

ICMA Secondary Market Practices Committee

The leading forum for sell-side and buy-side fixed income traders
and market structure experts



March 2018

ICMA's Secondary Market Practices Committee (SMPC) is an open forum for sell-side and buy-side member firms active in the international cross-border fixed income secondary market, in particular the European investment grade corporate bond market. Through open dialogue and engagement, as well as through its subsidiary working groups and work-streams, the SMPC seeks to be the representative body of the European corporate bond secondary market by:

- (i) addressing practical issues directly relevant to market practitioners;
- (ii) standardising market best practice;
- (iii) disseminating relevant market information; and
- (iv) promoting the best interests of an efficient and liquid market.

The importance of corporate bond markets

Corporate bond markets serve a vital economic function in bringing together corporations requiring capital to fund or expand their businesses and investors and savers looking to earn a stable income from their investments and savings. They thus play a critical role in facilitating economic growth, productivity, and employment. As the capacity of banks to provide direct funding to the corporate sector has become challenged, post-crisis, policy makers are beginning to look to capital markets as an ever more important source of financing for the real economy, while also underpinning economic stability; an objective that is at the very heart of the EU's plan to build a Capital Markets Union.

What does the SMPC do?

As the industry's representative body for cross-border fixed income markets, the SMPC works to foster robust, orderly, efficient, and liquid markets, by:

- Maintaining and reviewing the ICMA Secondary Market Rules and Recommendations, setting standards and best practice for trading in the international fixed income markets.
- Providing a forum for market participants and stakeholders to discuss trends and developments related to market functioning and liquidity, market structure, regulation, and innovation.
- Engaging with regulators and policy makers, providing an essential link between the market and the official sector.
- Publishing industry reports, white papers, briefing notes, consultation responses, and position papers.

Structure of the SMPC

Secondary Market Practices Committee – The SMPC is a market level forum open to ICMA sell-side and buy-side members active in the cross-border fixed income secondary markets, in particular the investment grade corporate bond market. Membership is voluntary, and members are generally senior traders or market structure experts. The SMPC officially meets four times a year, where the agenda covers a range of key topics, such as market developments, regulation, market practice, and market functioning and liquidity. Previous meetings have included discussions with the ECB (on its Corporate Sector Purchase Programme), the UK's Financial Conduct Authority (on MiFID II), and the European Commission (on CMU). The SMPC meetings are also an opportunity for members to set the direction and agenda for ICMA's secondary market working groups and work streams.

MiFID II/R Working Group - Members of the MiFID II/R Working Group (MWG) are typically buy-side and sell-side heads of trading, as well as senior market structure and legal experts. The MWG meets on a regular basis to respond to public consultations, create recommended Q&As, and discuss specific issues on MiFID II/R implementation.

Electronic Trading Working Group - Members of the Electronic Trading Working Group (ETWG) are buy-side and sell-side heads of fixed income trading or market structure. This group focuses mainly on the electrification of market structure, including: execution strategy, regulatory and practical implementation strategy, and platform and protocol strategy. The ETWG also maintains ICMA's mapping directory of European fixed income electronic trading platforms.

Platform Working Group - The members of the Platform Working Group are senior representatives of brokers and broker backed MTFs, exchange owned MTFs and future 'OTFs' (IDBs). Discussion is focused on practical implementation of MiFID II/R and other regulations, as well as interaction with the Electronic Trading WG members through interviews and questionnaires. It is planned for the ETWG and PWG eventually to combine into a single working group.

CSDR/Buy-ins Working Group - The CSDR/Buy-ins Working Group is perhaps the SMPC's broadest and most diverse workstream, although is essentially a trading level group. It has two main foci: (i) advocacy related to the projected CSDR mandatory buy-in regime; (ii) reviewing and updating the ICMA Buy-in Rules.

SMPC members

The SMPC has two co-chairs, representing the joint sell-side and buy-side membership of the Committee:

Sonali Das Theisen

Citigroup Global Markets Limited

Yann Couellan

BNP Paribas Asset Management

Other firms actively represented in the SMPC and subsidiary working groups include: AXA IM; Banca IMI; Barclays Capital; BGC Partners; BlackRock; BNP Paribas; Credit Agricole; Credit Suisse Securities; Deutsche Bank; Deutsche Asset Management; EFG Bank; Erste Group; Goldman Sachs International; Intesa Sanpaolo; JP Morgan Securities; KBC Bank; Morgan Stanley & Co International; Nex; NN Investment Partners; Nomura International; Nordea IM; Norges Bank; Pimco; Schroder IM; Société Générale; and UniCredit Bank.

