

ICMA Primary Market Innovation Project

Through six stakeholder roundtables and two ecosystem discussions in mid-May 2025, ICMA engaged over 150 market participants on the subject of primary market innovation. Their overwhelming view was that ICMA should not only facilitate dialogue but actively lead the development of industry standards, ensuring compatibility between regulatory ambitions and market practice.

Participants emphasised that change in primary markets will be evolutionary, not revolutionary. Current frameworks have proven resilient and effective in delivering on their primary mandate (raising capital), especially during volatile periods such as the COVID-19 crisis. However, stakeholders are aware of existing process inefficiencies and barriers to entry for some issuers and investors alike.

On what is needed, there was a clear distinction between improving existing workflows (process innovation) and the introduction of new financial products or infrastructure (product innovation using DLT/blockchain or tokenisation). This yielded an agreement that both are necessary, but process improvements are seen as the most immediate and scalable opportunity in the short term.

Fragmentation remains a challenge – across platforms, vendors, and data sources. Integration between systems (order management, trading, CSDs etc) is crucial. However, technical hurdles are often less significant than organisational ones: lack of leadership support, misaligned incentives, and resistance to change often block progress more than the underlying technology.

The most widely supported need was for data and process standardisation. ICMA's Bond Data Taxonomy (BDT), launched in February 2023, helps to address this gap. It provides a structured, consistent way to define bond characteristics, facilitating interoperability, straight-through-processing (STP), and digital issuance. The 2024 HKMA Digital Green Bond integrated the BDT and demonstrated the potential of aligning sustainability objectives with technological innovation. The BDT showcases how standards enable both operational efficiency and scalable innovation.

As regulators change focus and the industry starts embracing these changes, we must also address the challenges they present, including:

- *Regulatory adaptation:* Ensuring that regulatory frameworks keep pace with technological advancements and new market structures.
- *Market and process efficiency:* Providing harmonised data standards like the BDT enabling innovation and technology adoption to enhance efficiency both in primary and secondary markets.
- *External and internal collaboration:* Systemic change across the capital markets infrastructure requires dialogue and execution across business divisions, industry stakeholders and capital markets associations in an unprecedented way.
- *Risk management:* Developing new approaches to assess and mitigate risk in an increasingly complex and modernised financial architecture.
- *Talent development:* Equipping professionals with the skills needed to thrive in a digitalised and sustainable financial ecosystem.

ICMA is committed to fostering dialogue, providing guidance, and driving the establishment of market standards and principles to enable innovation and a smooth transition for all market participants. By embracing change and working collaboratively, we can build agility and the ability to turn vision into reality – creating a more resilient, efficient, and inclusive financial system that serves the needs of the global economy for decades to come.

As we navigate this transition, let us remember that the essence of capital markets – connecting those who need capital with those who have it – remains unchanged. Our task is to ensure that this fundamental function is carried out more effectively and sustainably in the face of technological and societal evolution. Together, we can shape the future for capital markets – not only making them more innovative but also ensuring they align with the broader goals of economic prosperity and sustainability.



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