

ICMA Regulatory Policy Newsletter

Issue No. 6: July 2007

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The Role of ECP in the Integration of European Money Markets¹

Since its inception in the mid-1980s, Euro Commercial Paper (ECP)² has been designed to integrate European money markets.

ECP is dealt by well capitalised and highly regulated banks and securities firms. Issuance is dominated by highly rated banks, asset-backed structures, corporates and supra-sovereigns. Investment in ECP is by conservative, wholesale, institutional short-term cash investors, whose emphasis is on the return of capital, not the return on capital, and who will not tolerate capital losses as there is no chance of capital gains. Issuers and investors seek to fine-tune their cash balances while achieving better rates than those offered by banks. The provision of secondary market liquidity by dealers is a key element in the market.

Almost 90% of ECP is rated short-term “Prime-1” – A1/P1/F1 – or better. Generally, the minimum issuer rating is BBB long term, and A2/P2/F2 short term. Most trades are under 90 days. Investors generally follow strict guidelines, such as rating agency money fund standards. Should it not be possible to roll over ECP with investors, corporate and asset-backed programmes must have backstop liquidity facilities. In the period of over 20 years since the ECP market’s inception, there has never been a scandal nor accusations of improper ECP dealing at any time.

Asset-backed Commercial Paper (ABCP) is structured with a limited and defined purpose. Credit protection is provided in various forms, including over-collateralisation, swaps, asset-purchase agreements and

letters of credit, on an asset-specific or programme-wide basis. There are strict guidelines as to asset mix, credit quality and liability management/liquidity, and strict remedies to maintain programme compliance. Issuers are actively reviewed by both rating agencies and dealers. Most produce monthly “pool reports”, which broadly describe current assets and verify compliance with programme requirements for the benefit of investors. We have no knowledge of any investor suffering a default on ABCP.



*Peter Eisenhardt,
Bank of America,
Chairman of the ICMA ECP Committee*

The Role of ECP in the Integration of European Money Markets - continued

For over 20 years, ECP has offered a pan-European – indeed global – documentation model. The information memorandum is the disclosure document prepared by the issuer and issuer's counsel: it is reviewed by the dealers on the programme and their counsel; it summarises the terms of the ECP and the capability of the programme, including the form of the notes, and contains a description of the issuer; it defines the terms for placement globally; it incorporates selling restrictions by country; it makes clear any non-standard elements, particularly in the case of ABCP; and there is an emphasis on representations and warranties and enforceability. ECP is distributed by dealers to those investors to whom they are cleared to sell.

Dealers insist on board resolutions and legal opinions: proper due diligence is in the best interest of investors. For their part, investors rely on the information memoran-

dum when purchasing ECP, as this summarises the terms of the programme and includes a description of the issuer. In October 2005, ICMA released a standard information memorandum, which was developed by an ICMA working group in cooperation with three prominent international law firms, using the experience of the most prominent ECP practitioners. This is regarded as a market standard of best practice. If investors do not like the content of the information memorandum, they do not buy the paper.

Investors can readily obtain the information they need to make investment decisions from the programme documents and other information sources, such as Bloomberg, Reuters, rating agencies, the financial media, issuer websites and investment research. ECP issuers are keen to satisfy investor requests for additional information, and are often open to meeting investors

directly. Euroclear publishes outstandings monthly. Data on each trade are available from CPWare for a fee: dealers subscribe and perform analysis to send to investors. And finally, rates data are tracked by dealers.

In summary, the ECP market has a contribution to make to European money market integration, not just because of the ECP market's size, growth and pan-European nature, but also because of the quality of the market participants and of ECP documentation and data.

¹This is part of the presentation on the [growth of the ECP market](#) given at the ICMA AGM and Conference in Berlin on June 1 by Peter Eisenhardt with Susan Hindle Barone (Credit Suisse), Colin Withers (Citigroup) and Susanne Louis (Deutsche Bank).

