within each regulation, as addressing these internal inefficiencies would achieve more immediate and cost-effective relief for market participants. With its SFTR Taskforce, ICMA has undertaken a comprehensive review of SFTR reporting requirements and put together a detailed list of proposed structural improvements, which we have shared with ESMA as part of the consultation response. In parallel to pursuing those structural changes to SFTR and the other reporting regimes, ICMA also urges ESMA to kick off the process for developing a clear longer-term vision for a more efficient and consistent digital reporting framework. Such a framework has to be based on a common data model, such as the Common Domain Model (CDM), developed jointly by ICMA, ISDA and ISLA. This process should start as soon as possible and ICMA is keen to work collaboratively with ESMA and other stakeholders to support this work and develop a credible implementation roadmap.

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ERCC initiative on repo identification and manufactured payments

As part of its wider focus on post-trade efficiency, the ERCC has been looking into concerns related to the processing of repo manufactured payments over the past year and potential ways to help automate the process. The discussion has been led by the ERCC Operations Group, which established a dedicated working group on the topic led by Manoj Shah, Lloyds. Based on the discussions, the ERCC put together a short background note on the topic explaining the basic problem statement and potential solutions.

In order to better understand the scale of the issue and market expectations towards potential solutions, the ERCC undertook a member survey earlier in the year. Based on the feedback received from 17 firms, ICMA compiled a summary of the responses, which is available on the ICMA website. In terms of key messages, the survey feedback confirms the problem statement and the demand for further automation, preferably a solution at CSD level, as the process is currently very manual. The survey showed that for the majority of stakeholders in the market, the problem of late manufactured payments for repo is a material concern for their organisation. The survey also explored related and long-standing issues with the identification of SFTs at settlement level which result from the inconsistent usage of the transaction type identifier field. The survey results show that ensuring a consistent usage may require some sort of mandate and also confirms broad support for ICMA to further engage on the topic.

In terms of ongoing work and next steps, ICMA has been focused on raising awareness on this matter to the relevant stakeholders, including CSDs and other providers of potential solutions. At this stage, the main focus of the industry discussion is on the question of the identification of SFTs, which has received considerable attention in different forums. For example, ICMA has been leading discussions on the topic within the European Central Bank's (ECB's) Collateral Management Group (CMG) (a sub-group of AMI-SeCo), focused on driving market standards, which may encompass the use of the identifier. In addition, there is a close link to the ongoing T+1 discussion. ICMA highlighted the issue as part of its response to ESMA's consultation on proposed amendments to the Regulatory Technical Standards (RTS) on CSDR settlement discipline. The High-Level Road Map published by the EU T+1 Industry Committee on 30 June also includes an explicit recommendation (ST-01.6) on the use of the transaction type identifier in settlement instructions. The issue is currently being further explored by a dedicated Taskforce which aims to further specify how the recommendation can be implemented.

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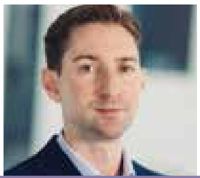
Sustainable Finance

by **Nicholas Pfaff, Simone Utermarck, Valérie Guillaumin, Özgür Altun** and **Stanislav Egorov**







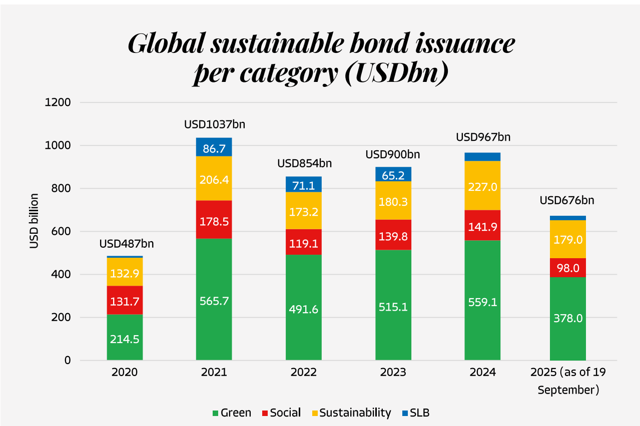
Summary

We provide a year-to-date update on the issuance volumes and trends of the sustainable bond market. We highlight the preparations, agenda, speakers and themes for the upcoming Annual Conference of the Principles in Tokyo on 6 November. We also report on the discussions and developments from the New York Climate Week held in September. We otherwise summarise regulatory developments internationally while underlining a recent ECB initiative to introduce a "climate factor" buffer against transition risks in its collateral framework.

Sustainable bond market update

As of 19 September 2025, sustainable bond issuance totalled over USD676 billion this year, close (-3%) to volumes at the same period in 2024. Year-to-date (YTD), sustainable bonds otherwise represent 9% of total bond issuance, down slightly from 11% in 2024.

Green bonds remain the largest segment of the sustainable bond market, with USD378 billion issued, representing 56% of total sustainable bond issuance. Notable transactions include Terna, the Italian electricity grid operator, and Teollisuuden Voima, a Finnish nuclear company, both completing their first European Green Bond (EuGB) deals: EUR750 million 6-year and EUR500 million 7.5-year, respectively. These deals bring the total number of EuGB issuers to 13, with a combined amount outstanding exceeding EUR11 billion since the EU Green Bond Standard (EU GBS) came into effect in December 2024.



ICMA based on LGX DataHub and Bloomberg data as of 19 September 2025

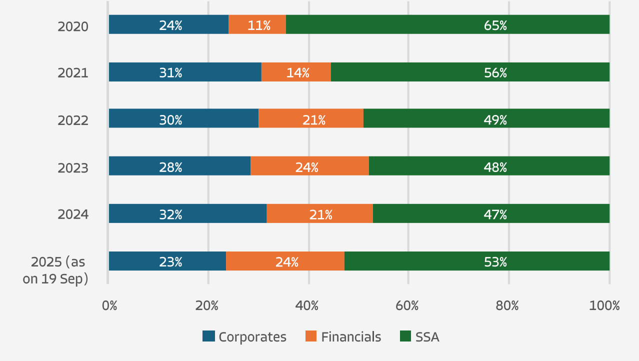
Social bond issuance reached over USD97 billion in 2025, accounting for 14% of total sustainable bond issuance. Bpifrance returned to the market with a EUR1.5 billion 8-year social bond, while IFC completed a GBP830 million 4-year transaction. Furthermore, Korea Housing Finance issued a EUR500 million 5-year social bond in covered format.

Sustainability bond issuance surpassed USD179 billion, representing an 11% year-on-year increase. CAF - Development Bank of Latin America and the Caribbean - issued its inaugural sustainability bond, EUR1.5 billion 8-year. Moreover, the International Bank for Reconstruction and Development (IBRD) issued sustainable development bonds in USD, EUR, GBP and CAD: USD5 billion 10-year, EUR3 billion 10-year, GBP1.5 billion 5-year and CAD1.5 billion 3-year. Furthermore, IBRD issued the largest supranational HKD transaction, HKD7 billion (USD900 million) 5-year.

Sustainability-linked bond (SLB) issuance exceeded USD20 billion, representing a 12% decrease year-on-year. Loomis, a Swedish cash handling services company, completed an issuance totalling SEK1.8 billion (USD190 million) with 3-year and 5-year SLBs.

Looking at issuer types, Sovereigns, Supranationals and Agencies (SSAs) have become even more dominant with 53% of volumes YTD (compared to 43% end 2024). Financials represent almost equally the rest of issuance this year with 24% and 23% respectively. Corporate issues have however fallen by almost a third compared to end 2024 where they stood at 32% of total yearly volume.

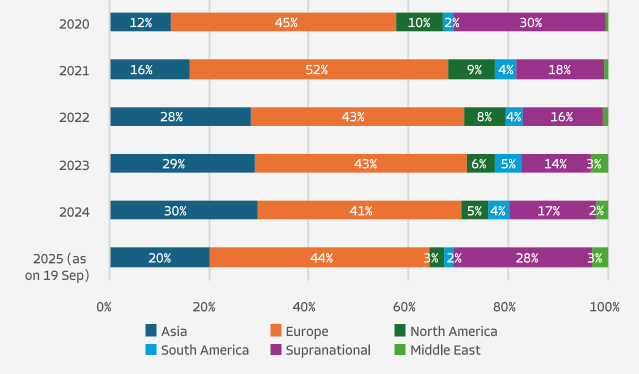
Sustainable bond issuance breakdown by issuer type (%)



Source: ICMA based on LGX DataHub and Bloomberg data as of 19 September 2025

Looking at the regional breakdown, Supranationals have expanded their share significantly (in line with the paragraph above), rising to 28% YTD from 17% in 2024, marking a return to 2020 levels. European issuance has remained broadly unchanged, whereas the share of North American issuers declined to 3%, compared with 5% in 2024 and a peak of 10% in 2020. Asia's share also contracted, primarily due to lower volumes from non-Chinese issuers.

Sustainable bond issuance breakdown by region (%)



Source: ICMA based on LGX DataHub and Bloomberg data as of 19 September 2025

Update on Annual Conference of the Principles in Tokyo

With the support of the Japan Securities Dealers Association (JSDA), ICMA will host the 11th Annual Conference of the Green, Social, Sustainability and Sustainability-Linked Bond Principles (collectively known as the "Principles") in Tokyo on Thursday 6th November 2025. This event will be the third of its kind organised in Asia, following Hong Kong in 2018 and Singapore in 2023. The Principles underpin an international Green, Social, Sustainability and Sustainability-Linked Bond (and related) market that finances progress towards environmental and social sustainability. They are the de-facto global voluntary standard of a USD$5 trillion sustainable bond market.

The conference agenda will feature members of the Executive Committee of the Principles with key market players alongside senior representatives from the regulatory and policy community. Keynote speakers will include:

- ITO Yutaka, Commissioner, Financial Services Agency (JFSA)
- HATAKEYAMA Yojiro, Director, GX Director-General, Economic and Industrial Policy Bureau, Ministry of Economy, Trade and Industry (METI)
- UCHIDA Kazuto, President, Government Pension Investment Fund (GPIF)
- Carlo MONTICELLI, Governor, Council of Europe Development Bank
- TORIUMI Chie, Deputy President, Nomura
- Sherry MADERA, CEO, CDP

The panels will kick off with a session including the Chair (Isabelle LAURENT, European Bank for Reconstruction and Development (EBRD)) and Vice-Chairs (Agnès GOURC, BNP Paribas and Alban de FAY, Amundi) of the Executive Committee of the Principles with a presentation of the work undertaken by the Principles, notably the expected new guidance on transition finance.

Key stakeholders, including international issuers European Investment Bank (EIB) and the Islamic Development Bank (IsDB), will give an overview of the sustainable debt capital market in Asia and globally, and present their expectations for the coming years. Practitioners will also discuss substantial topics that have led the Executive Committee of the Principles to publish guidance for climate transition, social bonds, sustainability-linked bonds, green enabling projects and nature-related finance. Finally, a group of representatives of regulatory and policy bodies will present their national initiatives and will share their experience in implementing those regulations.

