

ICMA Quarterly Report

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Innovation and digitalisation

Emerging capital markets



ICMA

International Capital Market Association



The mission of ICMA is to promote resilient and well-functioning international and globally integrated cross-border debt securities markets, which are essential to fund sustainable economic growth and development.

ICMA is a membership association, headquartered in Switzerland, committed to serving the needs of its wide range of members. These include public and private sector issuers, financial intermediaries, asset managers and other investors, capital market infrastructure providers, central banks, law firms and others worldwide.

ICMA currently has over 630 members in 71 jurisdictions worldwide. ICMA brings together members from all segments of the wholesale and retail debt securities markets, through regional and sectoral member committees, and focuses on a comprehensive range of market practice and regulatory issues which impact all aspects of international market functioning. ICMA prioritises three core fixed income market areas – primary, secondary and repo and collateral, with cross-cutting themes of sustainable finance and innovation and digitalisation.

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Supporting resilient and trusted capital markets



by **Stephen Fisher, Chair of the Board of ICMA**

I am pleased to introduce my first Quarterly Report as Chair of ICMA coming at a time when international capital markets continue to show their importance and adaptability. In conversations with members, I often hear a shared sense of both challenge and opportunity: higher debt levels, geopolitical uncertainty, changing regulation, rapid technological development and the continuing need to finance growth and transition. These issues are now part of the environment in which our markets operate. They also underline why resilient, open and well-functioning bond and repo markets matter so much. They are essential to the way economies fund themselves, manage risk and support future investment.

For me, ICMA's role is most valuable when it stays close to the practical reality of the market. We help markets work better through advocacy, standard setting, market practice and the ability to bring people together. That may sound simple, but it is where ICMA's strength lies: in trusted relationships, practical expertise and the willingness of members to share experience openly. It also reflects a clear understanding of how markets really operate: how bonds are issued and traded, how collateral moves, how liquidity is provided, how risk is managed and how rules are implemented in practice.

Bond markets sit at the centre of that story. They allow governments to fund public needs, companies to invest and grow, and investors to manage savings, liquidity and risk. Confidence in these markets is built over time, through transparency, legal certainty, trusted documentation and a shared understanding of good practice. One of the things I value about ICMA is that its standards, handbooks, principles and recommendations help provide that common language in markets that are global in scope but often fragmented by jurisdiction and regulation.

Repo and collateral markets deserve the same attention. They are sometimes described as market plumbing, but that phrase can understate their importance. Repo supports liquidity, price formation, collateral mobilisation and the

transmission of monetary policy. When repo markets work well, the wider fixed income market is stronger. That is why ICMA's work on the Global Master Repurchase Agreement, legal opinions, best practice, surveys and engagement with authorities is so valuable. The GMRA, in particular, shows how practical market standards can provide the legal certainty and consistency on which trust depends.

Advocacy is an important part of this work, and I think it is worth being clear about what good advocacy means. It is about helping public authorities understand how markets function, where practical issues may arise, and how policy goals can be achieved while supporting liquidity, efficiency and competitiveness. Europe's move towards shorter settlement cycles is a good current example. The opportunity is to deliver the benefits of faster settlement while ensuring that market liquidity, cross-border efficiency and operational resilience are protected as the change is implemented. ICMA can contribute to that debate because it brings together the breadth of the market and turns practical experience into evidence-based input.

Standard setting is the other side of the same coin. Markets need to innovate, and they also need trust and consistency. One of ICMA's strengths is its ability to turn market experience into practical frameworks that firms can actually use. Whether in primary markets, secondary markets, repo and collateral, sustainable finance, digitalisation or operational change such as settlement cycles, the value of ICMA's standards is that they are built with the market and tested by the market.

I would also highlight ICMA's education and training work, because it speaks to one of the most encouraging parts of our industry: the appetite to keep learning. Markets are strengthened not only by rules and documentation, but by people with expertise, judgement and professional standards. ICMA Education helps new entrants build strong foundations, gives practitioners the chance to deepen specialist knowledge, and supports more experienced colleagues as markets, regulation and technology continue



Foreword

to change. That investment in capability is, in my view, one of the most positive contributions ICMA makes to the long-term health of the market.

The same is true of ICMA's events and networks. In markets as interconnected as ours, the opportunity to meet, compare views and build trust remains hugely valuable. I see this very clearly at the ICMA Annual General Meeting and Conference, where members, policymakers and market participants come together from across the world not just to exchange views, but to build a shared understanding of the opportunities and issues ahead. More broadly, ICMA's conferences, committees, working groups, regional forums and member events help identify issues early, test solutions and ensure that the market's voice is informed, practical and credible.

This Quarterly Report shows the breadth of that work. It brings together analysis, policy updates and market practice across the areas that matter most to members. Reading across it, I am reminded why ICMA's model continues to work: practical expertise, international reach and a willingness to engage constructively with both the market and public authorities. Those qualities will be important as we look ahead to the next phase of change, including the future of bond market liquidity, the evolution of repo, sustainable finance, digital assets, AI and the continued drive to make markets more efficient and resilient.

