

Summary of practical initiatives by ICMA

The practical initiatives on which ICMA has been engaged over the past quarter, with - and on behalf of - members, include the following:

Brexit

- 1 *Brexit cliff-edge risks*: On 22 June, ICMA published an open letter to senior political leaders in the EU27 and the UK on [Brexit: Cliff-Edge Risks in International Capital Markets](#).

Primary markets

- 2 *Public sector issuers*: The Public Sector Issuer Forum met at the EBRD in London on 18 June, with participation from the Bank of England and the FCA, to discuss international benchmark reform and the transition from IBORs to risk-free rates; and sovereign bond-backed securities.
- 3 *Transition from IBORs to risk-free rates*: ICMA's work on the transition from IBORs to risk-free rates is summarised in the Quarterly Assessment above.
- 4 *MiFID II/R implementation in primary markets*: Taking account of the implementation of MiFID II/R and PRIIPs at the beginning of 2018, ICMA has continued to discuss with the ICMA Primary Market Practices Committee and Legal & Documentation Committee the implications for the primary markets of the MiFID II/R regime for product governance, justification for allocations, inducements, and the PRIIPs regime.
- 5 *Prospectus Regulation*: The ICMA Prospectus Regulation Working Group has discussed ESMA's Technical Advice to the European Commission on Level 2 measures, and ICMA has contacted both the Commission and ESMA to note some concerns for the bond market.
- 6 *Private placements*: ICMA held a webinar for ABNR Counsellors at Law (Indonesia) on 25 April on private placements, and presented to the Belgian Association of Corporate Treasurers on 26 April on private placements as a source of funding.
- 7 *Electronification in primary markets*: An ICMA roundtable, bringing together investors, issuers, syndicates, law and technology firms, was held on 8 May to discuss trends and developments from a technology and innovation perspective, and identify the direction of travel in fixed income primary markets.

Secondary markets

- 8 *MiFID II/R regional workshops*: Following a series of ICMA workshops in the autumn of 2017 on the implications of MiFID II/R for fixed income trading, ICMA has held post-implementation workshops in London and Vienna, Hong Kong and Singapore. Further workshops are planned.
- 9 *ICMA SMR&R*: ICMA is consulting members on the impact of MiFID II/R and other proposed new EU regulations on the ICMA Secondary Market Rules & Recommendations (SMR&R). Following the meeting of the ICMA Secondary Market Practices Committee on 3 May, ICMA has established a dedicated working group to review the ICMA SMR&R.
- 10 *Electronic Trading Council*: The Electronic Trading Working Group and Platform Working Group have been combined to form the Electronic Trading Council (ETC), a technical working group under the umbrella of the ICMA Secondary Market Practices Committee. The inaugural meeting was held on 18 April. The ETC focuses on electronic trading and the role of technology in the evolving structure of fixed income secondary markets.
- 11 *CSDR-SD*: In the expectation that the proposed RTS for CSDR Settlement Discipline (including mandatory buy-ins) will be accepted by the co-legislators in the coming months, the SMPC intends to establish a dedicated working group focused on implementation and advocacy issues related to CSDR-SD. ICMA participated in a trade association meeting with ESMA on 5 June on the CSDR.
- 12 *Asian corporate bond liquidity study*: ICMA has been researching the state and evolution of the Asian corporate bond markets, as an extension of its work on the European markets. A separate report is due to be published soon.
- 13 *Electronic trading platform (ETP) mapping directory*: In light of the evolving market structure resulting from MiFID II/R, ICMA has reviewed and updated the ETP mapping directory, which includes new types of trading venues such as Organised Trading Facilities, but also information networks and order management systems.

Repo and collateral markets

- 14 *Basel III*: The ICMA European Repo and Collateral Council (ERCC) responded on 12 April to the European Commission's exploratory consultation on the finalisation of Basel III. The response flags the importance of European repo and collateral markets and evidences the stresses they are facing; and it accordingly then highlights that great care should be taken to fully assess the way in which further measures, particularly regarding haircuts, are calibrated.