This event will take place in English, with simultaneous interpretation available in both English and Japanese. It will also be livestreamed. Registrations are open here.

Side events at the time of the Annual Conference of the Principles

Around the date of the Annual Conference, ICMA as well as its members and local partners will be active in Tokyo with training sessions and side events. These include:

20-21 October: ICMA Education & Training Course: Transition Finance
4 November: ICMA Women's Network: Investing in Human Rights and Gender Equality to Foster Economic Opportunities
4 November: Nomura: Transition Investment to Achieve Carbon Neutrality
5 November 2025: METI's GGX Finance Summit 2025
6-7 November 2025: Daiwa Capital Markets Conference 2025

S Write up from New York Climate Week

From 21-28 September, New York Climate Week (NYCW) took place. This year ICMA attended in person for the first time. With more than 1,000 scheduled events under the motto "Power On", this was the biggest NYCW so far, and as the UN General Assembly (UNGA) was being held in parallel, New York City (NYC) was teeming with business leaders, civil society, policymakers, and country leaders as well as some celebrities. ICMA, represented by Simone Utermarck, actively participated in the following roundtables:

- Bloomberg: "Investment in Transition"
- OMFIF: "Financial strategies for physical risk"
- DZ Bank: "Reality check for sustainable finance. Are we at a turning point?"
- S&P Global Ratings: "Sustainable Debt in Emerging Markets"
- Mayer Brown: "Roundtable with ICMA"

In addition to these speaking engagements, ICMA also attended various events including those at the London Stock Exchange Group (LSEG), Moody's and the launch of the TNFD Status Report at Bloomberg, among others. While the number of events had increased this year, many were by invitation only and roundtables took place behind closed doors. Overall, it was a great opportunity to meet with some US-based ICMA members, as well as make new contacts.

At NYCW2025, there was an increased focus on physical risks, climate adaptation and resilience. It was noted that with adaptation it is more difficult to measure returns: issuers can look at it as "losses avoided" but investors emphasised their need for a financial return. Leadership in Energy and Environmental Design (LEED) certified buildings are seeing 25% higher sales prices, but a more recent question in the US is insurability for the risk of flooding or fire. Insurers are struggling with both high claim volumes as well as their own fiduciary duty. Homeowners' insurance has become a big concern.

In conversations, there was no question for some on whether the transition will happen but rather how fast it will be, how just it will be and who will lead it. It was underlined that there is a need for government intervention but also acknowledged that governments can only do as much as their people will let them do. There are success stories in emerging markets (EM) such as Pakistanis assembling their own solar panels and learning how to install them via Tik Tok videos.

Artificial Intelligence (AI) and the related need for data centres and resulting energy demand were big topics at NYCW. The US put itself in a race with China about leadership in AI for which it needs all the energy it can generate. Grid capacity, however, remains a policy challenge: the world's electricity demand is doubling, and the International Energy Agency (IEA) forecast AI power demand will more than double by 2030 to around 945 terawatt-hours (TWh). The rapid growth of data centres, driven by AI, is putting immense pressure on power grids. Energy demand is currently met with gas turbines while small modular reactors (SMRs) etc are being developed. The US is leading the next generation of nuclear SMRs, advanced reactors, geothermal and hydra power. President Trump has signed four executive orders on nuclear alone.

An interesting development is that data centres are shifting from being passive energy consumers to active partners that "buffer" the power grid, which is critical for managing the instability caused by the rapid growth of both data centre energy consumption and intermittent renewable energy sources. The importance of energy flexibility (adjusting the timing of electricity consumption to match periods of high renewable energy availability or lower grid stress) by companies like Google was furthermore highlighted as it prevents the expansion of gas-powered turbines and other fossil fuels in the energy mix. Renewables therefore continue to have their place as a source of energy in the US. An example is Texas which continues to invest in solar energy and batteries for energy storage. Nonetheless, with the grid currently maxed out, new clean energy projects will not be able to connect until 2032 and even speedier permitting could not cope with the load of demand. Moreover, with the *One Big Beautiful Bill Act* (OBBBA) many Inflation Reduction Act (IRA) subsidies will end in 2027 with exceptions such as the Carbon Capture and Sequestration Credit and the Zero-Emission Nuclear Power Production Credit. While it was noted positively that AI can also help to gauge demand for the grid, data centres can lead to social issues when based in local communities where they also draw a lot of water.

At NYCW it was also very interesting to hear from companies in hard-to-abate sectors such as airlines. Emissions from the US airline industry since 2005 have reportedly not increased despite carrying 30% more passengers as fuel efficiency has grown. Nevertheless, it is still hard to find an alternative to the high-density jet fuel. Colombia otherwise announced during NYCW that it will host the first international conference for the phase-out of fossil-fuels in April 2026.

When it comes to labelled bonds, ICMA was interested to hear strong interest among LatAm issuers wanting to attract international investors and that the nature guide published in June 2025 was currently being applied by many issuers in LatAm. When it comes to green bonds, issuers would like to see a greenium come back.

S The ECB introduces a "climate factor" buffer against transition risks in its collateral framework

On 29 July 2025, the European Central Bank (ECB) decided to introduce a "climate factor" to protect the Eurosystem against potential declines in the value of the collateral accepted in its refinancing operations, specifically in the event of adverse climate-related transition shocks[1]. The measure is expected to apply as of H2 2026. The ECB's climate factor will complement the Eurosystem's existing risk management tools by incorporating forward-looking climate scenario analyses.

In short, the ECB will attribute an uncertainty score to individual marketable assets of non-financial corporates used as a collateral based on: a) sector-specific stressor (to count for the expected shortfall uniformly in a specific sector in the adverse scenario of the Eurosystem climate stress test); b) issuer-specific exposure (based on the methodology for the climate tilting of the Corporate Sector Purchase Programme, i.e. indicators such as greenhouse gas (GHG) performance, disclosure quality, and decarbonisation targets); and c) asset-specific vulnerability (assessing sensitivity to future climate shocks taking into account the asset's residual maturity). This uncertainty score will underpin the climate factor which may reduce the collateral's value and limit the amount against which Eurosystem is willing to lend.

In practice, this may imply less ECB liquidity when pledging bonds of high-emitting corporate issuers who lack robust emissions disclosures and credible transition plans. The ECB nevertheless expects the initial impact to be limited, given the current low borrowing levels and the modest use of corporate bonds as collateral.

Interestingly, this forward-looking risk measure stands in contrast to the ongoing Omnibus debate, where EU co-legislators are considering wide-ranging exemptions from GHG emissions reporting and transition plan obligations for a very large share of EU corporates (see ICMA QR 3rd Quarter p.53-54). As further background, in August 2025, the ECB's President Christine Lagarde wrote a letter to the Members of the EU Parliament cautioning against the current direction of the Omnibus and highlighting its potential negative impacts for the Eurosystem.

1. Transition risks relate to action taken to reduce emissions to reach net-zero greenhouse gas emissions, including shift in technology, policy (e.g. increased carbon tax), consumer preferences, and liability.

Regulatory developments

International

In July 2025, the Science-Based Targets Initiative (SBTi) launched its first Financial Institutions Net-Zero Standard, which is a voluntary, cross-sector standard for FIs covering lending, asset ownership, asset management, insurance underwriting, and capital markets (see one-page summary).

European Union

In June 2025, ESMA published its Final Report on the Common Supervisory Action (CSA) for the integration of sustainability risks and disclosures in the investment fund sector, which was launched in 2023 with National Competent Authorities (NCAs). In terms of key findings, while the majority of NCAs considered that there was an overall satisfactory level of compliance of managers with the applicable regulatory requirements, they nonetheless found several vulnerabilities, which were addressed as part of the process, through bilateral letters and other supervisory orders.

In July 2025, ESMA published a thematic note on-sustainability-related claims used in non-regulatory communications. This publication outlines four guiding principles on making sustainability claims, and offers practical "do's and don'ts", illustrated through concrete examples of good and poor practices, based on observed market practices.

In July 2025, the European Commission (EC) published pre-issuance and periodic post-issuance disclosure templates for the voluntary use by issuers of green use-of-proceeds bonds and sustainability-linked bonds. These are provided by Article 20-21 of the Regulation on European Green Bonds for the use of the broader market, including the Principles-aligned green bonds and sustainability-linked bonds. Among others, they include disclosure elements such as the minimum taxonomy alignment of the proceeds and linkage of the bond with the issuer-level strategies, transition plans (if any), and taxonomy-alignment, as well as SLB KPI materiality, targets' ambition, and coupon adjustments.

In July 2025, the EC adopted a Delegated Regulation in the context of its Omnibus initiative, which provides exemptions from Taxonomy reporting for "non-material" activities and operational expense (OpEx), simplification of Green Asset Ratio and the reporting templates by cutting data points by 64% for corporates and 89% for financial institutions, and specific simplification of the generic Do No Significant Harm (DNSH) criteria of pollution prevention and control in relation to the use and presence of chemicals.

In September 2025, the European Supervisory Authorities published their fourth annual report which takes stock of the voluntary disclosure of principal adverse impacts (PAIs) under the Sustainable Finance Disclosure Regulation.

APAC

In July 2025, the People's Bank of China, the National Finance Regulatory Administration, and the China Securities Regulatory Commission jointly issued the 2025 version of the China's Green Finance Endorsed Project Catalogue. The updated version unifies the eligibility standard for the bond and loan markets, introduces new categories such as "green trade", "green consumption", and "green and low-carbon transition of key industrial sectors" to promote the green value chains and further transition finance in China. The wider context is that having significantly progressed on green technologies, China's policymakers have been focusing in recent years on decarbonising hard-to-abate industries, including through sector-based roadmaps and incentives. The updated Green Catalogue now covers nine major sectors including energy conservation and carbon reduction, environmental protection, resource recycling, green and low carbon energy transition, ecological protection, restoration and utilisation, green infrastructure upgrades, green services, green trade, and green consumption, 38 secondary categories, and 271 tertiary categories. See here also a short summary provided by Sustainable Fitch.

In September 2025, the Hong Kong Monetary Authority launched a public consultation on Phase 2A prototype of Hong Kong Taxonomy for Sustainable Finance. The key proposed enhancements compared with the May 2024 version include: (i) sector coverage being extended to manufacturing and information and communication technology (ICT); (ii) new economic activities (25 in total); (iii) transition elements (including interim decarbonisation targets, measures, and sunset dates); and (iv) addition of climate change adaptation as an objective.

