

Press release

News from the International Capital Market Association (ICMA)

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Please see foot of release for contact details

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ICMA endorses ICSA initiative on better regulation

(London, UK) The International Capital Market Association (ICMA), the self regulatory body which represents financial institutions active in the capital markets, has fully endorsed the 'Principles for Better Regulation' issued by the International Council of Securities Associations (ICSA) of which it is an active member.

It is now widely recognised that inappropriate or excessive regulation undermines financial markets to the detriment of consumers, businesses and economic growth generally and consequently a number of 'better regulation' initiatives have been adopted by governments, regulators and market participants in different countries. ICSA has drawn together elements from these to produce its ten 'Principles for better regulation' to act as a basis for further discussion with regulators and the market.

Commenting on the principles, René Karsenti, ICMA's Executive President said; "ICMA considers the issuing of these principles to be a major step forward in acknowledging the importance of principles based regulation in delivering an adaptable and flexible regulatory regime which will support our members' activities in rapidly evolving financial markets".

The principles clearly set out the criteria for deploying regulatory action by first establishing that there has been a significant market failure which is not 'appropriately addressed by existing regulations and their enforcement and which is unlikely to be mitigated over a reasonable period of time by market forces'.

More follows/...

“ICMA wholly supports the view that regulators should look to other responses to a market problem before resorting to legislative measures”; observed Nick Collier ICMA’s Head of Regulatory Policy at ICMA. “As the only pan-European self-regulatory organisation for the capital markets, ICMA’s experience over a period of more than 30 years has shown that self regulation is often a proven and successful alternative to statutory regulatory intervention to correct market failure”.

The full text of ICMA’s ‘Principles for Better Regulation’ can be found on the ICMA website at www.icsa.bz and on the ICMA website www.icma-group.org.

ICMA has also published two other sets of guidelines, endorsed by ICMA. ‘Principles for Governance of Market Infrastructure’, which promotes a framework for governance at market infrastructure providers that would provide accountability and transparency for owners, users and regulators, and ‘Best Practices for SROs’ which sets out to help Self Regulatory Organisations (SROs) manage conflicts of interest and maintain public confidence in their activities.

ENDS

1. International Council of Securities Associations (ICSA)

The members of ICSA represent and/or regulate the overwhelming majority of the world’s equity, bonds and derivatives markets. ICSA’s objectives are: 1) to encourage the sound growth of the international securities markets by promoting harmonization in the procedures and regulation of those markets; and 2) to promote mutual understanding and the exchange of information amongst ICSA members.

2. International Capital Market Association (ICMA)

The International Capital Market Association is the self-regulatory organisation and trade association representing constituents and practitioners in the international capital market worldwide. ICMA's members are located in 48 countries across the globe, including all the world's main financial centres, and currently number some 400 firms in total. ICMA performs a crucial central role in the market by providing and enforcing a self-regulatory code of industry-driven rules and recommendations which regulate issuance, trading and settlement in international fixed income and related instruments. ICMA liaises closely with regulatory and governmental authorities, both at the national and supranational level, to ensure that financial regulation promotes the efficiency and cost effectiveness of the capital market. www.icma-group.org

3. Contact details for further information

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