My thanks go to ICMA's members, committees, working groups and staff for the quality of their contribution. ICMA's credibility comes from the willingness of its members to share expertise, challenge each other constructively and work together in the interests of robust and trusted markets. As Chair, I see that commitment at close quarters, and I do not take it for granted. It is what gives the association its impact. It is also why I am optimistic about the role ICMA can continue to play: supporting resilient bond and repo markets, shaping effective standards, building capability and bringing the market together.

Stephen Fisher is Global Head Government & Public Affairs, Deutsche Bank



EPFSF: twenty years of financial policy dialogue and ICMA's key involvement



by **Natalie Westerbarkey** and **Thorsten Guthke**

On 29 September 2026, the European Parliamentary Financial Services Forum (EPFSF)¹ marked its 20th anniversary and annual reception under the theme “*Shaping Europe's Strategic Future in a Fragmented World*”.² The anniversary comes at a particularly relevant time for European financial services, with competitiveness, investment and deeper financial-market integration at the centre of the EU policy agenda.

Twenty years of financial dialogue

For more than two decades, the EPFSF has provided an established platform for dialogue between Members of the European Parliament (MEPs) and the financial services community in Europe. Its purpose is to foster informed discussion of financial-services policy, provide a focal point for MEPs interested in financial-market issues and draw on the expertise of its members to provide factual market information.

The Forum brings together financial services corporates across the value chain as well as financial associations, with MEPs from different political groups playing an active role in its work, including through the EPFSF Steering Committee and as speakers and participants in policy-focused sessions. Their direct involvement helps ensure that discussions reflect current political priorities and enables a substantive exchange between policymakers and market practitioners.

The involvement of Accredited Parliamentary Assistants (APAs) is central to the engagement between MEPs and the financial services industry. Their presence at EPFSF sessions forms an important part of the Forum's engagement with the European Parliament, helping to ensure that key points

are captured and reflected in the advice and briefings they provide to the MEPs they support. In this way, the technical substance of EPFSF discussions on often complex financial-services issues can feed more effectively into the wider parliamentary policy process.

Consumer and end-user organisations also take part as observers, reinforcing the Forum's broad and cross-sectoral character.

Rather than acting as an advocacy organisation, the EPFSF provides a platform for dialogue and education through policy-focused debates, seminars and other events designed to deepen understanding of financial markets and regulation.

ICMA's key involvement in the EPFSF

ICMA's involvement in the EPFSF reflects its role as a recognised international capital markets association in European policy discussions. This provides a platform to contribute technical expertise, bring practical market perspectives into wider policy debates and promote informed dialogue between policymakers and market participants.

Since becoming a member of the EPFSF in October 2024, ICMA has actively contributed to the Forum's work across areas including capital markets, sustainable finance, repo and collateral, and financial regulation. This involvement draws on ICMA's broad international membership, specialist committees and working groups, and its longstanding engagement with European and international institutions.

A recent example was the EPFSF policy-focused debate on the review of the Sustainable Finance Disclosure Regulation (SFDR) in April 2026. ICMA Deputy Chief Executive and Head

1. [EPFSF – official website](#)

2. [EPFSF – 20th Anniversary & Annual Reception: Shaping Europe's Strategic Future in a Fragmented World](#)



of Sustainable Finance Nicholas Pfaff participated alongside policymakers, regulators and industry representatives, contributing ICMA's sustainable-finance expertise to a discussion on how the framework could be simplified and made more usable while maintaining transparency and investor confidence.

ICMA's role within the Forum was further reinforced in June 2026 with the election of ICMA Managing Director Natalie Westerbarkey to the EPFSF Board of Directors.³

Together with the involvement of ICMA's Brussels office and its internationally based regulatory policy teams, including through Brussels-based ICMA Director Dr Thorsten Guthke, this provides an established channel for contributing to the Forum's programme, identifying issues where capital-market expertise can add value and ensuring that perspectives relevant to ICMA members are reflected in cross-sectoral discussions.

From financial regulation to economic competitiveness

European financial policy is entering a new phase. In the years following the Global Financial Crisis, the focus was primarily on strengthening financial stability, supervision and resilience. Today, these objectives remain fundamental, but the policy agenda has broadened significantly to encompass Europe's ability to mobilise private capital for investment, innovation, the green and digital transitions, infrastructure and long-term economic growth.

This shift places financial markets at the centre of Europe's wider competitiveness agenda. The Savings and Investment Union (SIU)⁴, which builds on the foundations laid by the Capital Markets Union (CMU)⁵ and the Banking Union (BU)⁶, as well as the recent Market Integration and Supervision Package (MISP)⁷, comprises a number of central legislative initiatives to achieve that goal, together with the European Commission's recent work on banking competitiveness⁸. The objective is not only to safeguard financial stability, but to reduce fragmentation, deepen cross-border markets, improve the flow of savings into productive investment – effectively bringing the Single Market in financial services to life.

