

Press release

News from the International Capital Market Association (ICMA)

Talacker 29, P.O. Box, CH-8022, Zurich
www.icmagroup.org

Please see foot of release for contact details

ICMA/2007/24
Thursday, September 13, 2007
release: immediate

ICMA presents market-led initiative on bond market transparency for retail investors.

(London, UK) The International Capital Market Association (ICMA) presented its proposal for a market-led initiative on bond market transparency for retail investors at the European Commission's open hearing on bond market transparency held in Brussels on Tuesday, September 11. The proposal takes the form of a voluntary industry standard of good practice on bond market transparency and follows ICMA's extensive consultation with its membership on an alternative to regulatory intervention.

Under Article 65 of the Markets in Financial Instruments Directive (MiFID), the European Commission is required to report on whether to propose that the regulation of market transparency for equities under MiFID should be extended to bonds. The Commission is likely to publish a draft of its report in October, as a basis for consultation, with the final version of the Commission's report now due in the first quarter of 2008.

ICMA, in its response to the Commission's call for evidence on bond market transparency earlier this year, argued that there is no evidence of market failure in the European bond markets, and therefore no case for regulatory intervention. The response of the Committee of European Securities Regulators (CESR) to the

More follows/...

ICMA/2007/24

Page 2 of 3

Commission in which it states: "CESR has not recognised evident market failure in relation to market transparency which would warrant mandatory transparency for bonds" supports this view. ICMA extensively consulted its members about a market-led alternative to regulation, in particular to help retail investors who may benefit from easier access to price transparency.

Commenting on the proposal, ICMA's Executive President, René Karsenti, said: "We believe that this market-led initiative on bond market transparency, will help retail investors without damaging liquidity in the wholesale market. This transparency initiative predates the current market situation, and will cover 'plain vanilla' instruments rather than the asset backed securities which have been a cause for concern".

The Market Services side of ICMA will deliver a web based service, free of charge, at the beginning of 2008. The new service will comply with the voluntary agreed standard, giving retail investors access to end of day prices and quotes for liquid investment grade sovereign and corporate bond issues. Once the service has been implemented, ICMA will conduct a review in its Regulatory Policy Committee after 12 months in operation, including the level of use made of the service.

ENDS

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 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
More follows/...

ICMA/2007/24
Page 3 of 3

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.

ICMA is unique amongst financial industry associations in that it represents a broad range of capital market interests, its members include both global investment banks and smaller regional banks, as well as asset managers, exchanges, central banks, law firms and other professional advisers, making it an influential voice for the global market.

www.icmagroup.org

2. Bond Market Transparency Working Group

In April, ICMA began this consultation process by issuing a questionnaire to members on proposals on bond market transparency. ICMA received 92 responses, including almost all the very largest securities firms in Europe and a wide selection of firms representing ICMA regions across the European Continent. A clear majority of respondents, including a clear majority of the very large securities firms, agreed that ICMA should propose a market-led initiative to help retail investors.

With the agreement of the ICMA Board, ICMA therefore set up a Bond Market Transparency Working Group with a view to reaching a consensus on the form which a market-led initiative to help retail investors should take. The Working Group was open to all ICMA members who had responded to the questionnaire, and chaired by Robert Gray of HSBC, Vice-Chairman of ICMA.

The Working Group reached a consensus in July on an industry standard of good practice on bond market transparency to help retail investors, including on proposals from ICMA Market Services to comply with the standard free of charge by the end of the year.

3. Contact details for further information

ICMA Communications

Allan Malvar
+44 20 7510 2691
+44 7738 696 451
allan.malvar@icmagroup.org

Margaret Wilkinson
+44 20 7538 5656
+44 7931 100 499
margaret.wilkinson@icmagroup.org