In September 2025, the Thai Securities and Exchange Commission (Thai SEC) launched a public consultation on draft amendments to the regulations for the issuance and offering of sustainability-linked bonds (SLB) to increase flexibility and align with international developments in SLB issuance and offerings, while maintaining appropriate investor protection (deadline: 14 October 2025). Key proposed changes include allowing SLBs to specify financial return features that link to the achievement of sustainability-related key performance indicators (KPIs) of the bond issuer or its affiliates. This goes beyond the existing features for coupon adjustments and structural characteristics to support other mechanisms of financial returns and allows the issuance of SLBs in the form of zero-coupon bonds.

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Transition finance in Japan's private sector and cooperation with the Asia-Pacific region

A S by **Kosuke Kajiwara,**
Japan Credit Rating Agency

Development of transition finance in Japan

Japan has been quick to take initiatives in transition finance. Following the publication of the Climate Transition Finance Handbook (CTFH) by ICMA in December 2020, Japan introduced the "Basic Guidelines on Climate Transition Finance" as domestic guidelines in May 2021, incorporating the contents of the CTFH.

Based on the CTFH and the Basic Guidelines, a technology roadmap toward carbon neutrality for hard-to-abate sectors was developed from 2021 to 2023. This roadmap outlines pathways for the adoption of low-carbon and decarbonisation technologies, as well as CO_2 emission reduction strategies for industries commonly referred to as hard-to-abate sectors, such as iron and steel, chemicals, power, gas, oil, pulp and paper, cement, and automobiles, with the aim of achieving carbon neutrality by 2050. The roadmap also provides a timeline and plan for the gradual transition or decommissioning of technologies and facilities to support emission reductions. By making upfront investments toward this goal, it seeks to avoid lock-in effects associated with the transition.

Transition finance in the private sector

In line with these actions by the Japanese government, the private sector has also been advancing transition initiatives. In March 2021, Japan's first transition finance was executed as a transition loan by shipping operator Kawasaki Kisen to finance an LNG-fueled car carrier vessel.

In July 2021, the shipping operator Nippon Yusen issued Japan's first transition bond. Additionally, in September 2021, Kawasaki Kisen executed a transition-linked loan compliant with the Sustainability-Linked Loan Principles and the CTFH.

The Japanese government launched the "Climate Transition Finance Model Project" in FY2021 to promote private-sector transition finance. This initiative aims to disseminate information and reduce the burden of third-party evaluation costs for financing cases that align with the aforementioned guidelines and exhibit model characteristics selected by the Third-Party Committee (Model Review Committee). Both the transition bonds issued by Nippon Yusen and the transition-linked loan executed by Kawasaki Kisen, mentioned above, have been certified as model projects[1] under this initiative. From 2021 to 2024, support has been provided for around 30 projects on transition finance.

To promote transition finance, which is still in its early developmental stages, a performance-linked interest subsidy system has been established to support loans provided by private financial institutions to companies in hard-to-abate industries with transition plans.

Driven by private initiatives and policy support, transition finance has been gaining prominence in Japan. The amount raised in 2023 (January to December) reached around US$5.7 billion, bringing the cumulative domestic total for transition finance up to about US$11.2 billion[2] as of December 2023.

1. Ministry of Economy, Trade and Industry of Japan

2. Ministry of Economy, Trade and Industry of Japan

Transition finance abroad and the role of Japan

While bond issuance and loan implementation related to transition finance are progressing and gaining increasing domestic interest, there is also significant interest and progress made in transition finance from overseas.

In Southeast Asia, energy demand is expanding alongside the rise of the manufacturing industry, leading to higher energy consumption and CO2 emissions. At the same time, interest in transition finance aimed at decarbonisation is growing.

In the ASEAN region, the ASEAN Taxonomy was released in 2021, categorising economic activities classified as "amber" as being in the transition phase towards decarbonisation. In 2023, the ASEAN Capital Markets Forum (ACMF) introduced the "ASEAN Transition Finance Guidance." Also, major Southeast Asian financial institutions such as DBS, UOB, and Maybank have established their own transition finance frameworks.

In Australia, a sustainable finance taxonomy was established in June 2025, setting standards for labeling transition finance targeted at high-emission industries.

These frameworks and taxonomies broadly incorporate the concept of transition finance. While referencing the requirements of the CTFH, there is also a growing trend to finance assets that contribute to each country's nationally determined contributions (NDCs) and long-term goals, classifying them as transition assets.

While the growth of transition finance in these regions is still developing, Japan is actively promoting cooperation to support the transition in these regions. In 2022, the "Asia Zero Emission Community (AZEC) Initiative" was proposed with the aim of "sharing the philosophy that Asian countries will promote decarbonisation and cooperate to advance the energy transition." Under the AZEC framework, an agreement was reached to mutually cooperate with Southeast Asian countries and Australia, including the exchange of knowledge on transition finance.

JCRA's role in transition finance

JCRA will continue to promote transition finance by providing Second-Party Opinions (SPOs) to investors, showcasing issuers' efforts toward sustainability, including their transition strategies, and sharing insights gained through sustainable evaluations

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FinTech and Digitalisation

by **Georgina Jarratt, Gabriel Callsen** and **Emma Thomas**



ICMA's Bond Data Taxonomy: Market Initiatives and Adoption

ICMA's Bond Data Taxonomy (BDT), a standardised and machine-readable language capturing the key economic terms of a bond, has been at the centre of activity following the recent Primary Market Innovation Roundtables held before the summer. With growing policy and market focus on digitalisation and data harmonisation, ICMA's work on the BDT serves as an important market-driven foundation in the effort to increase efficiency and modernize capital markets.

In recent weeks, ICMA has launched a broad-based industry dialogue and engagement initiative, encompassing sovereign, supranational and agency (SSA) issuers, issuing and paying agents (IPA), buy-side static data teams, and sell-side technology groups. Additionally, the World Bank Treasury has introduced an innovative AI-powered tool named "SHASTRA", alongside its existing tool "ASTRA". Developed for issuers, SHASTRA leverages the latest AI advancements and uses ICMA's Bond Data Taxonomy to create digital replicas of securities terms for improved consistency, efficiency, and accuracy in the transaction life cycle across all capital markets participants.

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ICMA's Bond Data Taxonomy Integration into ISO 20022

The Integration of the BDT into ISO 20022 in collaboration with SWIFT continues to progress as planned. A subgroup meeting of the Bond Data Taxonomy working group, which focuses specifically on the integration of the BDT into ISO 20022, was held on the 5 September 2025. The group, made up of diverse bond market constituents, looked back on the stages complete so far, and the upcoming work required to finalise the development of the BDT messages into the ISO format.

Since the formation of the subgroup, the ICMA Bond Data Taxonomy team have had regular meetings with a number of key stakeholders, who have provided valuable feedback on a small number of areas for improvement and extension in the BDT. In parallel, ICMA has gathered feedback from BDT implementations on a bilateral basis. All of this feedback has been consolidated into a proposal to extend the BDT and release a new version (2.0), which will follow ICMA's governance process and be reviewed by ICMA's broader BDT Working Group, before being released publicly.

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DLT Bonds Update

Following the ECB's announcement on 1 July regarding the settlement of distributed ledger technology (DLT) transactions using central bank money, ICMA attended the European Central Bank (ECB)'s New Technologies for Wholesale Settlement Contact Group (NTW-CG) on 16 July. The agenda and meeting materials can be found on the ECB's website.

ICMA's DLT Bonds Working Group held its quarterly meeting coincidentally on 1 July, bringing together market stakeholders across the value chain of international debt capital markets. The agenda covered the above ECB announcement, MAS Project Guardian, DZ Bank's publication of a whitepaper on a Smart Bond Contract building on ICMA's Bond Data Taxonomy (BDT), the collaboration with SWIFT on integrating the BDT into ISO 20022, and the Crypto-Asset Reporting Framework (CARF).

ICMA continues to lead the Guardian Fixed Income workstream, which held meetings throughout Q3. The focus is on Delivery versus Payment (DvP) settlement and custody arrangements for DLT-based debt securities. As a reminder, Project Guardian, convened by the Monetary Authority of Singapore (MAS), is a global collaboration between policymakers and key industry players to enhance liquidity and efficiency of financial markets through asset tokenisation.

Further information can be found on ICMA's website. If you would like to become involved, please get in touch.

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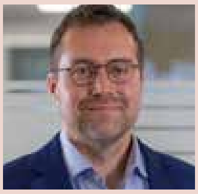

Reject the Doomer/Utopian drama in AI

by **Pietman Roos**

It turns out that sprinkling artificial intelligence (AI) magical dust on a business does not automatically turn it into gold. That is the dumbed-down version of the recent MIT study into the implementation of 300 generative AI projects[1], of which 95% experienced zero return on investment. This relatively unknown paper, first released in July 2025, was picked up by Fortune[2] and published again in August 2025, and in combination with warnings from OpenAI's head, reportedly led to a 3.5% drop in Nvidia and 10% drop in Palantir equity prices[3].

The different responses to the research are more revealing than the findings themselves. On the "Utopian" side, it's a blip on the supercycle of AI development that will end in superintelligence. The dot-com crash is frequently cited as a comparison to the market reaction to the MIT report[4], which at the time looked bleak, but ultimately has led to the world changing internet far beyond early millennial expectations.

On the "Doomer" side, which views too-powerful AI as a systemic risk in the long run, the report is seen as evidence that AI has always been overhyped and that the chaos from the introduction of AI into every facet of business has now come to pass. Doomers probably feel a mixture of relief and sheepishness in that generative AI is not becoming as powerful as quickly as expected. Ultimately, suggesting that both sides share a common view that AI will reach superintelligence, the difference being whether it will be malign or not.

Some of the most salient findings from the MIT report are that custom-built generative AI fails due to integration complexity and poor fit with existing workflows, and that seven out of nine industries (including finance) show no evidence of structural change despite investment into generative AI.

One finding compares it to an employee that must be reminded not to make the same error; often custom generative AI models do not learn the intricacies of the business, so its usefulness is capped to simple tasks or queries. And like an employee that needs constant reminders, the temptation is to either do the work yourself or ask someone else, in this case the subscription-based large language models (LLMs). The report goes so far as to call this a "shadow AI economy" where employees use their personal accounts to automate some work, often without IT department knowledge, and often where a custom model is already available, with the estimate that 90% of the survey reported this phenomenon.

The problem with a Doomer/Utopian approach to risk management (and regulation) is that it simultaneously over-and-underestimates the risk involved with generative AI. The probability of a superintelligence that will either exterminate us or solve all the world's problems is frankly overdone because it is imprecise to extrapolate mass societal change beyond the immediate and observable technological capacity. Conversely, the actual problems with generative AI are overlooked because they are boring when compared to a science-fiction saga[5].