A more integrated financial system can broaden the financing options available to European businesses, particularly SMEs and innovative companies, across their development, from bank lending and securitisation-supported credit to private capital, bond-market financing and public equity.

These developments reinforce the importance of sustained dialogue between policymakers and market participants.

ICMA looks forward to continuing its contribution to the important work of the EPFSF, supporting informed policy discussions and helping ensure that Europe's banks and capital markets play their full and interconnected roles in financing European businesses and creating opportunities for European savers and investors.



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3. EPFSF - Board of Directors

4. European Commission – Savings & Investment Union (SIU)

5. European Commission – Capital Markets Union (CMU)

6. European Commission – Banking Union (BU)

7. European Commission – Market Integration and Supervision Package (MISP)

8. European Commission – Banking Competitiveness



Banking competitiveness



by **Natalie Westerbarkey**
and **Thorsten Guthke**

Summary

The European Commission's Banking Competitiveness initiative provides an important opportunity to strengthen Europe's banking sector while supporting the development of deeper and more liquid capital markets. ICMA argues that reform should focus on overcoming regulatory and operational fragmentation, reducing overlapping prudential requirements and increasing banks' usable balance-sheet capacity without weakening resilience. Particular attention should be given to the leverage ratio, output floor, the importance of bond and repo markets and cross-border banking activity. A more coherent, risk-sensitive framework would enhance banks' ability to underwrite, make markets, hedge risk and provide repo financing, helping to build a more integrated and competitive European capital market.

In pursuit of its ambition to strengthen capital market development and deliver the objectives of the Savings and Investment Union (SIU), the European Commission published its Communication on Banking Competitiveness on 17 July 2026, just seven months after proposing the Market Integration and Supervisory Package (MISP). Complementing the capital markets pillar of the SIU, the initiative seeks to reinforce the role of European banks by enhancing their competitiveness, facilitating the freer circulation of capital, promoting a more tailored implementation of global standards, and simplifying the increasingly complex regulatory framework.

Competitive banks and deep capital markets are mutually reinforcing. Europe will not develop larger and more liquid debt capital markets unless banks retain both the ability and the commercial incentive to intermediate. Banks underwrite new issuance, make secondary markets, warehouse risk, hedge exposures and use repo to finance inventories and mobilise collateral.

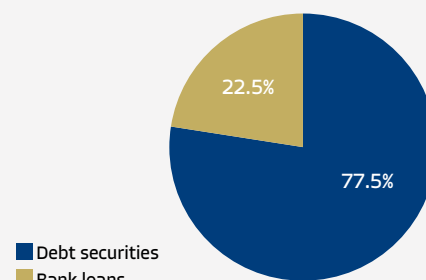
These functions require usable balance-sheet capacity. The objective of prudential reform should therefore not be deregulation, but better calibration: preserving the resilience of the banking system while ensuring that capital, leverage and liquidity requirements do not unnecessarily constrain economically important intermediation.

This is particularly important for European bond and repo markets. Repo finances dealer inventories, supports market liquidity and enables collateral mobility.

A prudential framework that constrains repo or makes market-making uneconomic will ultimately impede the development of Europe's debt capital markets.

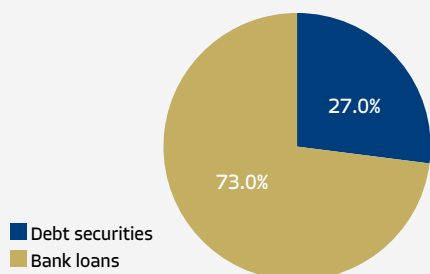
ICMA strongly supports the Banking Competitiveness initiative and has identified a range of technical and policy recommendations to complement the legislative measures that are expected to be proposed in early 2027, with the objective of maximising the initiative's success. In this context, it is useful to consider other jurisdictions that have traditionally benefited from deep, integrated and dynamic capital markets. Although it has evolved under different historical and institutional circumstances, the US capital market is significantly more developed than that of the European Union, particularly in the area of corporate bond markets.

US Corporate Financing (non-financials), Q4 2025





Euro area corporate financing (non-financials), Q4 2025



The European Commission has correctly identified the key challenges facing the European banking sector. The most significant obstacle to greater competitiveness, including increased cross-border activity, is fragmentation, both regulatory and operational.

From a regulatory perspective, fragmentation arises from differences in the calibration of capital and liquidity requirements. Operationally, banks often remain reluctant to expand cross-border activities because of the higher costs, risks and administrative burdens involved. This challenge is exacerbated by diverging national legislation, including gold-plating, the inconsistent application of EU rules across Member States, and varying supervisory and administrative practices. Together, these overlapping and often inconsistent approaches undermine the competitiveness of the European banking sector.

