

ICMA

Driving the Agenda in the International Bond Markets

ICMA's vast network of members includes over 600 firms from 65 jurisdictions globally and thousands of individuals involved in its work. ICMA is the only trade association that represents all sides of the international bond markets including issuers, intermediaries, investors, central banks, infrastructure providers, CSDs, law firms, credit rating agencies, fintechs, consultancies, and others.

ICMA members have a real voice in shaping market development, innovation, best practice and effective regulatory advocacy across fixed income primary, secondary (both term and short-end) and repo and collateral markets through ICMA's committees, fora and working groups.

Members actively contribute to the leading role played by ICMA in the international capital markets by helping to:

- Design and promote international market standards and development initiatives.
- Formulate the basis on which ICMA conducts a close strategic dialogue with regulators and responds to regulatory consultations.
- Advance technology and digitalisation initiatives across all areas of market activity.

ICMA is where solutions to industry challenges and issues are sought, best practices are developed, innovation is implemented and networks are formed to deliver increased efficiency to the entire market, while supporting sustainable economic development.

Key features of ICMA's impact across all its areas of operation and focus are as follows:

Primary Markets

- The ICMA Primary Market Handbook includes over 400 pages of guidance and standard language for use in new issues.
- ICMA has engaged with regulators on several EU, UK and Asian regulations affecting new bond issues, such as the EU and UK Prospectus Regulations, the new UK New Consumer Duty, and the Hong Kong SFC Code of Conduct for book building and placing.
- ICMA has brought together sovereign, supranational and agency issuers globally through regular meetings of the Public Sector Issuer Forum.
- ICMA has played a pivotal role, working with the FCA and the Bank of England, in the transition from LIBOR to risk-free rates in the international bond market.

Secondary Markets

- ICMA's rules and recommendations for the secondary market, including the rules governing the buy-in process and recommendations to improve settlement efficiency, continue to support efficient cross-border secondary markets. They have also served as the foundation for dispute resolution.
- ICMA has led the industry in the successful campaign to oppose mandatory buy-ins under the EU CSDR.

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- ICMA, through its buy and sell-side members, has led the industry in reaching a consensus and advocating a balanced and appropriate transparency regime framework for bond markets.
 - ICMA was an early advocate and continues to play a key role in ongoing advocacy for a single EU consolidated tape for corporate and sovereign bond markets.
 - ICMA's Electronic Trading Council has provided market definitions and best practice for electronic bond pricing distribution.
 - Working closely with members, ICMA has published numerous reports on bond market developments, trends and structures, covering both Europe and Asia.

Repo and Collateral

- Since the early 1990s, ICMA's *Global Master Repurchase Agreement (GMRA)* has become the principal master agreement for cross-border repos globally, as well as for many domestic repo markets. ICMA commissions and makes available to its members, on an annual basis, legal opinions for nearly 70 jurisdictions globally on the enforceability of the GMRA and its netting provisions.
- ICMA's European Repo and Collateral Council (ERCC) is the main industry representative body for cross-border repo and collateral markets in Europe.
- ICMA maintains the *ERCC Guide to Best Practice in the European Repo Market*, which sets out detailed standards for the orderly trading and settlement of repos.
- The ERCC's biannual *European Repo Market Survey* remains the most authoritative source for the size, structure and dominant trends in the European repo market.
- ICMA has engaged with regulators on various regulations in order to avoid detrimental impacts on the efficient functioning and liquidity of the repo market, both globally and at EU/UK level, covering both prudential requirements as well as various market regulations (eg CSDR, MiFID/R etc).
- ICMA has coordinated the industry's effort to implement detailed SFTR reporting requirements. Since the go-live in July 2020, ICMA has collected and aggregated the SFTR public data points on a weekly basis.
- ICMA is working closely with other stakeholders to develop and support repo markets globally, including by providing guidance related to the GMRA but also by providing other related resources, such as the recent *ICMA Guides to Asian Repo Markets* series (covering ten Asian markets). In Q4 2022, ICMA will launch its Global Repo and Collateral Forum (GRFC) to reflect the global scale of the work and provide an opportunity for ICMA's global membership to engage.