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1. MIT NANDA, The GenAI Divide STATE OF AI IN BUSINESS 2025, July 2025
2. Fortune, MIT report: 95% of generative AI pilots at companies are failing, 18 August 2025
3. Fortune, U.S. tech stocks slide after Altman warns of 'bubble' in AI and MIT study doubts the hype, 20 August 2025
4. Business Insider, 3 reasons everyone is talking about an AI bubble, 25 August 2025
5. The Atlantic, The AI Doomers Are Getting Doomier, 21 Aug 2025, Wong M

The same applies to capital markets; overdue focus on sentient rogue trading algorithms that will cause mass market failure or grand scale Utopian visions of Billion-Dollar One-Person companies[6] misses a more fundamental question: are the basics getting done right? Or rather, is your staff actually using the custom AI-tool you spent millions on? A recent IOSCO report shows that the majority of the use cases for AI across financial sectors are AML/CFT, internal productivity support, and market analysis and trading insights[7]. But with the MIT report findings in mind, it could be that despite the investments in models to assist with screening or random tasks, staff are opting out of custom AI-tools and using public LLMs.

This has implications on risk and what regulators would want to understand of their licensees for any technology or process. Actual usage is something that regulators can query and test, which is conceptually less demanding than having to delve the innards of an AI model. It is safer and arguably more accurate for a regulator to simply ask "who uses this, how much and for what tasks, how do you record this use, what can go wrong, and how do you mitigate that risk?" than to prescribe statistical metrics to, for example, ward against model bias. Of course, over time these metrics will enter the conversation. But this assumes custom generative AI is used at all. For public LLMs, regulators would have to form a view of each provider.

Anyone growing up in the 90s would be familiar with the then flourishing cyberpunk genre influenced by the nascent internet, and its fixation on cyberspace and how we would all uplink through neural implants at the turn of the millennium. Strangely, that has not come to pass, but cybersecurity and constant IT updates is a fact of life. The same could be said of the drama currently attached to generative AI, and the need to perhaps think more boringly, more bureaucratically.

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6. Forbes, The Future Is Solo: AI Is Creating Billion-Dollar One-Person Companies, 17 February 2025
7. IOSCO, Artificial Intelligence in Capital Markets: Use Cases, Risks, and Challenges, March 2025

F AI Regulatory Developments

FCA: AI live testing engagement paper feedback

On 9 September 2025, the UK Financial Conduct Authority (FCA) published its feedback from its AI Live Testing engagement paper. The engagement paper aimed to help firms use AI safely and responsibly and achieve positive outcomes from the AI Live Testing initiative. Respondents highlighted the valuable real-world insights provided by live production testing, its potential solution to overcoming "Proof of Concept paralysis" and its contribution to addressing the reluctance to be a first mover to apply AI technology. The FCA will start working with the first cohort of firms who applied to the AI Live Testing initiative in October and will also publish an evaluation report on AI Live Testing after 12 months.

BIS: Occasional paper on AI explainability

On 8 September 2025, the Bank for International Settlements (BIS) published an occasional paper on "Managing explanations: how regulators can address AI explainability". The paper seeks to address the limited explainability of complex AI models, particularly when used in critical business applications, and the challenges and issues for financial institutions and regulators. The paper also recognises that ultimately, there may be a need to recognise trade-offs between explainability and model performance, so long as risks are properly assessed and effectively managed.

FCA: Observations from multi-firm review on algorithmic trading controls

On 21 August 2025, the FCA published high-level observations from its multi-firm review of algorithmic trading controls. The review assessed a number of firms' compliance with MiFID Regulatory Technical Standards (RTS) 6 and identified any areas of weakness in their algorithmic control frameworks. The publication creates no new requirements for algorithmic trading firms, and outlines a number of areas for improvement, where firms should carry out further work to achieve compliance with the requirements.

FCA: Report on generating and using synthetic data for models in financial services

On 19 August 2025, the FCA published a report on "Generating and using synthetic data for models in financial services: governance considerations". The report provides insights on assessing and mitigating common challenges associated with synthetic data use and builds on the FCA's Synthetic Data Expert Group's (SDEG) first report which examined six use cases for synthetic data in financial services. The report seeks to demonstrate how synthetic data considerations can fit within, or act as a complement to, existing governance frameworks for conventional models and data usage.

BIS, HKMA and FCA: Project Noor on explainable AI

On 18 August 2025, the BIS Innovation Hub launched Project Noor, in collaboration with the Hong Kong Monetary Authority (HKMA) and the FCA. Project Noor will prototype the latest explainable AI techniques in a controlled setting, to help equip financial supervisors with independent, practical tools to evaluate and interpret the inner workings of AI models used by banks and other financial institutions. By combining explainable AI methods with risk analytics, the project aims to deliver a prototype through which supervisors can verify model transparency, assess fairness, and test robustness.

RBI: Framework for responsible and ethical use of AI

On 13 August 2025, the Reserve Bank of India published a report to develop a Framework for Responsible and Ethical Enablement of AI in the Financial Sector. The report sets out a framework to guide the use of AI in the financial sector, aiming to harness its potential while safeguarding against associated risks. The report contains seven Sutras to serve as foundational principles for AI adoption, and a further twenty-six actionable recommendations under six strategic pillars.

European Commission: Code of Practice for general-purpose AI

On 10 July 2025, the European Commission published its Code of Practice for general-purpose AI. The Code is designed to help industry comply with the AI Act's rules on general-purpose AI, which entered into application on 2 August 2025. The Code aims to ensure that general-purpose AI models placed on the European market – including the most powerful ones – are safe and transparent.

BIS: Report on financial stability implications of AI

On 26 June 2025, the BIS published a report on the financial stability implications of AI. The report highlights a number of drivers of AI use cases in the financial sector, lists the financial stability implications of AI and recommends a number of actions to address this, including closing data gaps, reviewing the regulatory and supervisory frameworks, and enhancing regulatory and supervisory capabilities.

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F Other regulatory developments

Seven Central Banks, BIS: Report on technological innovation in wholesale central bank money

On 18 September 2025, a group of seven central banks (the Bank of Canada, the Bank of England, the Bank of Japan, the European Central Bank, the Board of Governors of the Federal Reserve System (until January 2025), Sveriges Riksbank and the Swiss National Bank) together with the Bank for International Settlements (BIS) published a report on wholesale central bank money in the context of technological innovation. The group has been working together to explore how new technologies, particularly tokenisation and DLT, may improve the settlement of large-value transactions between commercial banks.

ECB: Working paper on central bank money as a catalyst for fungibility

On 16 September 2025, the European Central Bank (ECB) published a working paper on "Central bank money as a catalyst for fungibility: the case of stablecoins". The paper argues that, provided that certain conditions are met, stablecoins issued by different issuers on different blockchains can be fungible to the same extent as commercial bank deposits from different banks and, as a result, that (i) tokenised funds and off-chain collateralised stablecoins can be fungible means of payments, and (ii) on-chain collateralised stablecoins can be *prima facie* classified as fungible means of payments.

BoE: Guidance on waivers and modifications to the DSS

On 3 September 2025, the Bank of England published guidance on requesting waivers and modifications to the Bank's Digital Securities Sandbox (DSS) rules. The DSS is a regulated live environment that has been created to explore how developing technologies could be used by firms to undertake the activities of notary, maintenance and settlement for financial securities either alone, or together with the operation of a trading venue. The process is designed to uphold regulatory standards while allowing flexibility for innovation within the DSS.

SFC: Circular on standards for safe custody of virtual assets

On 15 August 2025, the Hong Kong Securities and Futures Commission's (SFC) published a circular on expected standards for the safe custody of client virtual assets by SFC-licensed virtual asset trading platform operators and their associated entities. The circular sets forth the minimum requirements that Platform Operators must meet and also provides examples of good practices to facilitate their compliance with these requirements.

IMF: Report on technology solutions to support central bank digital currency

On 7 August 2025, the International Monetary Fund (IMF) published a report on technology solutions to support central bank digital currency with limited connectivity. The note explores the implementation of central bank digital currencies in environments with limited connectivity, emphasising the need for offline solutions to enhance financial inclusion. It highlights that no single architecture fits all use cases, underscoring the need for continuous stakeholder engagement and adaptation to evolving technologies.

U.S. Gov: Report on American leadership in digital finance technology

On 30 July 2025, the Presidential Working Group on Digital Asset Markets published a report on strengthening American leadership in digital finance technology. The report sets out a number of recommendations to support U.S. digital assets, including providing regulatory clarity and certainty built on technology-neutral regulations, taking measures to protect Americans from the risks of Central Bank Digital Currencies (CBDCs), and establishing the President's Working Group on Digital Asset Markets (Working Group).

ECB: Progress report on digital euro

On 16 July 2025, the ECB published its third progress report on the digital euro preparation phase. The report highlights how the ECB is making progress on the digital euro rulebook with feedback from experts, consumers and merchants. The rulebook aims to harmonise digital euro payments, paying attention to how the digital euro would fit into the existing ecosystem. Together, it lays the foundation for the potential issuance of a digital euro.

U.K. Gov: Report from digitalisation taskforce

On 15 July 2025, The United Kingdom's HM Treasury published its final report from the Digitalisation Taskforce. The report sets out a number of proposals to modernise the UK's financial markets, enhance competitiveness, and deliver growth in alignment with the government's broader capital markets and growth agenda. As part of the recommendations, the Taskforce suggests a common language such as ISO 20022 should be implemented in the UK to ensure faster and more consistent communications throughout the intermediated securities chain.

U.K. Gov: Policy paper on wholesale financial markets digital strategy

On 15 July 2025, The United Kingdom's HM Treasury published a policy paper on its wholesale financial markets digital strategy. The paper states the UK will grasp opportunities such as DLT, AI and quantum to make the wholesale financial markets better, both by removing outdated processes and by taking decisive action to realise the potential benefits of new technologies. In particular, the report highlights the UK will enable the sector to test, scale and roll out solutions that tokenise financial assets and ensure cross-sectoral approach to DLT adoption.

EBA, EIOPA, ESMA: Report on DORA

On 15 July 2025, The three European Supervisory Authorities (EBA, EIOPA, ESMA) published a report on the Digital Operational Resilience Act (DORA): Oversight of critical third-party providers. The purpose is to explain the CTPP oversight framework, including its objectives, underlying principles, structure, activities, implementing processes, and expected outcomes.

BIS: Bulletin on tokenisation of government bonds

On 10 July 2025, the BIS published a bulletin on the tokenisation of government bonds: an assessment and roadmap. The bulletin highlights that despite their early stage of development ($8 billion in issuance to date), tokenised bonds have lower bid-ask spreads than conventional bonds and comparable issuance costs. It explores the case for tokenised government bonds, based on a data set of private and government tokenised bonds, including comparing those issued by corporations, governments and supranationals.

ECB: Launch of "Pontes" and "Appia" to enable settling DLT transactions in central bank money

On 1 July 2025, the ECB approved a plan that will enable settling DLT transactions using central bank money. The initiative follows a two-track approach: the first track "Pontes" provides a short-term offering to the market – including a pilot phase – and the second track "Appia" focuses on a potential long-term solution. The decision is in line with the Eurosystem's commitment to supporting innovation without compromising on safety and efficiency in financial market infrastructures. Pontes will offer a Eurosystem DLT-based solution, linking DLT platforms and TARGET Services to settle transactions in central bank money, and also launched a call for expressions of interest to participate in the project.

