

# Summary of practical initiatives by ICMA

## Primary markets

- 1 *Primary Market Handbook and post-Brexit:* ICMA circulated and published for members and Handbook subscribers on 17 December 2020 updated standard language reflecting the end of the post-Brexit transition period.
- 2 *MiFID II/R and investor protection:* ICMA followed co-legislator discussions on the Capital Markets Recovery Package in respect of MiFID II/R product governance. ICMA also responded to a UK FCA consultation on minibond restrictions.
- 3 *Prospectuses:* ICMA responded to the UK call for evidence on the UK Listing Review on 18 December. ICMA primary market members are also considering questions relating to ESG-related disclosure in prospectuses and market practice related to prospectuses for green, social and sustainability bonds. In addition, ICMA is tracking developments related to the proposed amendments to the Prospectus Regulation as part of the EU's Capital Markets Recovery Package.
- 4 *Bank recovery and resolution:* ICMA published a note on the implications of the end of the post-Brexit transition period for contractual recognition of bail-in in respect of underwriters' liabilities arising under new bond issue and ECP documentation. Together with AFME, ICMA published clauses for contractual recognition of EU and UK bail-in of "other liabilities". ICMA also circulated to primary market members a summary of the consensus of the ICMA Legal & Documentation Committee on the implications of Article 71a of the BRRD for new bond issue and ECP programme documentation and updated the ICMA Agreement Among Managers version 1 and version 2 to include relevant recognition of bail-in clauses for the end of the post-Brexit transition period.
- 5 *Book updates:* Following Primary Market Handbook publication of a basis for book updates in the European context, ICMA published an Asian equivalent on 17 December.
- 6 *New issue processes:* ICMA is intending to respond to a Hong Kong Securities and Futures Commission consultation on its potential code on bookbuilding and placing. ICMA has also been working to help underwriters to transition to a new method for recording allocation justifications in the context of MiFID II/R.
- 7 *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; ECB Debt Issuance Market Contact Group (DIMCG) deliberations; and reforms to the ICSD syndicated closing process following CSDR implementation.
- 8 *Primary Market Forum:* ICMA's Primary Market Forum took place virtually on 13 October. Speakers from Europe and Asia Pacific addressed issues such as sustainable finance; the actual and expected impact of COVID-19; key issues leading up to, and following, the end of the post-Brexit transition period; whether the market is ready for a smooth transition away from LIBOR towards risk-free rates; and other regulatory and market practice developments and dynamics affecting the global capital markets.
- 9 *Primary markets technology directory:* ICMA's directory covers existing and emerging technology solutions in primary markets and was initially launched in December 2018. It is regularly reviewed and the latest update was published at the beginning of October 2020. The aim is to help inform ICMA members and thereby create greater transparency. The directory is available on ICMA's website.

## Secondary markets

- 10 *MiFID II/R responses to ESMA:* ICMA's MiFID II/R Working Group has responded to two ESMA consultations: *Obligations to Report Transactions and Reference Data*; and *Functioning of Organised Trading Facilities (OTFs)*. The latter covered a much wider scope than OTFs, including the potential forced authorisation of software and technology providers as trading venues: eg information networks.
- 11 *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. The Commission's CSDR review may provide an opportunity to make changes to the CSDR mandatory buy-in provisions ahead of implementation in February 2022.

- 12 *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.
- 13 *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.
- 14 *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. The consultation is on hold pending the CSDR review.
- 15 *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.
- 16 *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.
- 17 *ICMA Secondary Markets Newsletter*: ICMA has launched a new Secondary Markets Newsletter which provides a quick summary of ICMA's current initiatives and workstreams, pertinent news and regulatory updates affecting the secondary bond markets. It is published on a bi-monthly basis.
- 18 *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.
- 19 *ETP directory*: ICMA's directory of electronic trading platforms (ETPs) lists electronic trading venues, execution and order management systems (EMS/OMS) and information networks available for cash bonds. It is intended to help market participants compare the

capabilities of different solutions to determine which platforms best suit their investment and/or trading strategies. The latest version was published on 16 December and is available on ICMA's website.

- 20 *The internationalisation of the China corporate bond market*: ICMA is drafting a report that looks at the growth and development of China's onshore and offshore corporate bond markets.

## *Repo and collateral markets*

- 21 *ERCC Guide to Best Practice*: On 24 September, ICMA 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.
- 22 *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.
- 23 *Updated version of ICMA's SFTR recommendations*: On 29 October, ICMA's ERCC published the fifth edition of the *ICMA Recommendations for Reporting under SFTR*. This detailed ICMA guide has been developed by the ERCC's SFTR Task Force to help members interpret the regulatory reporting framework specified by ESMA and to set out detailed complementary best practice recommendations which provide additional clarity and address ambiguities in the official guidance.
- 24 *SFTR buy-side reporting go-live and follow-up*: On 12 October, the buy side successfully started reporting under SFTR. ICMA continues to maintain a log of the key reporting issues encountered by firms which has been shared with ESMA and some NCAs.
- 25 *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.
- 26 *ESMA consultation on MiFIR transaction reporting*: As part of the broader ICMA response, the ERCC submitted some repo-specific comments, in particular requesting ESMA to remove all SFTs from the scope of MiFIR transaction reporting. SFTs with EU central banks are currently reportable under MiFIR as they are exempt from SFTR.
- 27 *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).