Reports, white papers, briefing notes, consultation responses, and position papers

The SMPC and subsidiary working groups regularly produce reports, papers, and briefings related to a range of topics, such as market efficiency and liquidity, the evolution of electronic trading and market structure, and relevant market regulation. Under the guidance of the SMPC and relevant working group members, it also responds to regulatory consultation papers and prepares position papers on key market issues.

Recent publications include:

Market liquidity

- **The European Corporate Single Name Credit Default Swap Market - A study into the state and evolution of the European corporate SN-CDS market**, February 2018
- **The European Credit Repo Market: The cornerstone of corporate bond market liquidity**, June 2017
- **Remaking the corporate bond market: ICMA's 2nd study into the state and evolution of the European investment grade corporate bond secondary market**, July 2016

Electronic trading and market structure

- **Market electronification and FinTech**, October 2017
- **Bond trading market structure and the buy-side**, January 2017

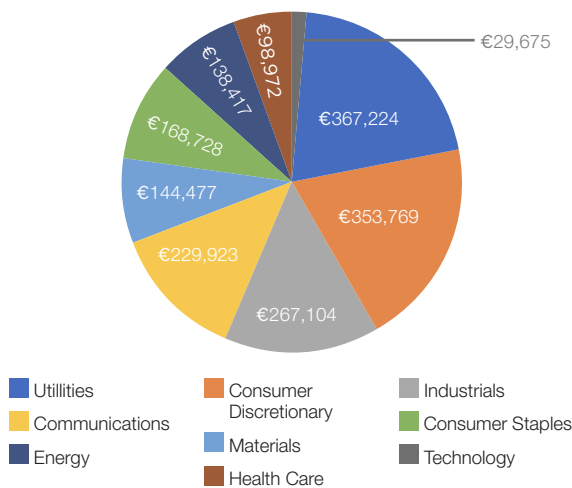
Consultation responses and position papers

- **ICMA's response to IOSCO's consultation paper on Regulatory Reporting and Public Transparency in the Secondary Corporate Bond Markets**, October 2017
- **MiFID II/R Post-trade transparency: trade reporting deferral regimes. An ICMA Position Paper**, May 2017

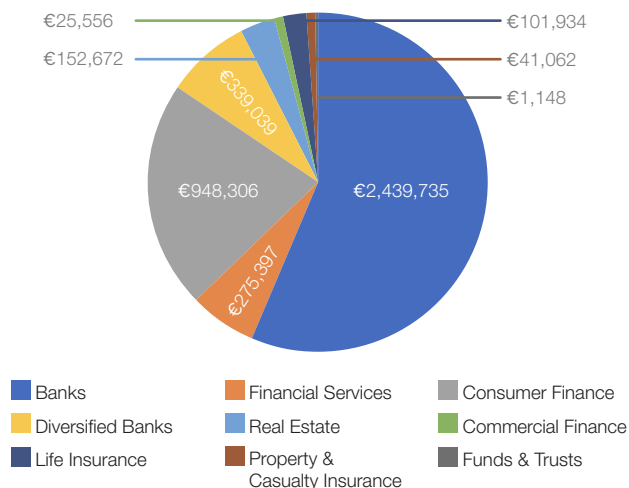
A number of MiFID II/R briefing notes can be found on the MiFIDII/R secondary markets section of the **ICMA website**.

EU corporate bond market size

EU Non Financials Corporate Bond Market €1,798,290 million



EU Financials Corporate Bond Market €4,324,849 million



Source: Bloomberg

Contacts at ICMA

Andy Hill, andy.hill@icmagroup.org
Senior Director, Market Practice and Regulatory Policy

Liz Callaghan, elizabeth.callaghan@icmagroup.org
Director, Market Practice and Regulatory Policy

Gabriel Callsen, gabriel.callsen@icmagroup.org
Associate, Market Practice and Regulatory Policy

For more information see the **Secondary Markets section on the ICMA website**.

ICMA Zurich

T: +41 44 363 4222
Dreikönigstrasse 8
CH-8002 Zurich
Switzerland

ICMA London

T: +44 20 7213 0310
23 College Hill
London EC4R 2RP
United Kingdom

ICMA Paris

T: +33 1 70 17 64 72
62 rue la Boetie
75008 Paris
France

ICMA Hong Kong

T: +852 2531 6592
Unit 3603, Tower 2,
Lippo Centre
89 Queensway Admiralty
Hong Kong

www.icmagroup.org

