

Summary of practical initiatives by ICMA

Primary markets

- 1 *MiFID II/R and investor protection:* ICMA is working with its members on primary market aspects of the AFM's 27 August MiFID II/R review, and seeking to follow co-legislator discussions of the Capital Markets Recovery Package in respect of MiFID II/R. ICMA also responded to an FCA consultation on speculative illiquid securities.
- 2 *Capital Markets Union (CMU):* ICMA worked on primary market aspects of ICMA's response on 30 June to the European Commission's consultation on the final report of the High-Level Forum on CMU and is reviewing the European Commission's new CMU Action Plan published on 24 September.
- 3 *Prospectus Regulation:* ICMA responded to the Prospectus Regulation-related questions (among others) in the European Commission's consultation on a new renewed sustainable finance strategy and the FCA's consultation CP20/3 on climate-related disclosures; and is considering questions relating to ESG-related disclosure more generally. ICMA has also liaised with ESMA and national regulators as well as members on new requirements relating to machine-readable data.
- 4 *Bank recovery and resolution:* The ICMA Legal & Documentation Committee and European Repo and Collateral Council submitted a joint response to the EBA's consultation relating to contractual recognition of resolution stay powers under Article 71a of BRRD. ICMA continues to discuss the implications of these new requirements with members.
- 5 *Deal announcement and new issue processes:* Following discussions among buy-side and sell-side market participants on new issue processes, ICMA has updated the form of deal announcement in the ICMA Primary Market Handbook.
- 6 *Book updates:* Following discussion in the ICMA Primary Market Practices Committee, ICMA has published a basis for book updates in the Primary Market Handbook.
- 7 *Stabilisation:* Following the implementation of MAR, ICMA has published updated stabilisation materials in the ICMA Primary Market Handbook.
- 8 *Post-trade:* ICMA is working on the primary market implications of various emerging post-trade initiatives, including: the ECB AMI-SeCo Collateral Management Harmonisation Task Force consultation on corporate action harmonisation; EDDI; and reforms to the ICSD syndicated closing process following CSDR implementation.
- 9 *Primary markets technology directory:* ICMA's directory covers existing and emerging platforms and technology solutions in primary markets and was initially launched in December 2018. It is reviewed regularly and the latest update was published at the beginning of October. The purpose is to help inform ICMA members and thereby create greater transparency. The directory is available on ICMA's website.
- 10 *Primary markets and Brexit:* ICMA is considering the changes that will be required to its Primary Market Handbook to reflect the end of the transitional phase of the UK's departure from the EU.
- 11 *ECP documentation:* ICMA has published an updated suite of ECP documentation in its Primary Market Handbook.

Secondary markets

- 12 *The European Investment Grade Corporate Bond Secondary Market and the COVID-19 Crisis:* On 28 May, ICMA published this report, prepared by Andy Hill with the ICMA Secondary Market Practices Committee, on how the European investment grade corporate bond secondary market performed during the COVID-19 crisis. The report has been shared with a broad range of regulators, who have responded with keen interest.
- 13 *CSDR mandatory buy-ins:* ICMA has written to the European Commission and ESMA outlining industry concerns relating to timely implementation of the CSDR mandatory buy-in provisions. The letter highlights the ongoing lack of regulatory clarification required by the industry to facilitate successful implementation, as well as asking the authorities to review the design and application of the buy-in framework in the light of recent market events.