SNB: Extension of Project Helvetia on tokenised assets

On 30 June 2025, the Swiss National Bank (SNB) extended Project Helvetia to include the settlement of tokenised assets with traditional central bank money (via RTGS link). The SNB has been providing central bank digital currency for financial institutions (wholesale CBDC) on the SIX Digital Exchange trading and settlement platform since the end of 2023. The inclusion of the settlement of tokenised assets with traditional central bank money (RTGS link) is providing BX Digital with a production-environment connection to the existing Swiss Interbank Clearing (SIC) system.

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With a regulated carbon market, Brazil positions itself to lead in financing economic decarbonization

by **José Carlos Doherty,**
ANBIMA

ICMA recognises that carbon markets have significant potential to reduce global carbon emissions. They are also a topic of increasing interest to financial markets as illustrated here by the article from ANBIMA on the classification of carbon credits as securities in Brazil. ICMA will soon be publishing a thought leadership paper on the aspects of the carbon markets that we believe are most relevant to sustainable finance and the wider capital market.

So When it comes to climate change and the urgent need to mitigate its impacts, Brazil is invariably associated with topics such as the Amazon (river and forest), sustainable agriculture, and renewable energy–and, particularly in 2025, with COP 30, which will be held in the country for the first time in November. However, little has been said about Brazil's vast potential to integrate into the global ecosystem of financing economic decarbonization–including the possibility of becoming one of the key players in this agenda. More than just its abundant natural resources, Brazil now has a robust capital markets system backed by a consistent legal, regulatory, and self-regulatory framework. It is this structure that is being prepared to make the trading of carbon credits a reality within the newly established regulated market in the country.

As the result of a carefully coordinated effort involving various public and private entities, the enactment of Act 15,042/24 at the end of 2024 marked a new chapter for Brazil in financing emissions offsetting by classifying carbon credits as securities. This legal definition provides the necessary certainty to establish a reliable, transparent trading system with proper governance. By being recognized as securities, carbon credits in Brazil now have the clarity needed to integrate into capital markets that surpassed USD 144,6 billion in issuances in 2024 and into an investment fund industry that ranks as the fourth largest in the world, with over USD 1,5 trillion in net assets.

Brazil's progress in establishing a regulated carbon market coincides with a shifting landscape for emissions reduction efforts worldwide. Some of the more developed markets are reassessing their policies, creating opportunities for Brazil to attract capital linked to sustainability and climate action and to take a more active role in financing decarbonization. After all, beyond the strength and significance of its capital markets, Brazil has a natural advantage in generating carbon credits–given its vast territory, extensive forest areas, and major role in renewable energy production–and now a legal framework that imposes emissions limits on major polluters through a compensation market. In this context, the timing of the regulated carbon market's introduction has worked in Brazil's favor.

Of course, this is just the beginning. Brazil now faces the complex task of integrating a real-world asset into its capital markets. The good news is that it can build on decades of regulatory progress and market development. Over the years, Brazil has strengthened its regulatory mechanisms, developed a self-regulatory framework–including through the Brazilian Financial and Capital Markets Association (ANBIMA) for investment funds and securities issuance and witnessed its financial and capital markets grow significantly in importance to the economy. A key milestone in this evolution was Resolution 175, issued by the Securities and Exchange Commission of Brazil (CVM). Published at the end of 2022, this regulation modernized the framework for investment funds, bringing Brazil closer to global standards and expanding the range of eligible assets, including carbon credits.

What remains to be done? Brazil still needs to define several regulatory aspects, such as criteria, methodologies, pricing mechanisms, integration with the voluntary market, disclosure requirements, limits, governance, and interoperability with global markets. In parallel with these regulatory efforts, ANBIMA, as an association and self-regulatory entity for Brazil's capital markets, has also placed this issue on its agenda. We are at a pivotal moment in the fight against climate change, with the world's eyes on Brazil. Aware of our responsibility, we are fully engaged in the challenge—and we will not disappoint.

José Carlos Doherty is Chief Executive of the Brazilian Financial and Capital Markets Association (ANBIMA).

Capital Market Convergence – The West African Initiative

by **Joyce Esi Boakye,**
Ghana Stock Exchange

Introduction

West Africa has long been characterised by decentralised capital markets, with independent stock exchanges operating in Ghana, Nigeria, and the West African Economic and Monetary Union (UEMOA), which brings together eight Francophone countries: Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal, and Togo. These exchanges largely serve the relatively narrow needs of their domestic economies and investor bases. Recognising the limitations of such fragmentation, policymakers and capital market leaders in West Africa initiated efforts toward capital market integration, with the aim of addressing broader regional challenges, such as mounting infrastructure demands and the rising cost of international debt.

It was against this backdrop that the inaugural International Capital Market Association (ICMA) West Africa Bond Market Conference was convened in Accra this April. Policymakers and market leaders rallied around a common objective: advancing deeper bond market integration as a pathway to building regional capital market resilience. The conference marked a pivotal moment, drawing attention to structural challenges facing the region, including reliance on short-term financing cycles and a narrow investor base.

Hosted by the Ghana Stock Exchange (GSE) and ICMA, the conference underscored a shared conviction, that the time has come to build an integrated, liquid, and transparent bond market for West Africa. Such a market, anchored by the establishment of a credible yield curve, is seen as critical to attracting the long-term capital the region urgently needs.

The Chief Executive of ICMA, Bryan Pascoe, posited that "Without a credible yield curve and reliable market infrastructure, we cannot attract the long-term capital that this region needs," He further noted "But what's promising is that we now see momentum, from regulators and exchanges alike, to move beyond country-level solutions."

The push for capital market integration in West Africa stems from the increasing need to facilitate cross-border financial flows and unlock access to larger, more liquid markets. For instance, financial groups such as Ecobank Transnational Incorporated (ETI) are listed on the Ghana Stock Exchange (GSE), Nigerian Stock Exchange (NSE), and Bourse Régionale des Valeurs Mobilières (BRVM), which spans the eight Francophone countries organised in UEMOA, albeit under different listing requirements. This example underscores both the opportunities and inefficiencies created by the region's fragmented regulatory and market structures.

Bond markets across West Africa are predominantly characterised by short-term tenors, limited secondary market activity, and lack of integration. To unlock their full potential, governments in the region will need to reconsider the reliance of short-term instruments, place greater emphasis on developing long-term bond markets, and actively pursue the integration of their currently fragmented markets.

Prior to the Accra conference, efforts to advance capital market convergence in the region had been spearheaded by the West African Capital Market Integration Council (WACMIC). Established in 2013 by market leaders, WACMIC brings together the heads of the stock exchanges of Ghana, Nigeria, the UEMOA region, Cape Verde, and Sierra Leone, with Morocco as an associate member, and The Gambia, Guinea, and Liberia participating as observers. To complement this initiative, the Securities Regulators of the member countries formed the West African Securities Regulators Association (WASRA) in 2015. WASRA was tasked with harmonising securities regulations and establishing common market rules during the convergence process.

West African capital market integration – the design

The West African Capital Markets Integration (WACMI) initiative has long sought to harmonise regulatory frameworks, align market rules, and facilitate cross-border trading among Exchanges in the region.

The WACMI design follows a three-phase strategy:

Phase 1 – Sponsored Access: Licensed foreign brokers access local Exchanges via local sponsors.

Phase 2 – Qualified West African Broker (QWAB): Licensed foreign brokers can access markets directly, provided listing standards, governance, training, and certification are harmonised.

Phase 3 – Fully Integrated Market/West African Securities Market (WASM): This phase envisions a virtual regional Exchange with dollar quotations but local currency settlements, supported by a virtual international Central Securities Depository.

Despite being launched over a decade ago, progress remains uneven. While phases 1 and 2 have well-documented frameworks but have seen partial implementation, progress on phase 3 faces persistent headwinds, including:

- absence of a common currency, affecting trade sentiment across jurisdictions.
- restrictive foreign exchange regulations in some member states
- underdeveloped capital markets and
- divergent legal and regulatory frameworks.

Nonetheless, the conference highlighted recent strides taken in various capital markets within the region. Ghana is collaborating with the West African Monetary Institute (WAMI) to pilot regional bond listings. The Bourse Régionale des Valeurs Mobilières (BRVM) is upgrading its digital settlement infrastructure, while Nigeria has approved rules enabling cross-border listings.

FinTech as a core enabler

Despite the persistent challenges facing the region's capital markets, optimism ran high at the Accra conference, particularly regarding the potential of technology to overcome legacy barriers. Presentations highlighted how innovations such as distributed ledger technology (DLT), centralised KYC platforms, and electronic bond trading systems are already reshaping international markets and could be adapted to accelerate West Africa's capital market integration.

While no amount of innovation can replace the need for strong foundational infrastructure, discussions at the conference emphasised the importance of core enablers, such as robust settlement and clearing systems, credible credit rating mechanisms, investor protection frameworks, and centralised data repositories. Participants agreed that if West African capital market actors can align post-trade platforms, harmonise regulations, and establish joint supervisory bodies, the region could finally achieve the scale and coherence needed to attract significant investment and ease its pressing economic challenges.

For instance, Ghana's Central Securities Depository (CSD), has launched a modern post-trade infrastructure, marking a milestone in capital market modernisation. Also, to further support digital transformation and enhance investor access, the CSD is rolling out a secured Investor Portal, accessible via web**,** iOS, and Android. The portal will provide investors with real-time access to their securities holdings and transaction history; an initiative aimed at promoting transparency and boosting investor confidence.

Why integration matters now

For West Africa, bringing bond markets together is not just a technical goal, it is a key step needed to support the region's overall economic stability and growth. Rising interest payment obligations and diminishing access to concessional financing have forced governments to turn inward, increasingly deepening and relying on domestic capital markets.

A regional bond market holds the potential to unlock significant benefits for West Africa: greater liquidity through larger issuance volumes, broader investor participation, lower transaction costs, and improved risk pricing. Institutional investors, ranging from domestic pension funds to global asset managers, could easily invest in the regional bond market for portfolio diversification.

The opportunities are vast. However, without a decisive shift from dialogue to execution, West Africa risks falling behind other regional blocs, such as East Africa, where market integration efforts are advancing at a faster pace.

A renewed sense of urgency

The ICMA conference rekindled a new sense of urgency and established the recognition that the region's future capital formation depends on deeper collaboration. The question is no longer whether West Africa's bond markets can converge, but whether stakeholders are willing to take the difficult decisions required to make West African Capital Market Integration a reality now rather than later.