- 28 *Intraday liquidity*: The ERCC Operations Group is actively looking at the challenges around intraday liquidity management and is working on concrete recommendations and best practices to address these. The work is closely coordinated with the relevant ECB market infrastructure groups, including the CMH-TF.
- 29 *CDM for repos and bonds*: ICMA is cooperating with ISDA and Regnosys to extend the development of the Common Domain Model (CDM) to include repo and, by extension, outright bond transactions. ICMA is putting in place an appropriate governance structure to manage this project in light of its complexity and involvement of various stakeholders. Background information, including supporting materials from workshops and a link to a webinar can be found on ICMA's website.
- 30 *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, and 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 in July and is available on ICMA's website.
- 31 *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.
- 32 *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.
- 33 *The European commercial paper market reimagined*: On 4 November, ICMA held a cross-industry workshop focused on how the European commercial paper market performed during the COVID-19 crisis and what regulatory and market initiatives could improve market efficiency, liquidity, and resilience. Future workshops are planned, with the intention of formulating concrete recommendations and potential engagement with regulators.
- 34 *ESG and repo & collateral*: ICMA is exploring the potential for ESG considerations from the perspective of the repo and collateral markets. An ERCC discussion paper is projected for early 2021.
- 35 *ERCC Newsletter*: In November, ICMA launched a new monthly Repo and Collateral Newsletter with updates on the key initiatives and workstreams undertaken by the ERCC as well as other relevant repo market developments.
- 36 *ERCC virtual AGM*: On 7 October, the ERCC held its Annual General Meeting. The virtual (live-streamed) event was supported by Equilend, and covered a broad range of relevant topics, including the latest repo market trends, important regulatory developments and relevant legal updates.

### *Sustainable finance*

- 37 *European Commission's Platform on Sustainable Finance*: On 1 October 2020, ICMA was selected by the European Commission to be one of the [50 members](#) of the Platform on Sustainable Finance. As background, on 18 June 2020, the European Commission had launched a call for applications for its newly established [Platform on Sustainable Finance](#) that will take over from the preceding TEG, where ICMA has been an active member. The Platform will be an advisory body composed of members from the private and public sector. Its main mandate will be to assist the EC in the further development of the EU Taxonomy. ICMA is represented on the Platform by Nicholas Pfaff and Simone Utermarck.
- 38 *EU GBS consultation*: ICMA worked on the [EC consultation](#) on the EU Green Bond Standard (deadline 2 October 2020). The [response](#) was submitted primarily on behalf of the GBP SBP Executive Committee, but it also included input from the SFC channelling comments from ICMA's other key constituencies. ICMA's response focused especially on the need for flexibility regarding alignment with the EU Taxonomy, in particular with the "do no significant harm" principle and/or minimum safeguards. It also underlined the grandfathering issues arising from the periodic review of the Taxonomy's technical criteria.
- 39 *Consultation on the two delegated Acts on the technical criteria for environmental objectives climate change mitigation and climate change adaptation (deadline 18 December 2020)*: ICMA has [responded](#) to this consultation mainly on behalf of the GBP Executive Committee with input from the Sustainable Finance Committee (SFC). Our response concentrates on usability for issuers for criteria that are most relevant to the green bond market such as those for energy efficiency for buildings, as well as "do no significant harm" challenges relating to climate change adaptation.

### *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 the ICMA Asset Management and Investors Council (AMIC), has reviewed market events in the context of the COVID-19 pandemic, with a specific focus on central bank policy measures, economic data and the impact on investors.

- 41 *AMIC Sustainable Finance Working Group*: On 23 October, the AMIC held a virtual panel discussion on *Sustainable Finance: Taking Stock of Regulatory Developments, Market Trends and Investors' Needs*.
- 42 *AMIC response to ESMA consultation on Article 8 of the Taxonomy Regulation*: The AMIC Sustainable Finance Working Group submitted on 4 December its response to the ESMA consultation on the implementation of Article 8 of the Taxonomy Regulation, which requires large, listed companies in the scope of the NFRD (including listed asset managers) to report on the extent to which their activities are sustainable.
- 43 *AMIC response to the Commission consultation on an EU Ecolabel*: The AMIC Sustainable Finance Working Group submitted on 11 December its response to the European Commission consultation on an optional EU Ecolabel for financial products. This is mostly relevant for retail investment funds.
- 44 *AMIC Risk Management Working Group paper on AIFMD*: the AMIC issued a paper ahead of the AIFMD review consultation and in reaction to an ESMA letter published in August. The AMIC paper argued that the current framework has proven to be fit for purpose in the light of the COVID-19 crisis. The AMIC is now preparing responses to the consultations on the AIFMD review and the ELTIF Regulation review.