- 14 *CSDR cash compensation*: A briefing note outlining the deficiencies identified in the CSDR provisions for cash compensation in the case of bond markets, as well as highlighting some of the potential market solutions under discussion, including the significant challenges associated with these, has been produced in conjunction with the ICMA dedicated CSDR Cash Compensation Workstream, part of ICMA's CSDR Settlement Discipline Working Group.
- 15 *CSDR buy-in agents*: ICMA has prepared a briefing note outlining the implementation challenges stemming from the CSDR requirement to appoint a buy-in agent at the start of the buy-in process. The concern is that there will not be an adequately developed market structure to support the buy-in process following go-live.
- 16 *ICMA Secondary Market Rules & Recommendations (SMR&Rs)*: ICMA is in the process of finalising a member consultation framework for updating its Buy-in and Sell-out Rules (part of the ICMA SMR&Rs) to align with and support implementation of the CSDR mandatory buy-in provisions.
- 17 *Consolidated tape for EU bond markets*: ICMA has published a report into considerations surrounding the establishment of an EU consolidated tape for bond markets. This report was prepared in response to a request from DG FISMA in the European Commission for a bespoke study assessing the feasibility of implementing a consolidated tape for EU post-trade raw bond data.
- 18 *Transparency and liquidity in the European bond markets*: ICMA has finalised a discussion paper that explores the interaction between bond market transparency and liquidity, which builds on recent work undertaken by the SMPC and the MIFID II/R Working Group.
- 19 *ICMA Secondary Markets Newsletter*: ICMA has launched a new Secondary Markets Update which provides a quick summary of ICMA's current initiatives and workstreams, pertinent news and regulatory updates affecting the secondary bond markets. It is to be published on a bi-monthly basis.
- 20 *Bond market transparency directory*: ICMA has expanded its Bond Market Transparency Directory to include pre-trade reporting obligations, in addition to post-trade obligations across multiple jurisdictions from Europe, the Americas and Asia-Pacific. The purpose of the mapping is to provide a consolidated view to compare both regulatory rules and best practice guidance on bond trade reporting transparency regimes, as well as details on reporting fields and exceptions.
- 21 *ETP mapping directory*: ICMA's mapping directory of Electronic Trading Platforms (ETPs) currently lists a total of 43 electronic execution venues, Order Management Systems (OMS) and information networks. It is intended to help market participants understand what execution and non-execution venues are available for cash bonds. The revised mapping is available on ICMA's website.

Repo and collateral markets

- 22 *ERCC Guide to Best Practice*: ICMA has published an updated version of the European Repo and Collateral Council (ERCC) *Guide to Best Practice in the European Repo Market*. The Guide had last been updated in December 2018.
- 23 *GMRA and CSDR mandatory buy-ins*: ICMA is in the process of developing an Annex to the GMRA to support implementation of the CSDR mandatory buy-in provisions.
- 24 *ESMA consultation on Clearing Solutions for Pension Scheme Arrangements*: The ICMA ERCC responded to the ESMA consultation on clearing solutions for PSAs in June 2020. The ERCC is also represented in the European Commission's Expert Group on Pension Scheme Arrangements.
- 25 *Updated version of ICMA's SFTR recommendations*: On 7 September, ICMA's ERCC published a third update to the *ICMA Recommendations for Reporting under SFTR*. This detailed ICMA guide has been developed by the ERCC's SFTR Task Force over a considerable period of time and was initially published on 24 February. The document aims to help members interpret the regulatory reporting framework specified by ESMA and sets out complementary best practice recommendations to provide additional clarity and address ambiguities in the official guidance.
- 26 *SFTR reporting go-live and follow-up*: On 13 July, SFTR reporting successfully went live. Based on feedback from members of the ERCC's SFTR Task Force, ICMA has created a log of the key reporting issues encountered by firms during the first weeks of reporting. The document has been shared with ESMA and some NCAs.
- 27 *SFTR public data*: All trade repositories (TRs) authorised under SFTR are required to publish, on a weekly basis, summary statistics from the previous reporting week. ICMA collects this data from the TRs, consolidates it and publishes the information in an aggregated and tabulated form on the ICMA website. The SFTR public data complements existing ICMA publications on repo, such as the semi-annual European repo survey.