²ECP outstandings total \$757 billion equivalent, denominated mainly in euro (43%), dollars (31%) and sterling (18%). When the euro was launched at the beginning of 1999, the ECP market was 1/9th as large as the USCP market; today the ratio is 1/2.6.



MiFID Implementation

The Committee of European Securities Regulators (CESR) has now issued its remaining guidance to investment firms and national regulators on the implementation of the Markets in Financial Instruments Directive (MiFID). This covers best execution, inducements, passporting and transaction reporting.

Best Execution

CESR guidance on best execution is set out in Q&A format and covers: the content of execution arrangements; the content and degree of differentiation of an investment firm's best execution policy; the possibility of using a single execution venue (on which CESR's approach is more flexible than before); the assessment of the relative importance of the best execution factors; the notion of total consideration and fees and commissions; disclosure of information; the requirements for monitoring and review; and client consent.

CESR's guidance on when two-way or "express" consent is needed to deal over-the-counter has improved, in that it clearly states that express consent is not needed when an instrument is not admitted to trading on a regulated market or multilateral trading facility (MTF) (Q21.2). This guidance is still insufficient on its own, since many bonds are admitted to trading but do not, in practice, trade on a regulated market or MTF with sufficient regularity or in sufficient size to enable a firm to meet its best execution obligations. But the Commission has recently expressed the view that, because of this, where a firm has properly decided that no such regulated market or MTF will be in its list of execution venues, express consent to deal OTC is not necessary.

CESR has also published the [European Commission's opinion on scope](#), including the application of best execution to dealer markets. CESR has issued no further guidance on how firms or their regulators should implement the Commission's opinion. The opinion focuses on whether a firm is acting "on behalf" of a client and pro-

vides several "real life" examples. The buy and sell sides generally view it as a pragmatic solution. When dealing with professional investors at least, it is largely business as usual. The bulk of this business is likely to fall outside the best execution obligation, though firms will have to give more thought to the nature of their relationships and what they are trying to do for their clients. Firms with a retail focus will have to consider whether they need to enhance their procedures, since the Commission has concluded that retail is more likely to rely on the firm and that, where this is the case, the firm is acting "on behalf" of its client and is therefore subject to the best execution obligation.

Inducements

Here the situation for firms is far less satisfactory. The Level 1 and Level 2 Directives take a view of what constitutes an inducement which appears to go far wider than the simple view that an inducement is something which is likely to make an investment firm or individual behave in a way which would damage the interests of the client. It includes, for example, standard commissions and charges customary in the industry. It sets criteria for deciding whether payments are acceptable and the appropriate disclosure regime. CESR's final position on inducements is somewhat more flexible than previously, notably on how to interpret the phrase: "designed to enhance the quality of the service and not to impair compliance with the firm's duty to act in the best interests of its clients". But it is still likely to cause significant problems for firms in their implementation.

Passporting

Aimed primarily at regulators, CESR's [recommendations on passporting](#) and a [Protocol on Notification](#) are intended to ensure efficient and consistent supervision of a firm's cross-border activities. CESR recognises that more work needs to be done to develop a common model of practical cooperation on the supervision of branches and tied agents. Members are also divided on where responsibility should lie. The final outcome is dependent on the opinion of the Commission on the meaning of the Level 1 Directive (Article 32(7)) which CESR is, we understand, considering. Currently, it appears probable that, when a branch does business with clients in the jurisdiction in which it is located (host country), it will be subject to host country conduct of business rules; if it does business with clients where its head office is located (home country), it will be home country rules that apply; and if it deals with clients in another Member State, the host regulator and the regulator in that Member State will agree as to whose rules apply. ICMA will continue to press CESR to agree practical arrangements for regulating services provided by branches.

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Transaction Reporting

CESR has now provided [guidance and feedback on transaction reporting](#) under MiFID. This includes guidance on branch reporting, where CESR has recognised that it would be a burden on branches if they were obliged to report to two different competent authorities. CESR has therefore decided that all transactions executed by the branch may be reported to the regulator in the host state if the investment firm elects to do this. But it remains unclear precisely what executing a transaction “within the territory” means.