The second major obstacle is the implementation of international standards. Deviations from, and delays in, the implementation of internationally agreed standards, particularly Basel III, in some major jurisdictions have heightened concerns about the global competitiveness of EU banks. As a leading international standard-setting body for financial markets, ICMA stands ready to share its expertise and experience to help address these challenges.

Thirdly, undue complexity within the regulatory framework remains a significant concern. A combination of highly granular rules, complex reporting and disclosure requirements, and overlapping microprudential, macroprudential and resolution frameworks has created a regulatory landscape that is increasingly difficult to navigate. The absence of a holistic perspective further complicates implementation, given the large number of actors involved in the regulatory process.

Where greater harmonisation is required, directly applicable EU Regulations should generally be preferred to Directives.

A key challenge is that the cumulative interaction of capital, leverage, liquidity and resolution requirements may unintentionally constrain banks' ability to intermediate in bond and repo markets. Policymakers should assess whether

the overall prudential framework preserves resilience while still providing sufficient balance-sheet capacity for market-making, underwriting, hedging and repo activity.

The Commission explicitly acknowledges that various elements of the capital framework have been developed "in silos and in different sequences", resulting in requirements that may overlap or address the same risks. Many of the Commission's observations are consistent with findings from ICMA's work on European bond, repo and hedging markets, as well as with the conclusions of the European Commission Expert Group on Corporate Bond Markets (2017).

A particular concern is the reduced capacity of banks to warehouse risk and provide intermediation during periods of market stress. At the same time, market structures are evolving, with hedge funds and other alternative trading firms playing an increasingly important role in market-making activities.

Three priorities are central to preserving banks' capacity to support European capital markets: *scale, simplicity, and capacity*.

Scale

European banks must be able to deploy capital, liquidity and operational resources efficiently across the Single Market. National fragmentation, duplicated subsidiary-level requirements and inconsistent supervisory practices prevent banking groups from achieving genuine European scale. This, in turn, limits their ability to compete internationally in activities where scale is critical, including market-making, sovereign and corporate bond underwriting, primary dealing, derivatives and risk management.

The European Commission is right to propose measures aimed at supporting scale and competitiveness for EU banks, including initiatives to optimise the allocation of capital and liquidity through prudential waivers, intragroup large exposure exemptions and internal MREL arrangements.

To be effective, however, these measures must be sufficiently ambitious. They should build on the high degree of resilience and soundness already achieved by the European banking sector, as well as on the Single Rulebook and the demanding EU supervisory framework, while avoiding overly restrictive conditions that could undermine their intended benefits.

Simplicity

The future prudential framework should be coherent, predictable and sufficiently transparent for firms, supervisors and investors alike. Simplification should not be confused with a reduction in resilience. Rather, it means eliminating overlapping requirements, double counting, unnecessary reporting obligations and national divergences, while ensuring that regulation remains focused on material risks.



The Commission itself acknowledges that interactions between microprudential, macroprudential and resolution requirements can lead to duplicative capital demands and reduce the usability of capital buffers. Addressing these overlaps would improve both the effectiveness and efficiency of the prudential framework.

Capacity

Resilient banks require adequate capital and liquidity. Capital that is trapped, duplicated or effectively rendered unusable through the interaction of multiple regulatory constraints cannot support its intended economic purpose of market intermediation. The key test for future reforms should therefore be whether the overall framework continues to safeguard resilience while, at the same time, enabling banks to commit balance sheet capacity to economically important activities.

These activities include market-making, repo transactions, hedging and underwriting, all of which are essential to the efficient functioning of capital markets and to the financing of the real economy.

A critical priority will be to simplify the capital stack and supplementary requirements in order to increase usable balance-sheet capacity. The hierarchy of regulatory capital requirements and instruments should be streamlined, with fewer layers, less overlap and greater transparency, making it easier to understand and manage. This means reducing overlapping capital and loss-absorbing requirements and clarifying the hierarchy of buffers. Reassessing the leverage ratio (LR) should be a central element of this process, so that it operates as a credible backstop rather than a binding, risk-insensitive constraint.

The Banking Competitiveness initiative, together with MISP, provides an important opportunity to address structural constraints on European bond and repo market intermediation.

The following areas offer particular potential for progress.

1. Banks' role as market makers and market intermediaries

The ability to make markets depends on usable balance sheet capacity to warehouse risk, a functioning repo market to finance long and short positions, deep and liquid hedging markets and, to a lesser extent, a well-calibrated post-trade transparency deferral regime. All these aspects are directly impacted by the application of capital and liquidity rules. Bond market liquidity and resilience are heavily dependent on the ability and willingness of dealer banks to act as market makers.

Repo performs three connected functions in debt capital markets: it finances dealer inventories and short positions; it enables banks and investors to manage liquidity; and it mobilises the collateral required for margining, hedging,

and risk management. Frictions in repo therefore translate directly into reduced market-making capacity and weaker bond-market liquidity.