- 28 *ESMA consultation on SFT position calculations*: On 15 September, ICMA's ERCC submitted a response to ESMA's consultation on draft Guidelines for the calculation of SFT positions by trade repositories in the context of SFTR. The response was prepared based on input provided by members of the ERCC's SFTR Task Force.
- 29 *Report on market conditions during the COVID-19 pandemic*: This ICMA report concluded that, while the market performed relatively well, demand for repo increased significantly during the height of the crisis in February/March and dealers' capacity to intermediate that demand was relatively constrained, limiting access to many firms that needed it.
- 30 *ICMA GMRA 2020 legal opinions*: The 2020 ICMA GMRA legal opinions which support the Global Master Repurchase Agreement (GMRA), the standard agreement for international repo transactions, were published on 16 April. They include a new opinion for Argentina.
- 31 *Netting in China*: ICMA updated members in August on recent developments in netting enforceability in the People's Republic of China (PRC). Earlier this year the China Banking and Insurance Regulatory Commission (CBIRC) communicated a draft consultation through targeted channels that (i) would clarify there is no conflict between Chinese Bankruptcy Law and close-out netting; and (ii) would provide an overview of the key steps preceding the commencement of bankruptcy proceedings against a PRC Bank. ICMA's PRC Counsel expects that in some aspects the GMRA legal opinion can be further strengthened in relation to the enforceability of close-out netting under the PRC law. ICMA will keep the membership informed as the CBIRC consultation progresses and, if appropriate, will commission an update of the PRC opinion.
- 32 *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 (CMH-TF).
- 33 *CDM for repos and bonds*: ICMA is cooperating with ISDA to extend the Common Domain Model (CDM) to include repo and, by extension, outright bond transactions. Two further workshops have been held in July and August respectively to develop a repo model for the CDM. Background information, including supporting materials from workshops and a link to a recent webinar can be found on ICMA's website.
- 34 *FinTech mapping directory for repo and cash bonds*: ICMA has conducted a review of the directory which currently lists over 160 solutions across 10 categories comprising collateral management, corporate actions, exposure agreement, intraday liquidity monitoring and reporting, matching, confirmation and allocation, reconciliations but also ancillary areas such as static data and SSI, workflow and communication and KYC onboarding. The latest version of the directory was published on 2 July and is available on ICMA's website.
- 35 *Repo trading technology directory*: In light of increasing electrification of repo markets, ICMA has conducted a mapping exercise of electronic trading platforms. In its latest revision, the scope has been extended to include all technology solutions for repo trading such as order management systems. The directory is intended to help market participants understand what execution venues and other technology solutions are available for repo trading, product scope, as well as differences in trading protocols, clearing and collateral configurations. The directory is available on ICMA's website.
- 36 *ICMA Asia-Pacific repo market report*: ICMA is preparing a report on developed and emerging repo markets in Asia-Pacific by jurisdiction, with summaries of regulatory landscape, infrastructure, market size and liquidity, and relevant law and regulation.

Sustainable finance

- 37 *European Commission's Platform on Sustainable Finance*: On 18 June, the European Commission launched a call for applications for its newly established Platform on Sustainable Finance. This will be an advisory body composed of 57 members from the private and public sector. Its main mandate will be assisting the Commission in the further development of the EU Taxonomy. With the support of the GBP ExCom, ICMA submitted its candidacy within the deadline of 16 July. On 1 October, Nicholas Pfaff was subsequently appointed representing ICMA as a Member of the European Commission's Platform on Sustainable Finance.
- 38 *European Commission consultation on the Renewed Sustainable Finance Strategy*: ICMA submitted its response on 15 July with input especially of the GBP ExCom, the Sustainable Finance Committee, the CIF, the AMIC and the LDC. ICMA confirmed among other things its support for the recommendations of the Commission's TEG on Sustainable Finance regarding the proposed EU GBS. It identified concerns on the usability of the EU Taxonomy in relation to some of its aspects such as the Do No Significant Harm (DNSH) requirements and the minimum safeguards. It also advised against the Commission developing product labels for social bonds and sustainability-linked bonds, and against the introduction of new requirements for green bonds into the Prospectus Regulation at this point in time.