There are two other significant problems outstanding for firms. One relates to the list of reportable instruments on markets in the European Economic Area (EEA). The financial services industry originally understood that this list was to be made generally available to firms, and the FSA indicated in January that the list would be available in July. However, the CESR feedback statement makes it clear that CESR has no plans to publish a list of reportable instruments. Firms consider that an authorised list should be made freely available to them, and in sufficient time for the implementation of MiFID on November 1.

The other outstanding issue relates to the transaction reporting requirements under MiFID on commodity derivatives, interest rate and foreign exchange-traded derivatives. There would be extensive costs involved for firms in providing ISINs for these instruments. There is also a question whether transaction reports in commodity and other derivatives will enable competent authorities effectively to monitor market abuse in the first place.

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Bond Market Transparency

Under Article 65 of MiFID, the Commission is required to report about whether to propose that the regulation of market transparency for equities under MiFID should be extended to bonds. In our response to the call for evidence on bond market transparency, we argued that there is no market failure in the European bond markets and therefore no case for regulatory intervention, but that we should consult our members about a market-led alternative to regulation.

In April we initiated this consultation process by issuing a questionnaire to members on ICMA proposals on bond market transparency. We received 92 responses, including almost all the very largest securities firms in Europe and a wide selection of firms representing the different ICMA regions.

A clear majority of respondents, including a clear majority of the very large securities firms, agreed with the proposition that: "ICMA should resist regulatory intervention and propose satisfactory market-led alternatives providing that such proposals are responsive to members' concerns and

the concerns of the wider market; and are designed to improve the quality of the market".

In terms of the possible content of market-led alternatives, the questionnaire set out two options, both of which are designed to help retail investors while avoiding liquidity problems for firms reporting trades and prices to ICMA. Option 1 would involve publishing, at the end of the day, an average of the closing bid and offer quotes for each reportable security and the high, low and average prices for each bond trade reported to ICMA. Option 2 would involve publishing, in either close to real time or at the end of the day, trades in large investment grade bonds above a specified minimum level and below a specified upper size limit.

Respondents had differing views about which option they would prefer. Around a half preferred Option 1; a quarter preferred Option 2; and a quarter preferred both Option 1 and 2. Respondents also had differing views on the form that Option 2 should take, its impact on liquidity and on willingness to extend reporting require-

ments. Most respondents were in favour of including, in a market-led initiative, access to educational material on investing in bonds.

Our [assessment of the responses](#) to the ICMA bond market transparency questionnaire is now available on the ICMA website. To follow up this assessment, we have established a Bond Market Transparency Working Group to examine Options 1 and 2 for market-led alternatives to regulation in more detail with a view to reaching a consensus on the form which a market-led initiative to help retail investors should take. The Working Group plans to provide an interim report in time for the Commission's public hearing on bond market transparency on September 11, and a final report in good time ahead of the Commission's own report and recommendations, which are due in early 2008.

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Transparency Directive Implementation

ICMA has set up a Transparency Directive (TD) Working Group to help members address the challenges raised by the TD for issuers and investors. The Working Group is split into Major Shareholding Notification and Periodic Financial Reporting Sub-Groups to reflect different interests between and within members. Both Sub-Groups have raised issues which ICMA will be discussing with EU and UK regulators.

Major Shareholding Notification

The main issues discussed by the Major Shareholding Notification (MSN) Group include uncertainty as to the notification obligations of underwriters. In the UK, underwriters that acquire shares but do not immediately on-sell them appear subject to a MSN requirement if their holdings breach the notification thresholds. The Group agrees that such disclosure would undermine the stabilisation process and be inconsistent with the disclosure requirements of the Prospectus and Market Abuse Directives.

