

ICMA Secondary Market Practices Committee

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



July 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?

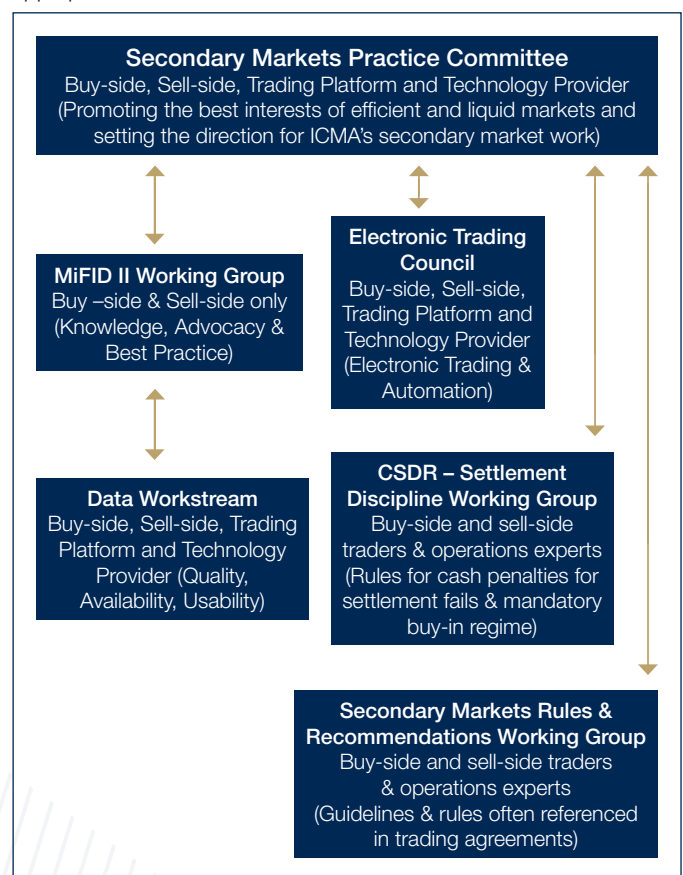
As the industry's representative body for cross-border fixed income markets, the SMPC works to foster robust, orderly, efficient, and liquid markets, by:

- 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, buy-side, trading venue and technology provider members, active in the cross-border fixed income secondary markets. In particular, but not limited to, 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. This WG also advocates agreed ICMA positions to ESMA, the European Commission, or EU Parliament, when appropriate.



Data Workstream of MiFID II Working Group - Members of this workstream focus on the quality, availability, scope, ownership, delivery, aggregation, and use of MiFID II generated data. Post MiFID II implementation, the WG is focusing on benchmarking MiFID II RTS 27 & RTS 28 reports for quality, delivery, obligations and “spirit” of MiFID II. In addition, the WG is also establishing standards for execution venues (MTFs, OTFs, SIs) delivery mechanisms for pre- and post- trade data.

Electronic Trading Council

The purpose of the ETC is to:

- provide a centralised platform for interactive dialogue for relevant fixed income trading participants and trading enablers with a view to identifying and documenting best practice and, where appropriate, recommending standards.

The ETC aims to do this through:

- bringing together representatives of the entire electronic trading ecosystem to reflect on the current and evolving electronic trading landscape; and
- facilitating discussion and dialogue in order to inform, engage, create debate, and allow opportunities for networking, as well as providing for the tracking, support, and assistance for trading-based market practitioners as fixed income electronic trading evolves. Through an open exchange of ideas, the goal is for ETC members to understand better the direction of travel for European cross-border fixed income electronic trading to support strategic planning.

Members of the ETC are buy-side heads of trading desks, sell-side senior traders or heads of market structure and/ or electronic trading and senior representatives from trading venues and technology providers.

The ETC also maintains [ICMA's mapping directory of European fixed income electronic trading platforms](#).

CSDR Settlement Discipline Working Group - The [CSDR-SD Working Group](#) is focused on the CSDR [Settlement Discipline](#) provisions, including the mandatory buy-in regime and cash penalties for settlement fails. The WG aims to identify and resolve practical implementation challenges related to the SD package, as well as directing ICMA's advocacy work around the regulation. Members include sell-side and buy-side traders (bonds and repo), as well as operations experts and interested legal, compliance, and regulatory policy representatives.

Secondary market Rules & recommendations Working Group - The [SMR&R Working Group](#) is tasked with reviewing the ICMA [Secondary Market Rules & Recommendations](#) in light of new regulation, evolving market structure, and market best practice. The WG looks to make revisions, or propose new rules, where appropriate. This covers all aspects of the ICMA Rules, including the Buy-in Rules. Members are primarily sell-side and buy-side fixed income traders, as well as operations experts and interested legal, compliance, and regulatory policy representatives.