39 *Sustainable finance market development in Asia*: ICMA assisted Bank of China to produce a Chinese translation of the influential Sustainable Finance High Level Definitions as well as the new Sustainability-Linked Bond Principles. ICMA has also recently consulted with national regulators in Singapore, India, and Indonesia on potential national taxonomies (the EU Taxonomy Regulation and disclosure requirements are also being watched closely and will likely be influential outside China, which already has a well-developed taxonomy). In southeast Asia, ICMA continues to work closely with the ASEAN Capital Markets Forum and national securities regulators on the development of sustainable finance markets, following the publication of ASEAN green and social bond standards that are based on and aligned with the Green and Social Bond Principles.

Asset management

40 *AMIC podcasts on the response to COVID-19*: ICMA has continued to stream a series of fortnightly podcasts in which Robert Parker, Chair of AMIC, has reviewed market events in context of the COVID-19 pandemic, with a specific focus on central bank policy measures, economic data and the impact on investors.

41 *Sustainable Finance Working Group*: On 1 September, the AMIC Sustainable Finance Working Group submitted its response to the ESAs' consultation on the Sustainable Finance Disclosure Regulation (SFDR). In its response, AMIC highlighted several challenges with the implementation measures proposed by the three European authorities, including both firm and product disclosure requirements and urged that the application date of the SFDR should be postponed.

42 *Leverage in AIFs*: On 1 September, the AMIC Risk Management Working Group submitted its response to the ESMA consultation on guidelines for NCAs when they consider potential financial stability risk associated with leverage in AIFs. The response recommends focusing on funds with substantial leverage first; suggests that funds should be analysed individually and not in groups; and argues that implementation of the guidelines should not lead to additional reporting by asset managers.

43 *Research*: On 11 September, AMIC submitted its response to the EC consultation on investment research. The response explains that partially reviewing unbundling rules will not contribute to reviving SME research to a meaningful extent, as a majority of members would not in practice be able to make use of the options proposed by the EC. AMIC therefore recommends that the EC considers other policy options to support SME research and funding in the context of post-COVID recovery (free-trial and issuer-sponsored research).

44 *AIFMD review*: The AMIC Risk Management Working Group is discussing the upcoming AIFMD review in the context of the recent ESMA letter on this matter.

Transition to risk-free rates

45 *Official sector sponsored working groups*: ICMA continues to participate in the Working Group on Sterling Risk-Free Reference Rates (and to chair the Bond Market Sub-Group), the Working Group on Euro Risk-Free Rates and the National Working Group on Swiss Franc Reference Rates. ICMA is also in regular contact with the ARRC FRN Group in the US and national working groups in Asia.

46 *Tough legacy proposals*: ICMA has engaged with various official sector contacts and members in relation to the "tough legacy" proposals put forward by authorities in the US, the EU and the UK.

47 *IBOR Transition Guide for Asia*: ICMA, together with APLMA, ASIFMA and ISDA, published an *IBOR Transition Guide for Asia* on 13 July.

48 *Communication with members*: ICMA continues to keep members up-to-date on its work on the transition to risk-free rates via a [dedicated webpage](#), the ICMA Quarterly Report, regular ICMA committee and working group meetings and emails to the ICMA Benchmark Group.

49 *Coordination with other trade associations*: ICMA continues to participate in regular calls of the Joint Trade Association LIBOR Working Party established by the LMA, as well as regular calls of the APAC Benchmark Working Group established jointly by ICMA, ASIFMA, ISDA and APLMA.

FinTech in capital markets

50 *FinTech Advisory Committee (FinAC)*: ICMA's FinAC held its fourth meeting on 16 July, bringing together front office, middle/back office, legal and technology expertise across ICMA's core areas. On the agenda were an update by the BIS Innovation Hub on its current priorities in relation to FinTech trends, new initiatives and standardisation in secondary bond markets, and the Barclays White Paper, *Industry Adoption Scenarios for Authoritative Data Stores using the ISDA Common Domain Model (CDM)*, which was published on 13 July 2020.