Another MSN issue is the geographic scope of the trading book exemption from MSN. The FSA exempts up to 5% of shares held on the trading books of EEA credit institutions or investment firms. The Group has discussed the extension of this exemption to non-EEA entities, noting that a consistent pan-European approach is more important than a unilateral extension by the FSA.

The Group has also discussed Member States' differing approaches to the interaction of the trading book exemption with general disclosure thresholds. Some Member States add the 5% trading book exemption to the first threshold of 5% giving an effective trading book exemption of 10%, while others (e.g. UK) treat the trading book exemption as separate from the thresholds for non-exempted holdings.

Periodic Financial Reporting

The main issues discussed in the Periodic Financial Reporting (PFR) Group include the June [Davies Report](#) on issuer liability for market announcements. The Report recommends maintaining fraud as the standard of liability and extending the statutory liability regime to cover: periodic and *ad hoc* disclosures; disclosures on regulated and exchange-regulated markets; buyers and sellers of securities; and dishonest delay in announcements. Except for the last point, where the Group is concerned that private litigation might not be appropriate to address dishonest delay, the Report is broadly consistent with Group's views, expressed in [ICMA's response](#) to the Davies Review.

Another important PFR issue is CESR's use of an "outcome-based" approach to accounting standard equivalence which considers standards equivalent if they would lead an investor to make same investment decision irrespective of which standard is used. Consistent with our response to the [CESR consultation on accounting equivalence](#), we will examine the [CESR advice on equivalence determination](#)

The PFR Group has also discussed the uncertainty raised by the lack of guidance on the content of Interim Management Statements.

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Clearing and Settlement



TARGET2 Securities

The Advisory Group and the Technical Groups through which the industry is directly involved in the governance of the TARGET2 Securities (T2S) project have been formed and are expected to start technical consultations with the market on user requirements before the summer. A paper on user requirements is scheduled to be published towards the end of 2007 for three months' consultation. The responses to that consultation, together with the decisions of the national Central Securities Depositories (CSDs) across Europe whether to join T2S, will form the basis for a decision by the ECB Governing Council on the further development of the project.

Werner Frey, CEO of the European Securities Forum (a partner of ICMA in the European Financial Markets Federation), has been appointed by the European Central Bank (ECB) as a personal observer on behalf of the securities sector on the Advisory Group. The minutes of the Advisory Group meetings will be publicly available on the [TARGET2-Securities web-page](#). Meanwhile, the City of London T2S Task Force is being converted into a T2S National User Group for the UK; ICMA will continue to participate actively in this group.

Code of Conduct

The second phase of the [Code of Conduct](#) for clearing and settlement, which started on July 1, obliges market infrastructure providers to create the conditions for access and interoperability. In cooperation with other securities and banking associations, ICMA has discussed with the infrastructure providers their plans to fulfil the Code's obligations, ahead of the next meeting of the Code Monitoring Group in July. Key requests from the user side include the strengthening of the right of a requesting party to enter into interoperability negotiations without delay, and the openness of trading platforms to a CCP's request for transactions feeds. It is also important that work on phase 3, unbundling and accounting separation, should start immediately in order not to jeopardise the scheduled start of this phase on January 1, 2008.

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Clearing and Settlement Advisory and Monitoring Expert group (CESAME)

In a [letter to ECOFIN](#), coordinated by ICMA and signed by 11 financial markets associations, industry appealed to Member States to renew their resolve to tackle the public-sector barriers (notably in the areas of tax procedures and legal certainty) to better integration of clearing and settlement structures in Europe. We argued in the letter that failure to address the fiscal and legal barriers would significantly reduce the size of the benefits from post-trading market integration and could also severely undermine recent progress in tackling the private-sector barriers. The Portuguese EU Presidency has scheduled clearing and settlement issues for discussion in ECOFIN in September and for conclusions in October 2007.