Banks' capital stacks should be simplified, and the prudential requirements facing EU banks should be more closely aligned with those applicable to their global competitors. This would increase underwriting capacity and help EU banks support large corporate capital-market transactions more efficiently. Simplifying the capital stack could help lower funding costs by reducing unnecessary pillar II add-ons.

In addition, deeper securitisation markets are essential. Reforms should allow banks to recycle exposures and free balance-sheet capacity through securitisation. Simplifying the bank capital structure, reducing its associated costs, and enhancing banks' balance sheet and trading capacity would have clear positive implications for the development of a more efficient and effective securitisation market.

Consideration should also be given to the various regulatory barriers and disincentives to the adoption of central clearing for the EU's government bond and repo markets, particularly with respect to non-banks. This includes MMF and UCITS rules that restrict the re-use of collateral, as well as MMF haircut requirements for third-country CCPs. More specifically, from a banking competitiveness perspective, the Commission's initiative should be an opportunity to review the capital rules as they apply to EU sponsor or agent clearing banks and to explore the potential for cross-product netting for counterparty credit risk capital under both the standardised approach and banks' internal models.

2. Enhancing the repo market's depth and efficiency

The repo market is already central to market functioning, and its importance is likely to increase as the ECB and the Eurosystem gradually withdraw liquidity from the financial system. While central-bank balance sheets remain substantial, the liquidity previously provided through central-bank facilities will increasingly need to be replaced by market-based sources. Repo is the natural channel through which much of this adjustment can occur, particularly as liquidity constraints emerge within the banking sector.

It is critical that regulators acknowledge the vital link between repo and collateral. While collateral, both in the form of cash and HQLA, is increasingly central to de-risking the financial system, repo is the means by which collateral is priced, transformed, and mobilised. Any unnecessary frictions imposed on the repo market are therefore a risk to financial stability.

3. International standards and the output floor

In terms of Basel III standards, a critical element is the output floor (OF). The OF can become overly binding and insufficiently risk-sensitive, particularly for sophisticated



European banks whose internal models have already been subject to extensive supervisory scrutiny. Targeted adjustments are needed to avoid disproportionate increases in financing costs for households, SMEs and green investment. Making permanent the transitional arrangements for certain residential mortgages and investment-grade exposures to unrated corporates would help to protect credit availability and EU competitiveness.

Using its empowerment under CRR, in June 2026 the Commission adopted targeted, temporary adjustments to the EU implementation of the Fundamental Review of the Trading Book (FRTB), including a multiplier to offset certain capital impacts. These measures are intended to maintain an international level playing field and the competitiveness of EU banks, given divergent implementation in other major jurisdictions.

Internal model-based approaches, including the Internal Model Method (IMM) for counterparty credit risk and the Internal Models Approach (IMA) for market risk, can provide greater risk sensitivity than standardised approaches. This is particularly relevant for repo and bond market intermediation, where factors such as low credit risk, short maturities, collateralisation, legally enforceable netting and hedging can materially reduce risk. The OF limits the aggregate capital benefit from internal models by linking minimum RWAs to those calculated using standardised approaches, which may provide less recognition of these risk-reducing characteristics.

International consistency is particularly important for FRTB, given that wholesale banking and trading are areas of direct competition between EU and US G-SIBs. Under the US framework proposed in March 2026, US banks would continue to be able to use internal models for market-risk RWAs, without these being subject to the Basel output floor. Ceteris paribus, this could place EU banks at a competitive disadvantage in internationally contested trading and market-making activities.

FRTB and the OF should also be considered as part of a broader assessment of prudential calibrations affecting repo and bond market intermediation, including counterparty credit risk, the leverage ratio and liquidity requirements. ICMA supports measures that preserve robust prudential standards and the EU's Basel III commitment, while ensuring that the framework remains appropriately risk-sensitive and does not unnecessarily constrain capital market intermediation.

The need to go further

Europe must take decisive and coordinated action to overcome market fragmentation. Harmonising rules and market practices requires both strong political commitment and a change in mindset among banks and market participants. Regulation is not always the primary obstacle, nor can legislation alone solve these challenges. Greater

cooperation between policymakers and practitioners is essential, alongside measures that support more cross-border banking activity within a truly integrated EU market. Taken together, these considerations point to five priorities for a holistic review of the prudential framework:

- Reassessing the leverage ratio;
- Adjusting the output floor;
- Providing greater usable balance sheet capacity;
- Fully recognising the role of repo markets as a key source of liquidity;
- Increasing cross-border banking activity within the EU.

For each proposed reform, the Commission should distinguish between:

- regulatory barriers, where EU or national requirements directly inhibit cross-border activity or market intermediation; and
- business or market-practice barriers, where activity is legally possible but does not develop because of commercial incentives, operational fragmentation, documentation or market structure.

This distinction will help ensure that legislation is used where necessary, while market-led solutions are applied where they can achieve integration more effectively.