51 *ECB FinTech Task Force*: ICMA, through the ERCC Ops Group, continues to be represented on the ECB's FinTech Task Force, a sub-group of the AMI-Pay and AMI-SeCo, following the renewal of its mandate and extension to payments. ICMA contributes, for example, to the mapping exercise of post-trade technology solutions, as well as the report on tokenisation of securities in a DLT environment.

- 52 *Bank of England Data Collection Review Wholesale Working Group*: ICMA is represented on the Bank of England's newly established Data Collection Review Wholesale Working Group. The purpose is to contribute to the transformation plan for data collection from the UK financial sector over a 5-10 year horizon. The second meeting was held on 14 September, and the next meeting is due in the second half of October.
- 53 *DLT regulatory directory*: ICMA has updated its DLT regulatory directory with several new regulatory and legislative developments, national blockchain initiatives, publications and consultation papers. The directory was initially published in December 2019 and seeks to provide a non-exhaustive overview of recent DLT regulatory guidance, legislative initiatives, as well as related strategy papers and publications in selected jurisdictions across Europe, North America, and Asia-Pacific.
- 54 *European Commission consultation*: ICMA submitted by the deadline of 26 June its response to selected aspects of the European Commission's consultation on a new digital finance strategy for Europe/FinTech Action Plan.
- 55 *Joint Trade Association letter*: ICMA, along with ISDA and other trade associations have jointly submitted a letter to policy makers asserting their commitment to defining and promoting the development of a digital future for financial markets. The letter sets out a series of principles and objectives across three core areas - standardization, digitization and distribution - in order to increase efficiencies, reduce complexity and lower costs.
- 56 *Fintech Newsletter*: ICMA has launched a new FinTech Newsletter which provides a quick summary of ICMA's cross-cutting technology initiatives across its key market areas. It also provides insights into regulatory updates, consultation papers, news and other publications, and upcoming meetings and events. It is published on a 4-6 weekly basis, depending on content load.
- 59 *Bundesbank/ICMA*: A small group of ICMA Board and Committee Chairs held another meeting with Dr. Sabine Mauderer, Executive Board member of the Bundesbank, and colleagues, on 29 June.
- 60 *Other official groups in Europe*: ICMA continues to be represented, through Martin Scheck, on the ECB Bond Market Contact Group and on the ESMA Securities and Markets Stakeholder Group; through Nicholas Pfaff on the European Commission Platform on Sustainable Finance; through Charlotte Bellamy on the Consultative Working Group on ESMA's Corporate Finance Committee; and through Gabriel Callsen on the ECB AMI-Pay AMI-SeCo Joint Task Force on Innovation and FinTech (FinTech-TF) and the newly established Bank of England Data Collection Review Wholesale Working Group.
- 61 *HKMA/ICMA*: ICMA held bilateral meetings with HKMA in July and August to discuss bilateral cooperation on (i) a potential joint sustainable finance event in October, (ii) a new initiative of a joint report of Asian primary and secondary markets, and (iii) advisory on market development and capacity building particularly in secondary and sustainable markets.
- 62 *MAS/ICMA*: ICMA held bilateral meetings with MAS on sustainable finance and primary market in June and July to discuss (i) national standards and taxonomies; and (ii) DCM underwriting processes in Asia.
- 63 *ASEAN Capital Market Forum (ACMF) /ICMA*: ICMA will co-organise an event with ACMF on 21 October on regulatory initiatives to promote sustainable finance in ASEAN. Speakers include representatives from Monetary Authority of Singapore, Securities Commission Malaysia, Securities and Exchange Commission Philippines, Securities Commission Vietnam, and Asian Development Bank.

Other meetings with central banks and regulators

- 57 *FSB/ICMA Regulatory Policy Committee (RPC)*: Eva Hüpkes, Head of Regulatory and Supervisory Policies, FSB, joined the ICMA RPC virtual meeting on 17 September for a discussion.
- 58 *German Ministry of Finance/ICMA Secondary Market Practices Committee*: A representative of the German Ministry of Finance is due to join the virtual meeting on 15 September.