EU/US Convergence: the Industry-led Initiative

The EU/US Coalition has noted the positive reaction to its 2005 report (see box), the increased prioritisation that is being given to financial services regulatory recognition and convergence, and the statement of intent released after the recent EU-US Summit in Washington to “take steps towards the convergence, equivalence or mutual recognition, where appropriate, of regulatory standards based on high-quality principles”. As a result, the Coalition is seeking to engage with legislators and regulators on a more structured basis and is working towards publishing a paper in autumn 2007, based on key, current, differences in regulation in the US, France, Germany, Spain, UK and, post-MiFID, in Europe as a whole. It recently held round-tables with the industry in London and Zurich and will incorporate many of the recommendations that were made. Discussion focused on the need to distinguish where the aim should be convergence and where it should be mutual recognition. It was noted that convergence always to the highest level of regulation is not the most sensible way forward. But while mutual recognition, sensibly applied, allows similar but different measures to be treated as broadly equivalent and encourages rather than restricts innovation, the cost savings on transatlantic business will be limited since those different regulations will still have to be complied with in each jurisdiction.

Other issues on the Coalition’s agenda include: regulatory reporting requirements; the multitude of risk disclosure documents which must be provided to investors covering similar products, and with the same investor protection objectives, but which must be presented differently in each jurisdiction; and the differences, and sometimes conflicts, in rules providing a safe harbour for the stabilisation of new issues. The Coalition is also conscious of the need to identify and prioritise those practical issues where progress is likely to be least controversial and also to set its work firmly in the broader global agenda of standard setters such as IOSCO, where the Technical Committee is putting into practice its objective of developing a better dialogue with the industry.

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The EU/US Coalition

In early 2005, a group of leading EU and US financial service industry associations agreed to work together to address the urgent need to simplify the regulation of wholesale transatlantic financial services business; and subsequently agreed to form the EU/US Coalition on Financial Regulation. The Coalition currently comprises 9 industry associations, including ICMA.

In September 2005 the Coalition published a major two volume report, *The Transatlantic Dialogue in Financial Services: The Case for Regulatory Simplification and Trading Efficiency: Volume 1* and *Volume 2*. The report, which was produced with input from various groups of banks and brokerage houses in London and New York, focused on licensing and business conduct rules and dealt with the current legal position and the business case for change.

Other Regulatory Policy News

CESR assesses the Prospectus Directive

Following extensive consultation, in which ICMA participated, CESR has published a [report](#) on the supervisory functioning of the Prospectus Directive and Regulation. The report summarises the market's assessment of the prospectus regime and outlines plans for further action by CESR and other involved authorities. Separately, CESR has published a report on the powers available to competent authorities in relation to prospectuses (as well as market abuse).

UK Implementation of the Statutory Audit Directive

We have [responded](#) to the UK Department of Trade and Industry's (DTI) [consultation](#) on the implementation of the [Statutory Audit Directive](#). In addition to reiterating our position on [auditors' liability](#) and [non-EEA auditors](#), we focused on the treatment of public interest entities – certain issuers who (together with their auditors) are subject to additional requirements under the Directive – and the phase-in of the implementing rules.

There is a risk that some public interest entities will be subject to implementing rules of more than one Member State, which would be a highly undesirable outcome. All regulated market issuers are potentially affected. The Directive also allows Member States to exempt issuers of asset-backed securities from some of its requirements if they provide certain additional disclosures to the market, a sensible option which should be used. Finally, the Directive does not provide sufficient guidance on the phase-in of the new requirements.

We support the DTI's proposals in all these areas and are in discussions with the EU authorities and regulators in the key listing jurisdictions to ensure that the implementation of the Directive does not cause unnecessary disruption. All issuers subject to the Directive, as well as firms arranging their issues, are advised to familiarise themselves with the new requirements and start planning for their implementation.

EU Private Placement Regime

The Commission is [consulting](#) on whether there is a need for a pan-European harmonised private placement regime. Such a regime would involve simplified disclosure and conduct of business rules for specified non-retail offerings.