SMPC members

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

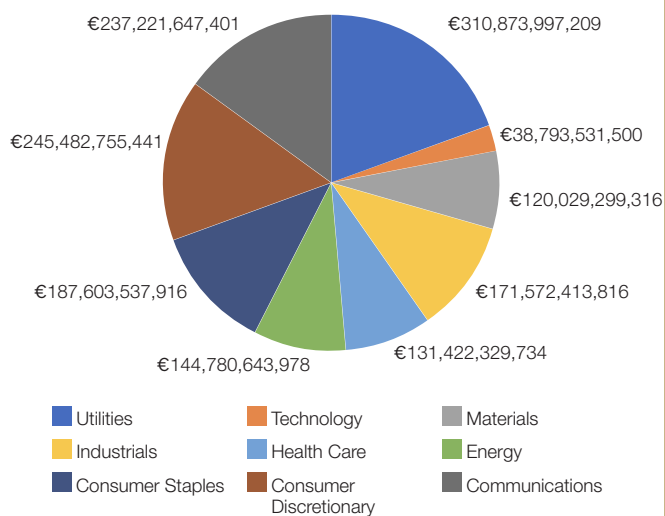
Sonali Das Theisen
BAML

Yann Couellan
BNP Paribas AM

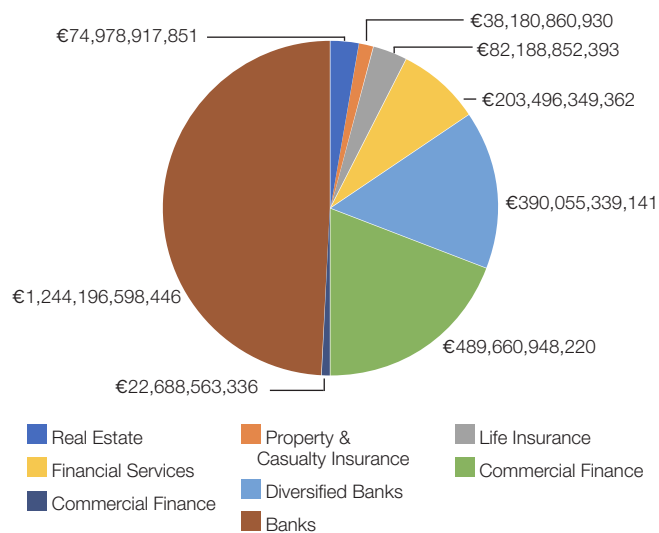
Firms actively represented in the SMPC and subsidiary working groups include: AXA IM; BAML; Banca IMI; Barclays Capital; BGC Partners; BlackRock; BNP Paribas; BNP Paribas AM; Credit Agricole; Credit Suisse Securities; Danske Bank; Deutsche Bank; Deutsche Asset Management; EFG Bank; Erste Group; Goldman Sachs International; Intesa Sanpaolo; JP Morgan Securities; KBC Bank; LCH Ltd; Morgan Stanley & Co International; Nex; NN Investment Partners; Nomura International; Nordea IM; Pimco; Schroder IM; Société Générale; Swedbank; Standard Chartered; T. Rowe Price; UniCredit Bank, and Westpac.

EU investment grade corporate bond market size¹

EU non-financials investment grade corporate bond market 1,587,780 million



EU financials investment grade corporate bond market 2,545,446 million



ICMA analysis using Bloomberg data (July 2018)

¹ Measured by IG corporate issuance denominated in EU28 currencies

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

Further resources:

The [Bond Market Liquidity Library](#) contains links to a range of reports and studies on bond market liquidity and efficiency, categorized by Academic studies, Market studies, and Regulators' studies. The ICE Data Services [Corporate Bond Liquidity Tracker](#) provides quarterly updated analysis of liquidity conditions across global markets.

The [Central Bank corporate bond purchase programmes](#) page contains quantitative analysis and links to official publications of the ECB's Corporate Sector Purchase Programme (CSPP), as well as official materials in relation to the Bank of England's Corporate Bond Purchase Scheme (CBPS).

Briefing notes and further resources related to [CSDR settlement discipline](#) including mandatory buy-ins, the [implementation of MiFID II/R in secondary markets](#), and the [Fundamental Review of the Trading Book](#) are available in the respective sections.

The [Market Data](#) pages provide regularly updated data on secondary corporate bond markets, including ICE corporate bond traded volumes, IHS Markit iBoxx and iTraxx indices.

The [FinTech and market electronification](#) page provides an overview of related ICMA groups, publications, resources including the Electronic Trading Platform (ETP) mapping directory, official publications related to distributed ledger technology and practical examples of new FinTech applications in bond markets.

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For more information see the [Secondary Markets section on the ICMA website](#).

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