Joyce Esi Boakye is Head of Listings and New Products, Ghana Stock Exchange

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Digitalisation and tokenised securities in the Asian markets

by **Jackie Chen,**
ICBC (Asia)

As fintech applications in the real economy and banking systems of major offshore financial centres continue to evolve, the development of overseas blockchain financing and digital bond markets has accelerated markedly. To date, digitally native bonds have become one of the most significant increments in the tokenised asset market. In the execution of these innovative transactions, practitioners have, firsthand, witnessed the cross-chain, cross-institutional, and cross-infrastructure integration of products across primary markets, secondary markets, and repurchase collateral operations. By the end of the first half of 2025, over 100 tokenised assets of various types had been disclosed globally, with digitally native bonds attracting widespread attention in financial markets such as Hong Kong, London, Zurich, Frankfurt, and Luxembourg.

Offshore landmark cases and insights

Amid global initiatives and cross-border experiments, the Government of the Hong Kong Special Administrative Region (HKSAR) has collaborated with the Bank for International Settlements (BIS) over the past five years on tokenised bond practices. Notably, Project Genesis, a green finance innovation initiative jointly driven by the BIS Innovation Hub and the Hong Kong Monetary Authority (HKMA), aims to tokenise the full lifecycle of green bonds using blockchain and smart contract technologies.

In February 2023, building on two years of research and experimentation under Project Genesis, the HKSAR Government successfully issued the world's first green tokenised government bond. Denominated in Hong Kong dollars, governed by Hong Kong law, and executed under a commonly used regulatory framework, this issuance marked a milestone in the deep integration of blockchain technology with traditional sustainable finance. Practice has demonstrated that the full lifecycle management of offshore bonds can be achieved on-chain without significantly altering the operational models of participating parties. Moreover, blockchain technology and valuable transaction data from this issuance will be applied to track the flow of raised funds, settle secondary market transactions, distribute coupon payments, and redeem bonds upon maturity.

In February 2024, capitalising on global attention to the HKSAR Government's fintech innovations and the launch of Web 3.0, the issuer conducted live tests across four major currencies (USD, EUR, RMB, HKD) using digitally native bonds as a vehicle. All currencies and US$750 million funds were successfully settled within T+1 days, with documentation accessible on digital assets platform. Notably, this transaction organically integrated machine-readable bond data terms, incorporating issuance elements, regulatory laws, international ratings, participating parties, and third-party green opinions into the system platform, laying the ground-work for subsequent automation of bond issuance. With a size of HK$6 billion equivalent, this issuance is the largest digital bond globally to date, attracting over 50 global investors, the highest number of participants in a blockchain bond issuance on record, and marking the world's first multi-currency digital bond issuance. Following these, HKMA launched the Digital Bond Grant Scheme (DBGS), offering a maximum grant of HK$2.5 million for each eligible digital bond issuance in Hong Kong.

Additionally, the role of the central counterparty and central securities depository in the transaction is increasingly scrutinised in the context of digital execution. The Central Moneymarkets Unit (CMU), a central securities depository for debt securities in Hong Kong that is managed and operated by HKMA, has supported several digital bond issuances that involved ICSDs such as Euroclear and Clearstream, as well as listing venues like the Hong Kong Stock Exchange (HKEX) and Abu Dhabi Securities Exchange (ADX), aiming to promote collaborative efforts across the market and mitigate liquidity risks associated with blockchain-based products. While sometimes trading itself occurred in traditional over-the-counter (OTC) markets outside digital platforms, transfers and settlements were conducted on digital platforms. Following two transactions highlighted above, the CMU team has largely demonstrated the seamless integration of secondary market trading with international investors via digital assets. Meanwhile, the final settlement of digital bond deliveries, will be addressed through the Payment Systems and Stored Value Facilities Ordinance (PSSVFO) and relevant contractual agreements. The overarching regulatory framework includes compliance with the Securities and Futures Ordinance (SFO) and the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32)(C(WUMP) O). Hong Kong is an example, asits existing licensing regimes already covered the regulation of digital bond issuance and distribution.

Unique considerations and practical analysis of legal documentation for blockchain bonds

During roadshows for offshore blockchain bonds, we have observed that investors generally seek to deeply integrate debt investments with technology scenarios. However, technological risks, liquidity risks, and legal/compliance risks are the core concerns of the market. These uncertainties directly impact product design and issuance strategies imposing higher demands on risk control. Although the global regulatory landscape for blockchain bonds remains fragmented, industry integration is being driven by collaborative efforts among the BIS, academia, industry practitioners, and governments. Major financial centres such as Hong Kong and Frankfurt have preliminarily established relatively clear regulatory frameworks. For example, the EU's MiFID II, the Prospectus Regulation (EU) 2017/1129, and the DLT Pilot Regime (EU) 2022/858, Germany's Electronic Securities Act – eWpG, as well as guidelines from the Hong Kong Securities and Futures Commission (SFC) on intermediaries engaging in tokenised securities activities, requirements for virtual asset trading platform operators, and digital asset custody guidelines, all clarify key regulatory focuses for the issuance and circulation of blockchain bonds. Overall, while the legal framework for digital bonds largely follows traditional bond rules (particularly regarding the absence of physical ledger registration), the handling of core legal documents and the logic of disclosure reveal numerous innovations and differences.

Offering circular/prospectus

The offering circular for a digital bond must not only meet routine disclosure requirements under local regulations but also provide specialised disclosures for unique DLT-related risks. For example, cybersecurity and platform operational risks, the non-enforceability of smart contracts, and failures of key nodes should be listed as material risk factors. Additionally, international practice and legal counsel generally advise issuers to comprehensively disclose the tokenisation method of the bond and the ownership attribution of the blockchain technology (ie, digital attribute disclosures) to enable professional investors to accurately identify the characteristics arising from the integration of the product with technology. For issuances targeting multiple jurisdictions, key issues such as dispute resolution venues, applicable cross-border regulations, and interoperability between blockchain platforms and traditional financial systems must be fully explained to ensure investors fully understand potential legal implications.

Transaction documents

(i) Bond Terms and Trust Deed: The terms of a digital bond must specify the mechanisms for on-chain issuance, transfer, and registration, particularly the legal status of the blockchain platform in replacing the registration function of a CSD. Additionally, the smart contract model for automated on-chain coupon payments must be clearly defined to ensure the effective exercise of investor rights.

(ii) Subscription Agreement: While similar to traditional bonds, this agreement very likely clarifies how tokens are delivered to investors' digital wallets on the blockchain platform to safeguard settlement security.

(iii) Custody and Settlement Contract: Detailed provisions are required regarding data compatibility and seamless settlement mechanisms between blockchain platforms and local/overseas central depositories.

Currently, new clauses in digital bond legal documents primarily focus on technological integration, smart contract risks, regulatory uncertainties, cross-border complexities, and investor protection. Taking Hong Kong as an example, to effectively mitigate emerging technological, operational, and legal risks, project sponsors typically establish tailored BCPs for platform-specific operations to enhance risk response capabilities.

Business continuity plan (BCP)

As an innovative financial instrument based on DLT, the BCP for a digitally native bond must focus on the following elements:

(i) *Technological Resilience*: Ensure technological stability and data integrity through multi-node deployment, backup servers, off-chain snapshots, multiple encryption methods, and third-party smart contract audits. In the event of cyberattacks or platform failures, backup DLT or off-chain accounting systems can be activated to maintain transaction continuity.

(ii) *Operational Continuity*: Includes establishing backup operational teams, integrating with traditional custodians (eg, Euroclear), and implementing automatic failover mechanisms for smart contracts to ensure smooth transitions to manual or traditional operational modes during DLT platform interruptions, while maintaining efficient communication with investors and regulators.

(iii) *Legal and Regulatory Compliance*: Strictly adhere to requirements under the EU DLT Pilot Regime, Germany's Electronic Securities Act, etc. The BCP should include regulatory reporting protocols to ensure timely notifications in the event of failures and rapid fallback to traditional securities frameworks when DLT fails to meet requirements, thereby safeguarding cross-border KYC/AML compliance.

(iv) *Market and Investor Protection*: Prearrange backup liquidity providers, emergency funds, or insurance mechanisms to ensure transaction liquidity and investor compensation during platform failures, with risk events disclosed promptly via on-chain announcements or official websites.

Common market questions encountered during blockchain bond roadshows and practical operations include: legal definitions and bankruptcy liquidation, platform technological risk control, settlement mechanism selection, fund delivery methods, specific BCP designs, adjustments to minimum denominations, and integration of blockchain platforms with traditional infrastructure.

Notably, the integration of blockchain technology with traditional financial mechanisms has deepened in recent years. For example, the Lugano multiple issuance projects combining blockchain with wholesale CBDCs and Luxembourg's national digital bond pilot program exemplify the deep integration of law, digital currencies, digital exchanges, and digital custodians. These cutting-edge practices clearly drive iterative innovation in blockchain bond products and also provide replicable and scalable operational paradigms for global digital capital markets.

Global development trends in blockchain bonds

Global regulatory bodies, including the BIS, European Central Bank (ECB), and Monetary Authority of Singapore (MAS), are spearheading the integration of blockchain technology into monetary systems, tokenised assets, and financial infrastructure interoperability. Notable initiatives such as the ECB's Project Appias, MAS's Project Guardian, and the BIS's Project Mandala highlight key trends in blockchain bonds and national response strategies. The ECB's adoption of a DLT-based central bank money settlement framework in July 2025 showcases a dual-track approach to integrating Eurozone CBDCs with blockchain, simplifying bond registration, trading, and settlement while reducing costs and enhancing liquidity. However, issues surrounding AML/KYC compliance, data privacy, and transaction traceability remain challenges to address. Similarly, the BIS's Project Mandala introduces "programmable compliance" to embed regulatory requirements into transactions, promoting global interoperability of tokenised assets.

Meanwhile, MAS's Project Guardian continues to advance cross-border tokenisation pilots, including the development of a "Global Layer 1" digital infrastructure to address interoperability issues, and promoting industry-wide standards.

Conclusion

Between May and June 2025, the passage of the Stablecoin Bill by the Hong Kong Legislative Council and the concurrent "Genius Act" in the U.S. Senate mirror two realities: one reflecting the growing global consensus on digital asset regulation amid divergence, and the other illustrating that competition and cooperation among nations in the fintech arena have entered deeper waters. As the legal status of stablecoins is clarified and cross- border rules for digital asset flows are redefined, blockchain bonds, exemplary practices of "real-world asset tokenization (RWA)", stand at the intersection of policy and technology. At this juncture, they are not merely a digital upgrade of debt instruments but also a critical bridge connecting the traditional financial system with the Web3.0 ecosystem.