The consultation is part of a wider project to improve the regulatory framework for investment funds. A number of market participants from the investment fund industry have voiced concerns about the various existing national barriers to efficient cross-border private sales. Although the call for evidence is therefore written with investment funds in mind, it suggests that the scope of any new private placement regime might extend to other securities.

In our [response](#), we highlight the need to distinguish between investment fund products and other securities. Outside the investment fund industry, a comprehensive harmonised private placement regime is in place which is widely perceived as well-functioning. Any legislative reform should therefore be limited to investment funds, while preserving a level playing field among products irrespective of their legal nature.

IPMA Handbook Update

We have published four amendments to the IPMA Handbook:

- *Relationship between Lead Managers and Managers* (Recommendation 1.29): a new recommendation governing disclosure to an issuer of the name of a manager which has commented on transaction documentation;
- *Market Abuse Directive – Stabilisation Safe Harbour* (Section 7/XI): a technical revision of the suggested forms of the pre-stabilisation and post-stabilisation announcements and stabilisation legend which were published in March 2007 and mentioned in the April issue of this Newsletter;
- *Standard Form UK Debt Selling Restrictions* (Section 7/IX(a)): a revision of the 2005 standard form selling restrictions following implementation of the Prospectus Directive across the EEA, market experience with its application in practice and the February 2006 publication of the standard form equity selling restrictions (Section 7/IX(b));
- *IPMA Pro Forma "Final Terms" and Pricing Supplement for Medium Term Note Programmes* (Section 7/II): a revision of the existing pro formas, which include "final terms" (denominations of under €50,000 for EEA regulated market admission and/or public offer); "final terms" (denominations of €50,000 and over for EEA regulated market admission); "final terms" (for UK Professional Securities Market admission); and pricing supplement (for issues not subject to the Prospectus Directive).

These documents are currently available in the on-line IPMA Handbook and on the [Recent IPMA Handbook items](#) page of the ICMA website.

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Islamic Finance

Further to our previous report on this initiative (page 10 of the [April issue](#) of this Newsletter), three initial meetings have been held by ICMA and the International Islamic Financial Market (IIFM): on April 16 in Bahrain; on May 18 in London; and on June 18 in Bahrain (in the context of the Second International Islamic Financial Markets Conference).

The [agenda](#) for the 18 June session built on the discussions at the two preceding events. The aim of these events has been to identify market participants for ICMA/IIFM joint working groups and issues that need to be considered, following the ICMA/IIFM Memorandum of Understanding.

It is currently expected that the next steps will consist in the preparation of two detailed discussion papers: one on project-

ed *sukuk* issuance recommendations (similar in approach to the IPMA Handbook) and another on potential structures for an Islamic equivalent of ICMA's [Global Master Repurchase Agreement](#). In addition, ICMA and IIFM will coordinate offerings by education providers – including the [ICMA Centre](#).

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New Head of ICMA Regulatory Policy

Paul Richards has been appointed to the position of Head of Regulatory Policy and member of the ICMA Executive Committee. Mr Richards, who has been with ICMA since 2005, takes up his new post with immediate effect. He has over 30 years experience in financial markets. Prior to his move to ICMA he spent 8 years at the Bank of England where he specialised in Economic and Monetary Union, the euro and European financial regulation.

Training and Competency Standards

As part of its commitment to raising professional standards, ICMA is participating in a new International Council of Securities Associations (ICSA) Working Group on Market Professionals. The Working Group's long term aim is to create mutual recognition of accreditation standards for those working in the securities markets globally. Existing accreditation schemes typically

involved three generic elements: knowledge, regulation and ethics. Product knowledge and ethics are readily transferable skills in most cases whereas regulation tends to be more jurisdictional and less transferable. The Group will focus initially on transferable skills in the wholesale market.

For the European markets, MiFID contains a high level competence requirement (Article 5(1)(d)) requiring firms within its scope to employ personnel with the skills, knowledge and expertise necessary for the discharge of the responsibilities allocated to them. In order to update UK rules and ensure MiFID compliance, the FSA intends (CP07/4) to introduce a new overarching competence rule in its Senior Management Arrangements, Systems and Controls Sourcebook applying to all UK authorised firms, both wholesale and retail. They propose to replace the existing T&C Sourcebook with a simpler version applying to retail business only.