## *FinTech in capital markets*

- 45 *FinTech Advisory Committee (FinAC)*: ICMA's FinAC held its fifth and sixth meetings on 28 September and 19 November respectively, bringing together front office, middle/back office, legal and technology expertise across ICMA's core areas. On the agenda were trends and new initiatives from a legal perspective, reporting in capital markets, as well as an outlook on the future of capital markets, notably the Utility Settlement Coin (USC) and Central Bank Digital Currencies (CBDC), and digital debt securities in the context of the German draft law for the issuance of electronic securities. The future composition of the FinAC was also discussed to ensure engagement is consistent across ICMA constituencies and the committee has the right level of expertise.
- 46 *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. ICMA contributes, for example, to the mapping exercise of DLT solutions, as well as the report on tokenisation of securities in a DLT environment.
- 47 *Bank of England Data Collection Review Wholesale Working Group*: ICMA participated in the Bank of England's 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 third and last meeting was held on 22 October to select use cases for the transformation plan, which is due to be published by the Bank of England in early 2021.
- 48 *IOSCO FinTech Network*: ICMA continues to participate in the IOSCO FinTech Network. The latest call was held on 24 November and included an update on the network's Steering Group call, notably members' experiences during the COVID-19 pandemic, future projects in relation to stablecoins and decentralised finance, and members' updates, eg on the work of the Global Financial Innovation Network (GFIN) led by the FCA.
- 49 *ICMA virtual FinTech Forum*: ICMA held its FinTech Forum virtually on 26 November. The event featured a keynote by the ECB on a digital euro, opportunities and challenges, as well as a panel discussion on bond markets against the backdrop of COVID-19: standardisation, innovation and tokenisation. Over 260 delegates attended the event.
- 50 *ICMA virtual roundtable on FinTech and sustainable bond markets*: ICMA held an invitation-only roundtable on 2 December. The event brought together a group of selected market stakeholders representative of ICMA's broad membership, including issuers, investors, underwriters, and data providers. The objective was to gain perspectives on how technology can be leveraged to further sustainability in bond markets, explore key trends and drivers, but also challenges and opportunities, and to publish the findings in the ICMA Quarterly Report (see the Features section).
- 51 *ICMA virtual roundtable on data standards in primary markets*: ICMA held an invitation-only roundtable on 7 December, bringing together relevant vendor firms, representatives from ICMA's primary market constituencies as well as ICMA's Market Infrastructure Advisory Group (MIAG). The purpose of the roundtable was to identify obstacles to STP and gaps in terms of data standards, explore the need for harmonization, and discuss to what extent ICMA templates can be leveraged.
- 52 *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 DLT regulatory guidance, legislative initiatives, as well as related strategy papers and publications in selected jurisdictions across Europe, North America, and Asia-Pacific.
- 53 *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.



54 *FinTech Newsletter*: ICMA's FinTech Newsletter, launched in June, 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.

### *Transition to risk-free rates*

- 55 *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 (as an observer) 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.
- 56 *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.
- 57 *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 e-mails to the ICMA Benchmark Group.
- 58 *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.
- 59 *Joint trade association publication on BMR third country regime*: ICMA joined a joint trade association publication supporting the extension of the third country benchmark regime under the BMR until the end of 2025.

### *Capital Markets Union*

- 60 ICMA published its *Preliminary Thoughts on the new Capital Markets Union Action Plan* on 1 October. The response addressed, among other things, aspects from primary and secondary markets, repo, sustainable finance and FinTech.
- 61 ICMA's Regulatory Policy Committee held a meeting with Markus Ferber, Member of the European Parliament and rapporteur for the MiFID II/R "quick fix" file. The meeting took place on a trial basis and should pave the way for further meetings with MEPs and other relevant authorities.

### *Other meetings with central banks and regulators*

- 62 *European Commission/ICMA Regulatory Policy Committee*: Tilman Lueder, DG FISMA, joined the virtual meeting on 15 December for a discussion with members.
- 63 *German Ministry of Finance/ICMA Secondary Market Practices Committee*: A representative of the German Ministry of Finance joined a virtual meeting on 15 September.
- 64 *ECB/ICMA*: ICMA, together with Board members and chairs of its committees, held a meeting with senior ECB officials on financial stability and monetary operations on 10 November.
- 65 *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 Lee Goss on the ECB Debt Issuance Market Contact Group (DIMCG); 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).
- 66 *ASEAN Capital Market Forum (ACMF)/ICMA*: ICMA co-organised an event with ACMF on 21 October on regulatory initiatives to promote sustainable finance in ASEAN. Speakers included representatives from Monetary Authority of Singapore, Securities Commission Malaysia, Securities and Exchange Commission Philippines, Securities Commission Vietnam, and Asian Development Bank.