

Press release

News from the International Capital Market Association (ICMA)

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Please see foot of release for contact details

ICMA/2006/14

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Bond market transparency - ICMA responds to Commission's call for evidence

London - The International Capital Market Association (ICMA) has submitted its response to the European Commission's Call for Evidence on Pre- and post-trade transparency provisions of the Markets in Financial Instruments Directive (MiFID) in relation to transactions in classes of financial instruments other than shares.

The Association welcomes this early opportunity to contribute to the thinking of the Commission as it begins work on the report it is mandated to produce to the Parliament and Council under Article 65(1) of the MiFID. It also welcomes the Commission's recognition of the need to ensure that, if the evolution of Europe's bond markets are to continue to be one of the main drivers of economic growth and the underpinning of secure long term savings, changes in the rules governing their operation should be driven by and be consistent with the needs of all market participants.

The ICMA response focuses on the European corporate bond market, emphasising ICMA's unique status as the established self regulatory organisation (SRO) for the international securities market. It concludes that the evidence from both academic research and market practitioners does not point to any current market failure which would justify the imposition of mandatory transparency on the European bond market. ICMA does not therefore support the extension of the MiFID transparency provisions to bonds.

More follows/

ICMA is however committed to making a positive contribution to the debate on transparency. In the coming months the Association will work to establish consensus among its members on whether there is more that should be done at the self-regulatory level to enhance levels of post-trade transparency in international debt securities. If members wish to proceed with phased or experimental introduction of enhanced post trade transparency, as an industry led initiative, the Association hopes to work in close cooperation with the Commission and the Committee of European Securities Regulators (CESR) in assessing detailed plans and possible effects on bond market liquidity.

Commenting on the response Nick Collier, ICMA's Head of Regulatory policy said: "Unlike equities, bonds are generally traded over the counter (OTC) and liquidity is provided by dealers. There is a high degree of pre-trade transparency and we do not see the need to extend the MiFID provisions for transparency in equity markets to bonds. Our discussions with members will help us to decide whether the levels of post-trade transparency applied under ICMA's own rules as a self regulatory body and through its TRAX reporting system should be further enhanced".

The response is available from ICMA's website at: www.icma-group.org

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Notes for editors

1 International Capital Market Association (ICMA)

The International Capital Market Association (ICMA) is the organisation representing the financial institutions active in the international capital market worldwide. ICMA's members are located in some 50 countries across the globe, including all the world's main financial centres, and currently number over 400 firms.

In the United Kingdom, ICMA is approved as an 'international securities self-regulating organisation' (ISSRO) under the Financial Services and Markets Act 2000. ICMA is the only organisation so approved. The UK Financial Services Authority has accorded ICMA Designated Investment Exchange status under its rules.

More follows/

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