They will retain the compulsory examination requirements for specified retail activities and the existing "safe harbour" for firms which use exams taken from the Financial Services Skills Council's list of "appropriate exams". ICMA's International Fixed Income and Derivatives (IFID) Certificate programme has approval as an "appropriate exam" subject for persons also taking a regulatory module.

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Other ICMA News

Berlin AGM and Conference

Over 500 participants attended the 39th ICMA AGM and Conference in Berlin at the beginning of June, where they heard industry experts give the latest state of play on MiFID implementation, the bond market transparency debate and other regulatory topics. Presentations and transcripts from these sessions will shortly be available from the ICMA website.

Although the programme was extended this year to include more sessions on market issues, there was still plenty of time for networking at the welcome party on the country estate of Krongut Bornstedt and the gala evening in the Axica at the centre of Berlin.

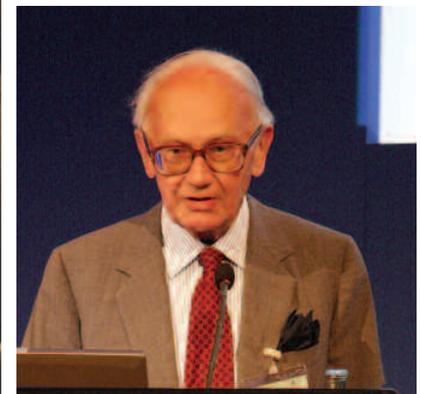
At the AGM on May 31, the following ICMA Board members were re-elected for a further 3 year term: Giuseppe Distefano, Banca Profilo S.P.A., Milan; Brian Lawson, Nomura International plc, London and; Martin Scheck, UBS AG, Zurich. Søren Elbech, Eksportfinans ASA, Oslo and; David Marks, J.P. Morgan Securities Ltd., London, joined the ICMA board for the first time, replacing Jonathan Chenevix-Trench of Morgan Stanley and Henrik Normann of Danske Bank who completed their terms.

The AGM approved amendments to ICMA's statutes to allow new membership categories, specifically asset and fund managers and insurance companies. Membership of ICMA is now also open to professional advisers such as law firms and management consultants.

For further information please contact membership@icmagroup.org.

40th ICMA AGM and Conference - Save the date!

The 40th ICMA AGM and Conference will be held in Vienna, from May 14 to 16, 2008.



Repo Survey

The 13th in the series of ICMA European repo market surveys, which give an authoritative figure for the size and structure of the European repo market, will take a snapshot of repo business outstanding on June 13, 2007, with the results to be published in September. Capital market participants doing repo business still have time to participate and are encouraged to do so using the forms on the [ICMA website](#).

TRAX2 receives conditional approval from UK FSA as an Approved Reporting Mechanism

The TRAX2 system has received conditional full approval from the FSA as an Approved Reporting Mechanism (ARM). TRAX is already one of a limited number of permitted mechanisms reporting to the UK FSA and was one of the first to apply for the new ARM status under MiFID. The conditional approval granted to the Association remains subject to the successful completion of testing of TRAX2. However, once this approval is received from the UK FSA, this will fast-track TRAX2 to becoming a recognised reporting mechanism in the other jurisdictions of Europe.

Forthcoming ICMA events

European Repo Council (ERC)
general meeting
September 19, 2007
Luxembourg

International Fixed Income
and Derivatives (IFID) Certificate
Programme
October 21-27, 2007
Budapest, Hungary

Primary Market Certificate (PMC)
November 19-23, 2007
London, United Kingdom

ICMA members' seminars
ICMA will be holding seminars for its members to make them fully aware of the issues that the Association is addressing in the capital markets, the various benefits of membership and how members can best use its services.

Published by:
Corporate Communications

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