Europe's ambition to deepen its debt capital markets depends on the strength of its intermediation ecosystem. Banks remain central to that ecosystem as underwriters, market makers, risk managers and providers of repo financing.

The objective should not be to weaken prudential standards. It should be to ensure that capital, leverage, liquidity and resolution requirements work coherently, reflect economic risk and leave banks with sufficient usable capacity to support bond and repo markets. This requires a holistic review of the cumulative framework, together with measures that allow capital and liquidity to move more efficiently across the Single Market.

Banking competitiveness and capital-market development should therefore be treated as a single policy challenge. A more integrated European market will require not only a supervisory union, but a genuine business union in which resilient banks are able and willing to intermediate across borders.



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Borrow bonds, lend cash, any questions? – The evolving landscape of international repo markets



by **Gareth Allen**

On our repo desk there used to be a phrase written on a board: “Borrow bonds, lend cash. Any questions?”

It stayed there for years. It was partly a joke, but there was also a lot of truth in it.

At its heart, repo is a remarkably simple product. One party needs cash and has securities. Another has cash and is prepared to lend it against those securities.

The same simplicity applies to risk management, where I think of it as four levers: counterparty, collateral, haircut and tenor.

The ordering matters. My primary risk is the counterparty; the collateral is there to mitigate that risk. So the first question is simple: do I actually want to give this counterparty a billion dollars?

Only then do I move on to the collateral. Is it liquid? What haircut do I need? What happens if the counterparty fails and I have to sell it? And what does the tenor and maturity profile look like?

Those basic questions have not changed much in twenty years. Almost everything around them has.

Repo is no longer just repo

When I started in the market, almost everything was manual: keeping track of trades on paper and reconciling my blotter at the end of the day. If you needed a particular security, you called a counterparty or sent a Bloomberg message: *have you got this, can I borrow it?*

Electronic trading and automation have probably been the biggest technological change I have seen. Today, large volumes can be executed electronically and flow automatically into firms’ systems. Availability can be searched, borrowing automated and much of the process happens with far less manual intervention.

But the more important evolution is not simply automation. Repo increasingly needs to be understood as part of a wider secured-financing toolkit.

A repo might finance a bond position, provide leverage, raise cash, invest cash or support market-making. Other secured-financing transactions can often achieve similar economic outcomes. That interchangeability matters: change the economics, regulation or balance-sheet treatment of one product and activity may migrate into another.

At transaction level, repo can still be remarkably simple. At system level, it sits inside a much larger and increasingly interconnected collateral ecosystem.

Cash and collateral

We naturally think about cash as sitting at the centre of the financial system. But increasingly, institutional cash does not move on its own. It moves with collateral.

There simply isn’t the risk appetite for the modern financial system to operate on unsecured credit alone. Compare lending a billion dollars unsecured with lending it against highly liquid government securities. In both cases you still need to understand the counterparty, but collateral gives the lender more confidence and allows larger amounts of money to move more safely and at greater speed.

That matters because the financial system itself has become bigger and faster, creating an enormous requirement for cash and collateral to move efficiently.

That is why I think of collateral as more than a risk mitigant attached to an individual trade. It is part of the infrastructure that allows money to move through the financial system safely, at scale and at speed. Repo is one of the principal mechanisms that makes that possible.



Why should anyone outside repo care?

Because this plumbing ultimately supports ordinary savings, investments and credit.

Pension and investment funds use repo to finance assets, manage liquidity and invest cash securely. It is largely invisible to the end investor, but part of the machinery supporting their savings and investments.

Banks also use secured funding to manage liquidity and support lending. So when repo markets function well, most people never need to think about them. When they do not, the effects can spread through market liquidity, funding costs and ultimately the availability and price of credit.

The better question is not “*who cares if repo stops working?*” It is:

What happens if money and collateral stop flowing efficiently around the financial system?

Leverage, liquidity and regulation

The growth of non-bank financial institutions and leveraged investors has understandably attracted attention. But I do not think leverage, by itself, is the problem.

Leveraged investors, hedge funds in particular, can bring two things that are extremely valuable to markets: liquidity and pricing arbitrage. Repo is often the financing mechanism that enables those strategies.

The difficulty may come if leverage is poorly managed.

For me, the obvious questions are concentration and liquidity. How large and crowded is the position? How much margin might be needed, where will the cash come from, and how does the financing behave under stress?

A portfolio can be highly leveraged and still be managed with a clear understanding of those risks. That is very different from being highly leveraged without understanding the potential risks.

It does not matter how attractive a trade looks if you cannot meet the margin call tomorrow morning.

This is also why repo is difficult to regulate. It does many things at once: funding, leverage, cash investment, market-making and collateral mobilisation. A change aimed at one particular risk can create consequences somewhere else.

If the concern is too much leverage in one part of the market, making repo more expensive may reduce it. But the next question has to be:

Where will that leverage migrate to?