- 15 *PTRRS*: Together with ISDA, the EBF and ISLA, on 10 April, ICMA published a white paper on the benefits of post-trade risk reduction services (PTRRS) as a crucial risk management tool.
- 16 *Legal opinions*: The 2018 updates to the ICMA GMRA legal opinions which support the Global Master Repurchase Agreement (GMRA), were published on 11 April. The 2018 opinions cover the use of the GMRA in over 60 jurisdictions worldwide. This considerable body of legal work is made available to ICMA members as a part of their membership of the Association. As announced on 20 March, ICMA will be discontinuing coverage of the GMRA 1995 in the ICMA GMRA legal opinions from 2019 onwards.
- 17 *ERCC Committee meetings*: In addition to regularly scheduled meetings, the ICMA ERCC Committee held a meeting with the ISLA Board, on 15 May, and with the IMF, on 21 May.
- 18 *SFTR implementation*: ICMA is continuing to help members to implement the EU Securities Financing Transaction Regulation (SFTR), through the ERCC SFTR Task Force.
- 19 *TARGET2-Securities*: On 4 May, ERCC sent a private letter to the ECB to provide comments in the context of the ongoing T2S pricing review.
- 20 *ECB AMI-SeCo*: The ERCC is represented on the ECB's Advisory Group on Market Infrastructure for Securities and Collateral (AMI-SeCo) and is playing an active role on its Collateral Management Harmonisation Task Force and the related workstreams.
- 21 *FinTech mapping*: ICMA's FinTech mapping directory, which includes more than 100 technology solutions for repo and cash bond operations, is being kept up-to-date on the ICMA website.

Asset management

- 22 *Covered bond legislation*: The ICMA Asset Management and Investors Council (AMIC) Covered Bonds Investor Council (CBIC) approved a position on the recently released EU legislation on European covered bonds. The CBIC welcomed the legislative initiative but warned that in some places the text risks lowering the high standards that investors have come to expect in covered bonds. The CBIC position paper develops some of the areas, such as eligible assets or extendable maturities, where investors would like to see more clarity and stricter criteria to ensure investor protection is upheld.
- 23 *STS Securitisation*: The European Commission finally issued a proposal to amend the Solvency II Delegated Act with regard to capital calibrations for STS securitisation. The AMIC Securitisation Working Group considers Solvency II reform crucial to the success of STS securitisation. ICMA has co-signed a letter with AFME and other European trade associations calling for more ambitious Solvency II reform, which was published on 6 June.
- 24 *Fund delegation*: The AMIC Executive Committee has approved the launch of a stand-alone AMIC position paper on fund delegation to emphasise the importance of the current fund delegation model to the European asset management industry.
- 25 *Fund liquidity*: The European Systemic Risk Board published a recommendation on liquidity and leverage risks in investment funds on 14 February. The AMIC Fund Liquidity Working Group has assessed the paper and prepared an internal analysis. The recommendation is sufficient cause for concern to justify an AMIC paper with regard to the on-going review of the ESRB to ensure a greater role for securities regulators and consultation with industry.

Green, social and sustainable bond markets

- 26 *European Commission Action Plan on Sustainable Finance*: The Commission's Action Plan, published on 8 March, follows many of the High Level Expert Group's recommendations, including an EU Green Bond Standard and a Sustainability Taxonomy, as well as greater emphasis on sustainability as part of investor duties.
- 27 *European Commission Technical Expert Group on Sustainable Finance*: Nicholas Pfaff has been appointed to represent ICMA on the European Commission Technical Expert Group on Sustainable Finance, supported by the GBP Executive Committee.
- 28 *France's Green Evaluation Council*: ICMA has been nominated as an observer on the Evaluation Council of France's green sovereign bond and is represented by Nicholas Pfaff. The Evaluation Council will define the specifications and schedule for evaluation reports on the environmental impact of France's green sovereign bond.

Other meetings with central banks and regulators

- 29 *ICMA Regulatory Policy Committee*: Verena Ross, Executive Director of ESMA, joined the ICMA Regulatory Policy Committee in Paris on 15 June for a discussion on regulatory developments.
- 30 *Presentation to the FCA on bond markets*: On behalf of ICMA, Ruari Ewing, Charlotte Bellamy and Andy Hill gave a presentation to FCA officials on 20 June on international bond markets.
- 31 *Official groups*: ICMA continues to be represented, through Martin Scheck, on the ECB Bond Market Contact Group; through René Karsenti, on the ESMA Securities and Markets Stakeholder Group; through Godfried De Vidts on the ECB Macroprudential Policies and Financial Stability Contact Group, and on the Consultative Working Group to ESMA's Secondary Markets Standing Committee, and through Charlotte Bellamy on the Consultative Working Group on ESMA's Corporate Finance Committee.
- 32 An updated draft of the [ICMA Regulatory Grid](#) has been posted on a password-protected webpage on the ICMA website.