Jackie Chen is Managing Director, Head of Debt Capital Markets, ICBC (Asia)

2025

ICMA Capital Market Research

ICMA Capital Market Research

ICMA ERCC white paper: Demystifying Repo Haircuts
Published: 18 September 2025
Authors: Andy Hill and Alexander Westphal, ICMA

ICMA Report: European Secondary Bond Market Data Sovereign Edition (H1 2025)
Published: 27 August 2025
Author: Simone Bruno, ICMA

ICMA Position Paper: NBFI Macroprudential Framework for Bond Market Activity
Published: 15 May 2025
Author: Andy Hill, ICMA

ICMA Report: European Secondary Bond Market Data Corporate Edition (H2 2024)
Published: 3 April 2025
Author: Simone Bruno, ICMA

The Asian International Bond Markets: Issuance Trends and Dynamics (Fifth edition)
Published: 12 March 2025
Authors: Mushtaq Kapasi and Alex Tsang, ICMA, with support from the Hong Kong Monetary Authority

A time for change in the sustainable fund market - Reflections and Recommendations in a New Regulatory Environment
Published: 25 March 2025
Authors: Nicholas Pfaff and Özgür Altun, ICMA

ICMA Report: European Secondary Bond Market Data Sovereign Edition (H2 2024)
Published: 21 March 2025
Author: Simone Bruno, ICMA

ICMA ERCC Briefing Note: The European repo market at 2024 year-end
Published: January 2025
Author: Andy Hill, ICMA

ICMA DLT Bonds Reference Guide
Published: 11 December 2024
Author: Gabriel Callsen, ICMA

ICMA Report: European Secondary Bond Market Data Corporate Edition (H1 2024)
Published: 4 December 2024
Author: Simone Bruno, ICMA

ICMA Report: European Secondary Bond Market Data Sovereign Edition (H1 2024)
Published: 5 November 2024
Author: Simone Bruno, ICMA

ICMA Guide to Asia Pacific Repo Markets: Australia
Published: 30 October 2024
Author: Richard Comotto

Second ICMA Repo and Sustainability Survey: Summary Report
Published: 30 August 2024
Author: Zhan Chen, ICMA

Korean Treasury Bonds: An International Perspective
Published: 25 July 2024
Authors: Alex Tsang, Mushtaq Kapasi and Christhoper Matthew, ICMA with contributions from Ilhwan Kim and Vicky Cheng, Bloomberg

The Asian International Bond Markets: Development and Trends (Fourth edition)
Published: 26 March 2024
Authors: Andy Hill, Mushtaq Kapasi and Alex Tsang, ICMA, with support from the Hong Kong Monetary Authority

Use of RMB-Denominated Bonds as Collateral for Global Repo Transactions
Published: 26 March 2024
Author: Joint report by ICMA and the China Central Depository & Clearing Co Ltd (CCDC)

Bond Markets to Meet EU Investment Challenges
Published: 21 March 2024
Author: Julia Rodkiewicz, ICMA

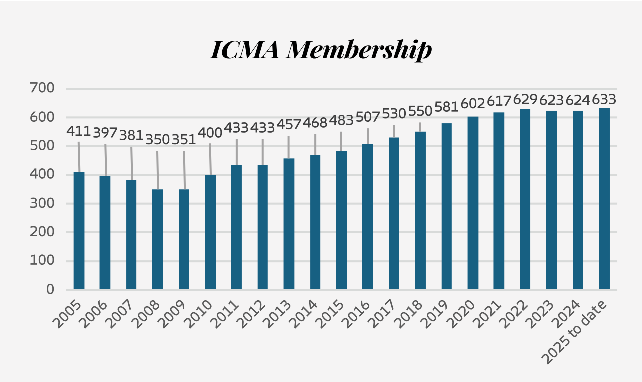
ICMA Report: European Secondary Bond Market Data (H2 2023)
Published: 19 March 2024
Authors: Simone Bruno and Andy Hill, ICMA (produced in collaboration with Propellant digital)

Liquidity and Resilience in the Core European Sovereign Bond Markets
Published: 5 March 2024
Author: Andy Hill and Simone Bruno, ICMA

Transition Finance in the Debt Capital Market
Published: 14 February 2024
Authors: Nicholas Pfaff, Ozgur Altun and Stanislav Egorov, ICMA

Membership in 2025 year to date: regional and sectoral engagement

As of September 2025, ICMA's global membership stands at 633 institutions across 71 jurisdictions, representing a 20 year high.

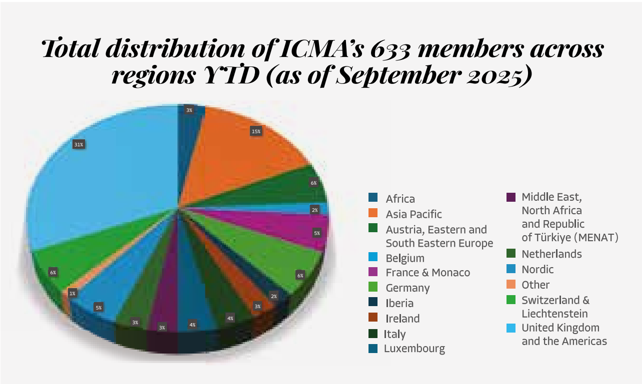


New members

In 2025, we have so far admitted 29 new members. We are pleased to welcome the following:

Anrong Credit Rating Co., Ltd.
Bank Hapoalim B.M.
Blackletter LLC
Borsa Italiana S.p.A.
Charles Schwab & Co., Inc.
Charles Schwab Bank, SSB
Charles Schwab Premier Bank, SSB
Charles Schwab Trust Bank
China Bohai Bank Co., Ltd.
Coronation Securities Limited
Daiwa Capital Markets Singapore Limited
Danmarks Skibskredit A/S
Debt Issuers Association (DIA)
First International Bank of Israel Ltd.
Franklin Templeton International Services S.à r.l.
Hidden Road Partners CIV US LLC
International Trading System Limited
Korea Securities Depository (KSD)
National Bank of Kuwait (International) plc
Nexent Bank N.V.
Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna
Raiffeisen bank d.d. Bosna i Hercegovina
Roemer Capital (Europe) Limited
SBI International Limited
SMBC Bank EU AG
SMBC Nikko Securities America, Inc.
Tokenovate Limited
U.S. Bancorp Investments, Inc.
Wells Fargo Bank International Unlimited Company

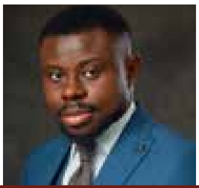
Global distribution of ICMA members



** ICMA Russia region is currently suspended*

Contact: ICMA Membership
membership@icmagroup.org

My experiences as a 2024 ICMA scholarship recipient



by **Itoro Uwemedimo Etim,** Udo Udoma and Belo-Osagie

In 2021 ICMA offered its first scholarship programme to provide young professionals in emerging capital markets with a unique opportunity to gain globally recognised, industry-certified qualifications. Initially offered exclusively to candidates from Sub-Saharan Africa, the programme has now expanded to include Asia and Latin America and helps recipients enhance their employability and career prospects while building valuable global networks with peers and industry leaders and building capacity within their local markets. The 2026 scholarship programme starts in early October 2025, for further information contact: scholarships@icmagroup.org

As part of ICMA's commitment to developing future leaders in international capital markets, the ICMA Scholarship Programme provides talented professionals from emerging markets with access to ICMA's suite of executive education courses. In 2024, I was honoured to be among the 15 professionals selected globally. Here, I share my reflections on the experience.

My journey through the ICMA Scholarship Programme was both challenging and transformative. As a Finance, Capital Markets, and M&A Associate at a leading law firm in Nigeria, I regularly advise multinational and local clients on repos, securities lending, and derivatives transactions. While I understood the legal aspects of these deals, I wanted to deepen my knowledge of the commercial and technical mechanics that drive them, so that I could engage with my banking counterparts as a true partner.

Being selected as the only Nigerian participant in 2024 was a tremendous honour. The application process required careful reflection, strong academic records, and references that supported my aspirations. Knowing the highly competitive nature of the scholarship, being awarded a place was a validation of my determination to expand my expertise.

Balancing the year-long ICMA Diploma in Securities & Derivatives with a demanding professional role was not easy, but it was one of the most rewarding experiences of my career. I was immersed in a diverse global cohort of bankers, traders, regulators, and central bankers. As the only lawyer in the group, I gained valuable exposure to different perspectives, and the discussions helped me to bridge the gap between legal analysis and trading practice.

I deliberately chose courses that would sharpen my commercial instincts, including the Introduction to the GMRA, Securities Lending, and the Fixed Income Certificate courses. The GMRA course clarified the economic impact of repos and the realities of default management, while the Securities Lending module illustrated operational and regulatory risks through practical examples. These were actionable insights that I could apply directly in my professional work.

The impact of the programme was immediate. Midway through the year, I advised a global investment bank on a multi-billion-dollar securities lending transaction with a sovereign entity in Nigeria. For the first time, I was able to move beyond reviewing legal documentation to appreciating the full complexity of the deal structure, the implications of collateral mechanics, and the commercial significance of terms such as "Loaned Securities Rebalancing" and "Portfolio Advance Rate." My advice became sharper, more nuanced, and more valuable.

The scholarship has also inspired a broader mission. Nigeria currently lacks GMRA and GMSLA legal opinions – essential tools for reducing uncertainty and attracting international participation. With the grounding I have received through ICMA, I am now committed to helping develop these opinions and to supporting policy reforms that will deepen repos and securities lending activities in Nigeria. My role on the Financial Markets and Financial Inclusion Policy Commission of the Nigeria Economic Summit Group provides a platform to pursue this work.

The ICMA Diploma was far more than an academic milestone; it marked a turning point in my professional journey. It has equipped me not just to advise on transactions, but to contribute to market development in a meaningful way. I am grateful to ICMA for this extraordinary opportunity, and I hope my experience encourages other young professionals – particularly those from underrepresented regions – to apply. With the right support, curiosity can become a catalyst for real market change.

ICMA delivers workshop on Building Resilient Corporate Bond Markets to IOSCO – July 2025

On July 8, ICMA was pleased to partner with the International Organization of Securities Commissions (IOSCO) to conduct a workshop on Building Resilient and Efficient Corporate Bond Markets. This initiative, which is part of the overall IOSCO NEXTGEN capacity building program, was targeted at securities regulators from the growth and emerging markets.

The one-day training workshop was hosted by the IOSCO Asia Pacific Hub in Kuala Lumpur, Malaysia, bringing together close to 30 participants from 15 jurisdictions.

For more information on ICMA's capacity-building programme for regulators and governments, please contact ICMA.

Forthcoming events

ICMA will continue to deliver a full schedule of in-person conferences this autumn, addressing the latest developments across sustainable finance, FinTech and Digitalisation as well as primary and secondary markets.

