

# Press release

News from the International Capital Market Association (ICMA)

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Please see foot of release for contact details

ICMA/2007/08

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release: immediate

## **ICMA proposes post-trade transparency standard for bond markets**

The International Capital Market Association (ICMA) has issued proposals for consultation on delivering enhanced post-trade transparency in the international bond markets.

ICMA is the self regulatory body for the international securities market. Its rule book currently requires market makers to report end of day prices and to report their trades to ICMA within 30 minutes. This trade information is not currently published.

ICMA proposes to launch two new pilot services. First, all trades reported to ICMA in large, liquid bonds would be published at the end of the business day. Second, a retail investor, web-based service would include educational material about investing in the bond market and give users access to a near real time tape of retail sized trades.

The scope of the pilot services would be restricted to investment grade corporate, supranational and government debt securities. Trade details would include price and time, on an anonymous basis. Sizes would be published only up to certain limits; large trade sizes would be capped to avoid exposing capital commitment by liquidity providers. The end of day data would be made available to vendors and market participants.

These two proposals would complement the high levels of pre-trade transparency already available in the over the counter debt market, and would also significantly increase the level of information available to retail investors.

More follows/...

ICMA's Head of Regulatory Policy, Nick Collier, said: "We look forward to receiving the views of all market participants on these two proposals. The bond markets are a vital part of the European capital market and their success is based in part on industry driven good practice as set down in the ICMA rulebook. We hope that in their review of non equity market transparency the European Commission and European regulators will recognise the contribution that industry can make by setting its own standards."

ICMA is currently consulting on these proposals with its members and the wider market. Questionnaires for specific market sectors will be available from the ICMA website. ICMA propose to launch the two pilot services later in the year and to subject them to independent review in 2008. The proposals are being sent to the Committee of European Securities Regulators (CESR) and to the European Commission in relation to their review of transparency in non equity markets under Article 65 of MiFID.

The full text of the ICMA Discussion Paper is available from [www.icmagroup.org/Advocacy/bond\\_market\\_transparency.html](http://www.icmagroup.org/Advocacy/bond_market_transparency.html)

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## Notes for editors

### 1. 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.icmagroup.org](http://www.icmagroup.org)

### 2. TRAX/TRAX2

The TRAX trade matching and transaction reporting system has been operated by ICMA Ltd since 1989 and processed some 53 million trades during 2006. It is used by 200 subscribers to match and report trades in a wide range of over the

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counter traded instruments including bonds, repos, derivatives and equities and can be adapted to act as the collection mechanism for the post trade-transparency proposals currently under discussion.

### **3. Markets in Financial Instruments Directive (MiFID) Article 65 review**

Article 65 of MiFID requires the European Commission to report on the possible extension of pre- and post-trade transparency provisions of MiFID to non-equities such as bonds. The Commission has asked the Committee of European Securities Regulators (CESR) for advice on the issue by June 2007 and has specifically asked for comments on the scope for an industry led initiative for increasing post trade transparency.

[European Commission Call for evidence June 2006](#)

[http://ec.europa.eu/internal\\_market/securities/docs/isd/call\\_for\\_evidence\\_en.pdf](http://ec.europa.eu/internal_market/securities/docs/isd/call_for_evidence_en.pdf)

[European Commission Feedback Statement November 2006](#)

[http://ec.europa.eu/internal\\_market/securities/docs/isd/feedback\\_statement\\_en.pdf](http://ec.europa.eu/internal_market/securities/docs/isd/feedback_statement_en.pdf)

[CESR Call for evidence](#)

[http://www.cesr.eu/index.php?page=home\\_details&id=193](http://www.cesr.eu/index.php?page=home_details&id=193)

[CEPR Research and ICMA response and ICMA questionnaires](#)

[http://www.icma-group.org/content/Advocacy/bond\\_market\\_transparency.html](http://www.icma-group.org/content/Advocacy/bond_market_transparency.html)

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