Sustainable Finance

- ICMA's *Green, Social, Sustainability and Sustainability-Linked Bond Principles* collectively referred to as the "*Principles*" have become the leading framework globally for the issuance of sustainable bonds. They are complemented by overarching guidance on Climate Transition Finance with a dedicated Handbook. The *Principles* are the de facto global issuance standard referenced by over 98% of sustainable bond issuance internationally.
- The *Principles* underpin a market that exceeded \$1 trillion in issuance globally in 2021 and currently represents over \$2.5 trillion of securities in stock. It is the largest source of debt capital finance available for sustainability projects and transition finance, and a strategic market for ICMA members and market participants generally.
- The *Principles* are more generally a key reference for guidance in sustainable finance and are regularly updated. They incorporated updated definitions for sustainable securitisation in 2022. There is also work ongoing in relation to potential sustainability guidance for the high yield market, repo and commercial paper drawing when appropriate on the *Principles*.
- ICMA is at the centre of the international regulatory dialogue on sustainable finance. In Europe, ICMA is a member of the EU's Platform on Sustainable Finance and is the only trade association that has participated in all the expert

committees that the European Commission has convened. In Asia, ICMA has advised the official sector on official labels, standards and regulations in sustainable finance in China, Japan, Malaysia, Thailand, Indonesia, and in the ASEAN countries generally.

- ICMA provides wider leadership to the financial industry by coordinating the Global Sustainable Finance Council (GSFC) which brings together global and regional associations, and other stakeholders involved in green and sustainable financing.
- ICMA also publishes research in support of the sustainable finance market. This is illustrated by publications such as the *Overview and Recommendations for Sustainable Finance Taxonomies in 2021* and *Sustainable Finance: High-level definitions* in 2020.

Asset Management

- Buy-side members of ICMA have a distinctive voice through the ICMA Asset Management and Investors Council (AMIC) and AMIC Executive Committee, both on market-related issues and advocacy on regulation (eg AIFMD).
- ICMA brings together its buy-side and sell-side members wherever possible to represent (eg to central banks and regulators) the views of the market as a whole on an international basis.

Fintech and Digitalisation

Fintech and digitalisation are today well embedded in all of the Association's work in primary, secondary, repo and collateral fixed income markets, with established working groups on DLT and blockchain in bond markets and market electrification.

ICMA has a number of technology initiatives already under way including:

- ICMA's Common Domain Model (CDM) is a standardised, machine readable and machine executable blueprint for trading and managing repos and bonds. The objective is to promote market efficiency and interoperability, and to provide a foundation for new technologies such as DLT.
- Digitalisation of the GMRA is an important step towards achieving future automation and efficiencies in negotiating repo transactions. Recognising the need for consistent representation of legal data, the GMRA Clause Taxonomy and Library Project is one of the key transformational projects of ICMA.
- ICMA's work on a Common Data Dictionary (CDD) for primary bond markets is building a consensus among market stakeholders for representing and communicating key bond information across the issuance process. The aim is to support automation and innovation whilst avoiding market fragmentation.
- ICMA's technology directories continue to expand, listing over 300 technology solutions across the spectrum of bond issuance, electronic trading, repo, through to post-trade management tools.
- ICMA is working on establishing standards for DLT-based bonds to serve as a key reference for market stakeholders on terminology and emerging solutions and to foster industry cohesion.

Education and Training

- For over 40 years, ICMA's educational offering has played a major part in its mission to raise standards in the international capital market, training staff from the regulatory and central banking community as well as a wide variety of other market participants globally. It has also contributed to the capacity building efforts and upscaling of skills in emerging and frontier markets with its wide portfolio of assessed and non-assessed accredited courses for front, middle and back-office staff.
- ICMA Education and Training continues to expand with new courses on market infrastructure, asset management and the sustainable bond markets in addition to providing in-house bespoke courses for members.

ICMA supports and engages with members through dedicated helpdesks for legal, regulatory and sustainable finance enquiries. ICMA also organises an extensive calendar of meetings, events and webinars globally. ICMA provides insight into the capital markets through its reports, research papers, newsletters as well as podcasts with leading market practitioners.

As part of its remit in the international capital markets, ICMA is committed to creating a diverse and inclusive environment within our industry, driving forward a number diversity and career development undertakings through mentoring platforms and dedicated networks for women (ICMA Women's Network) and young professionals (ICMA Future Leaders).

The international bond markets continue to face fresh challenges, including inflation, the continued development and further integration of sustainable finance, US\$ LIBOR transition, regulatory divergence, sovereign debt vulnerabilities and the impact of new technologies. ICMA is at the forefront of the industry's response to these challenges.