Date	Event	Location
October		
14 October	IWN: Making positive change happen by breaking gender stereotypes	Paris
16 October	Digital Assets and AI advancements: Shaping global capital markets together	Washington
17 October	ICMA and Swiss Re breakfast roundtable: Navigating financial market fragmentation	Washington
21 October	IWN: Sponsorship & mentorship – the pathway to success	Dublin
30 October	ICMA China Sustainable Finance Conference	Shanghai
November		
4 November	Innovation in capital markets: The rising tide of digital cash, tokenisation and AI	Hong Kong
4 November	IWN: Investing in human rights and advancing gender equality to foster economic opportunities	Tokyo
12 November	European Primary Market Forum	London
13 November	Innovation in capital markets: The rising tide of digital cash, tokenisation and AI	Singapore
13 November	AI in Capital Markets: Italian Perspectives and Global Implications	Milan
19 November	ERCC Annual General Meeting and Conference	London
26 November	Towards a more connected market: SIU, T+1 and Digital bonds	Brussels

Recordings of a selection of our events are available via the ICMA website. In addition, we continue to produce a range of podcasts featuring important stakeholders in the market, discussing their views on a variety of issues relating to capital markets. With more than **360 podcasts** and an impressive **141,578 downloads** to date from across the globe, the ICMA Podcast series remains a valued service for the market.

Register for our upcoming events

ICMA International Capital Market Association

ICMA International Capital Market Association

Co-hosted by JSDA Japan Securities Dealers Association

11th Annual Conference of the Principles

TOKYO / 6 NOVEMBER 2025

ICMA International Capital Market Association

ICMA Fintech and Digitalisation Forum

LONDON I 9 DECEMBER 2025

25 / 26 FEBRUARY 2026

LMA Loan Market Association

ICMA International Capital Market Association

LMA & ICMA ANNUAL AFRICA SUMMIT

Shaping the Future of Loan & Capital Markets

CAPE TOWN INTERNATIONAL CONVENTION CENTRE

ICMA International Capital Market Association

58th ICMA Annual General Meeting & Conference

LONDON I 27 - 29 MAY 2026

Further details of all forthcoming ICMA events are available at www.icmagroup.org/events or contact events@icmagroup.org

To discuss sponsoring an ICMA event, contact sponsorship@icmagroup.org

Glossary

ABCP	Asset-Backed Commercial Paper
ABS	Asset-Backed Securities
ADB	Asian Development Bank
AFME	Association for Financial Markets in Europe
AI	Artificial Intelligence
AIFMD	Alternative Investment Fund Managers Directive
AMF	Autorité des marchés financiers
AMIC	ICMA Asset Management and Investors Council
AMI-SeCo	Advisory Group on Market Infrastructure for Securities and Collateral
APA	Approved publication arrangements
APP	ECB Asset Purchase Programme
AUM	Assets under management
BCBS	Basel Committee on Banking Supervision
BDT	Bond Data Taxonomy
BIS	Bank for International Settlements
BMCG	ECB Bond Market Contact Group
BMR	EU Benchmarks Regulation
bp	Basis points
BRRD	Bank Recovery and Resolution Directive
CAC	Collective action clause
CBDC	Central Bank Digital Currency
CBIC	ICMA Covered Bond Investor Council
CCBM2	Collateral Central Bank Management
CCI	Consumer Composite Investment
CCP	Central counterparty
CDM	Common Domain Model
CDS	Credit default swap
CIF	ICMA Corporate Issuer Forum
CJEU	Court of Justice of the EU
CMU	EU Capital Markets Union
CoCo	Contingent convertible
COREPER	Committee of Permanent Representatives (in the EU)
CPC	ICMA Commercial Paper Committee
CPMI	Committee on Payments and Market Infrastructures
CPSS	Committee on Payments and Settlement Systems
CRA	Credit rating agency
CRD	Capital Requirements Directive
CRR	Capital Requirements Regulation
CSD	Central Securities Depository
CSDR	Central Securities Depositories Regulation
CSPP	Corporate Sector Purchase Programme
CSRD	Corporate Sustainability Reporting Directive
CT	Consolidated tape
CTP	Consolidated tape provider
DCM	Debt Capital Markets
DEI	Diversity, equity and inclusion
DLT	Distributed ledger technology
DMO	Debt Management Office
DNSH	Do No Significant Harm
DvP	Delivery-versus-payment
EACH	European Association of CCP Clearing Houses
EBA	European Banking Authority
EBRD	European Bank for Reconstruction and Redevelopment
EC	European Commission
ECB	European Central Bank
ECJ	European Court of Justice
ECOFIN	Economic and Financial Affairs Council (of the EU)
ECON	Economic and Monetary Affairs Committee of the European Parliament
ECP	Euro Commercial Paper
EDDI	European Distribution of Debt Instruments
EDGAR	US Electronic Data Gathering, Analysis and Retrieval
EEA	European Economic Area
EFAMA	European Fund and Asset Management Association
EFC	Economic and Financial Committee (of the EU)
EIB	European Investment Bank
EIOPA	European Insurance and Occupational Pensions Authority
ELTIFs	European Long-Term Investment Funds
EMIR	European Market Infrastructure Regulation
EMTN	Euro Medium-Term Note
EMU	Economic and Monetary Union
EP	European Parliament
ERCC	ICMA European Repo and Collateral Council
ESAP	European single access point
ESAs	European Supervisory Authorities
ESCB	European System of Central Banks
ESFS	European System of Financial Supervision
ESG	Environmental, social and governance
ESM	European Stability Mechanism
ESMA	European Securities and Markets Authority
ESRB	European Systemic Risk Board
ESRS	European Sustainability Reporting Standards
ETF	Exchange Traded Fund
ETP	Electronic trading platform
€STR	Euro Short-Term Rate
ETD	Exchange-traded derivatives
EURIBOR	Euro Interbank Offered Rate
Eurosystem	ECB and participating national central banks in the euro area
FAQ	Frequently Asked Question
FASB	Financial Accounting Standards Board
FCA	UK Financial Conduct Authority
FEMR	Fair and Effective Markets Review
FICC	Fixed income, currency and commodity markets
FIIF	ICMA Financial Institution Issuer Forum
FinAC	ICMA FinTech Advisory Committee
FMI	Financial market infrastructure
FMSB	Financial Markets Standards Board
FPC	UK Financial Policy Committee
FRN	Floating rate note
FRTB	Fundamental Review of the Trading Book
FSB	Financial Stability Board
FSC	Financial Services Committee (of the EU)
FSOC	Financial Stability Oversight Council (of the US)
FTT	Financial Transaction Tax
G20	Group of Twenty
GBP	Green Bond Principles
GDP	Gross Domestic Product
GFMA	Global Financial Markets Association
GHG	Greenhouse gas
GHOS	Group of Central Bank Governors and Heads of Supervision
GMRA	Global Master Repurchase Agreement
GRCF	ICMA Global Repo and Collateral Forum
G-SIBs	Global systemically important banks
G-SIFIs	Global systemically important financial institutions
G-SIIs	Global systemically important insurers
HFT	High frequency trading
HKMA	Hong Kong Monetary Authority
HMRC	HM Revenue and Customs
HMT	HM Treasury
HQLA	High Quality Liquid Assets
HY	High yield
IAIS	International Association of Insurance Supervisors
IASB	International Accounting Standards Board
IBA	ICE Benchmark Administration
ICMA	International Capital Market Association
ICSA	International Council of Securities Associations
ICSDs	International Central Securities Depositories
IFRS	International Financial Reporting Standards
IG	Investment grade
IIF	Institute of International Finance
IMMFA	International Money Market Funds Association
IMF	International Monetary Fund
IMFC	International Monetary and Financial Committee
IOSCO	International Organization of Securities Commissions
IRS	Interest rate swap
ISDA	International Swaps and Derivatives Association
ISLA	International Securities Lending Association
ISSB	International Sustainability Standards Board
ITS	Implementing Technical Standards
KID	Key information document
KPI	Key performance indicator
LCR	Liquidity Coverage Ratio (or Requirement)
L&DC	ICMA Legal and Documentation Committee
LEI	Legal Entity Identifier
LIBOR	London Interbank Offered Rate
LTRO	Longer-Term Refinancing Operation
LMT	Liquidity management tool
MAR	Market Abuse Regulation
MENA	Middle East and North Africa
MENAT	Middle East, North Africa and Turkey
MEP	Member of the European Parliament
MiFID	Markets in Financial Instruments Directive
MiFID II/R	Revision of MiFID (including MiFIR)
MiFIR	Markets in Financial Instruments Regulation
ML	Machine learning
MMF	Money market fund
MOU	Memorandum of Understanding
MREL	Minimum requirement for own funds and eligible liabilities
MTF	Multilateral Trading Facility
NAFMII	National Association of Financial Market Institutional Investors
NAV	Net asset value
NBFI	Non-Bank Financial Intermediation (or Intermediaries)
NCA	National competent authority
NCB	National central bank
NPL	Non-performing loan
NSFR	Net Stable Funding Ratio (or Requirement)
OEF	Open-ended fund
OJ	Official Journal of the European Union
OMTs	Outright Monetary Transactions
OTC	Over-the-counter
OTF	Organised Trading Facility
PBOC	People's Bank of China
PCS	Prime Collateralised Securities
PEPP	Pandemic Emergency Purchase Programme
PMPC	ICMA Primary Market Practices Committee
POATRS	Public offers and admissions to trading regime
PRA	UK Prudential Regulation Authority
PRIIPs	Packaged Retail and Insurance-Based Investment Products
PSIF	Public Sector Issuer Forum
QE	Quantitative easing
QMV	Qualified majority voting
RFQ	Request for quote
RFRs	Near risk-free reference rates
RM	Regulated Market
RMB	Chinese renminbi
RPC	ICMA Regulatory Policy Committee
RSP	Retail structured products
RTS	Regulatory Technical Standards
RWA	Risk-weighted asset
SDR	Special Drawing Right
SEC	US Securities and Exchange Commission
SFC	Securities and Futures Commission
SFDR	Sustainable Finance Disclosure Regulation
SFT	Securities financing transaction
SGP	Stability and Growth Pact
SI	Statutory instrument
SLB	Sustainability-Linked Bond
SMEs	Small and medium-sized enterprises
SMPC	ICMA Secondary Market Practices Committee
SMSG	Securities and Markets Stakeholder Group (of ESMA)
SARON	Swiss Average Rate Overnight
SOFR	Secured Overnight Financing Rate
SONIA	Sterling Overnight Index Average
SPV	Special purpose vehicle
SRF	Single Resolution Fund
SRM	Single Resolution Mechanism
SRO	Self-regulatory organisation
SSAs	Sovereigns, supranationals and agencies
SSM	Single Supervisory Mechanism
SSR	EU Short Selling Regulation
STS	Simple, transparent and standardised
SWES	System-wide exploratory scenario exercise
T+1	Trade date plus one business day
T2S	TARGET2-Securities
TD	EU Transparency Directive
TFEU	Treaty on the Functioning of the European Union
TLAC	Total Loss-Absorbing Capacity
TMA	Trade matching and affirmation
TONA	Tokyo Overnight Average rate
TR	Trade repository
VNAV	Variable net asset value

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