Creating a constriction may be exactly the right thing for financial stability. But there is a balance between stability and liquidity, and activity may move into another product, market or jurisdiction rather than disappear.

This is where ICMA has an important role as a bridge between market practitioners and regulators: bringing product expertise into the debate, while providing the standards and best-practice frameworks that help turn regulatory objectives into workable market practice.

Repo is one of the key markets through which collateral is priced, transformed and mobilised. Change the cost or availability of doing that and the consequences can extend far beyond the individual transaction.

Clearing, margining and risk

The same principle applies to clearing, netting and cross-product margining: efficiency is not necessarily the same thing as risk reduction.

Repo is not a derivative. The products are closely connected through collateral, margin, liquidity and balance sheet, but default mechanics are different. In repo there are physical securities, and close-out requires securities to be bought or sold in the market. Liquidity, market depth and position size therefore matter.

For large direct clearing members, the attraction is overwhelmingly balance sheet: netting can materially reduce the amount required to support a given level of activity.

But with client clearing, there is a danger that “cleared” becomes shorthand for “safer”. The underlying client still has to meet margin calls and remain liquid through stress. Better netting may reduce the balance-sheet cost, but may also allow more activity and more leverage to be supported by the same balance sheet.

Cross-product margining raises a similar question. If positions genuinely offset, recognising that can reduce margin and risk-based capital. But a modelled offset is not necessarily genuine economic risk reduction.

Relationships that look stable in normal markets can behave differently under stress, and markets are not acting in the way they used to.

Developing markets and ICMA’s role

For a repo market to develop successfully, the first requirement is legal certainty. Participants need confidence that agreements are enforceable and close-out will work as expected.

After that comes the plumbing: custody, settlement, operational infrastructure, and a collateral market of sufficient quality, liquidity and scale.

ICMA is making a very practical difference in emerging and frontier markets: combining the GMRA framework with education, and bringing together local participants, infrastructure providers and regulators to help build the market around it.



China is particularly interesting because of the size of the opportunity. It is already a vast financial market. The opportunity is to connect more of it into the wider global system, allowing cash, collateral and capital to move more efficiently between domestic and international participants.

More broadly, ICMA's combination of market expertise, education and established standards helps connect these markets with international practice.

Seeing the market in all its glory

Technology has transformed repo, but connectivity between systems is still a major challenge. And once systems are connected, the next challenge is the data: making sense of what all those transactions actually mean.

What I would ultimately like to see one day is where the cash is flowing, what collateral is moving against it, in what currency, and on a net basis how those flows move between different types of market participant.

Digital markets and the tokenisation of collateral may add another layer of efficiency, but the fundamental economics remain the same.

Borrow bonds, lend cash still applies...

What excites me is the prospect that one day we may be able to see this market in all of its glory: not simply as millions of individual trades, but as the huge flows of cash and collateral through the financial system keeping it moving.

The market has become larger, faster and more interconnected, but the fundamentals remain surprisingly simple.

Who is my counterparty? What collateral am I holding? What haircut have I applied? What is the tenor and maturity profile of the portfolio?

ICMA has been one of the constants in the repo market for decades, helping the industry adapt as markets, technology and regulation have evolved.

Technology will help us see the system more clearly. Regulation will make it more resilient. Standards will allow markets to connect and develop safely.

But ultimately, the purpose of repo remains simple: to allow cash and collateral to keep moving safely through the financial system.

Borrow bonds, lend cash. Any questions?

Gareth Allen is Global Co-Head of Investment, Funding and Execution, UBS AG



DLT repo and collateral: closer than you might think



by **Andy Hill** and **Francisco Parente**

Summary

I Collateral management and repo are emerging as some of the most compelling use cases for DLT, with commercial applications already in regular use and a growing number of central bank, infrastructure, and industry initiatives underway. The technology does not change the legal or economic nature of repo. Instead, it offers a route to greater automation, faster settlement, and more efficient collateral mobilisation. Legal and regulatory certainty, technological neutrality, use of digital settlement assets, central bank collateral eligibility, interoperability, and resilience remain key hurdles. ICMA, through its legal frameworks, standards, and official sector engagement, is well placed to support this transition.

From experimentation to a nascent reality

As experiments and proofs of concept involving the tokenisation of real-world assets, digital issuance, distributed ledger technology and so-called “smart contracts” have gathered pace, there is an increasing realisation that one of the most compelling use cases for moving traditional markets onto “the chain” is collateral management and, by extension, repo. In fact, it is already happening, and widespread adoption of the new technology in the near future seems inevitable.

In ICMA’s recent publication, *DLT and Repo, Part I*, author Richard Comotto discusses two prominent examples of DLT repo already in regular commercial use: Broadridge’s Distributed Ledger Repo and JP Morgan Chase’s Kinexys (formerly Onyx). Meanwhile, numerous central-bank, public-sector and private-sector initiatives are under way, alongside tokenised collateral projects, digital bond issuance and work on digital settlement assets. DTCC, HQLA^x, Canton, Euroclear, Clearstream, Nasdaq, the Eurosystem, MAS Project Guardian, and the UK authorities, among others, are pursuing different elements of the digital collateral and repo ecosystem.

What are we solving for?

The repo market is critical to the functioning of the wider financial markets. It provides a mechanism for secured short-term borrowing and lending, supports market-making and liquidity in bonds and derivatives, and facilitates the transmission of central-bank monetary policy. Increasingly, it is also the means by which collateral is priced, transformed and mobilised. This collateral, together with the ability to transform and mobilise it, effectively underpins the stability and resilience of the global financial system.

The repo and collateral markets face two key pressures: the need for shorter and faster settlement cycles, including intraday liquidity management, and the requirement to post cash and non-cash margin, increasingly with very short notice. Legacy financial market infrastructure, with multiple settlement and payment systems, clearing houses, custodians, and other intermediaries, along with reconciliation processes, settlement windows, cut-off times, and highly manual collateral and transaction lifecycle management, do not support this new paradigm, particularly as collateral needs to move across markets and jurisdictions ever more quickly and efficiently.



DLT, along with the tokenisation or digitalisation of securities and money,¹ provides a potential solution to the current infrastructure-related fragmentation and inefficiency. While the role and economic function of repo and collateral do not change, the operational and post-trade model does. This technology, including the use of smart contracts to execute deterministic, rules-based processes, has the capability to automate and optimise a range of operations, including reconciliation, standardised settlement, whether near-real-time or atomic, collateral allocations and substitutions, corporate actions, manufactured payments, haircut maintenance, regulatory reporting, and risk management.

The case for an eventual transition of the repo and collateral market from the current infrastructure to a fully digitalised and DLT-based model would seem compelling. It is not so much a question of if, but rather when and how. Legal certainty, interoperability, scalability, and operational resilience will all be key for success.

The role of ICMA

ICMA has already developed a substantive global footprint in innovation and digitalisation, working with industry and regulators to set international standards. The most notable, and possibly most relevant, outputs in this context are the [Bond Data Taxonomy \(BDT\)](#) and [FINOS Common Domain Model \(CDM\) for repo](#), as well as the introduction of the [GMRA Digital Assets](#) and [Digital Bonds Annexes](#). ICMA is also making active contributions to a number of DLT collateral initiatives across Europe, Asia, and North America, including participation in the Eurosystem Appia Contact Group (which encompasses both the [Pontes](#) solution, [launched](#) in September 2026, and the longer-term [Appia](#) roadmap), the ECB [AMI-SeCo](#) DLT Collateral Management Expert Group, the MAS [Project Guardian](#) Tokenised Collateral Workgroup, and the [Canton Foundation](#) Collateral Subcommittee (where ICMA co-leads its Tokenised Repo & Financing Workstream), as well as [engaging](#) with the [UK's tokenisation initiative](#).

Given its role in international standard-setting and thought leadership for repo and collateral markets, this is a natural area for ICMA. ICMA is well placed to partner with regulators and the industry in supporting the safe, efficient and internationally consistent development of a global DLT repo and collateral market. It can also help ensure that this represents a coordinated evolution of the existing market ecosystem.

Supporting the transition

The successful transition from traditional rails to a DLT-based repo and collateral market will likely rest on three main pillars.

(i) DLT changes the infrastructure, not the transaction

Legally and economically, a repo executed on chain is no different from a repo executed off chain. Similarly, the core functions of repo remain the same (collateralised funding and lending; inventory financing; collateral and liquidity management; monetary policy transmission). Legal frameworks, best practices, and processes that already exist in the traditional market should be readily adaptable in a DLT ecosystem. The development of the GMRA Digital Assets and Digital Bonds Annexes is a case in point.

(ii) Existing foundations should remain the starting point

These include legal structures, such as the GMRA, and governing laws, market best practice, as well as market and prudential regulatory frameworks. As much as possible, the market needs to avoid creating a parallel ecosystem.

(iii) This is an opportunity to maintain and develop global standards

Repo markets have grown, and continue to grow, with jurisdictional nuances and idiosyncrasies, including inconsistent standards and practices, which can hinder the flow of funding and collateral. Global standards should facilitate interoperability between platforms, jurisdictions and settlement assets, rather than allowing fragmented ecosystems to emerge. This is an opportunity to draw on the lessons from the development of traditional markets and help the DLT repo and collateral market continue developing with globally consistent standards, thereby facilitating the cross-border fluidity of collateral before regional or proprietary approaches diverge.

What stands in the way?

If the potential benefits are increasingly clear, a number of hurdles still stand between today's relatively fragmented use cases and a genuinely scalable, global DLT repo market. Many are not specific to repo, but reflect the broader challenges facing digital capital markets.

First is legal and regulatory certainty and consistency. Market participants need confidence that digitally native or tokenised securities receive equivalent treatment to their traditional counterparts, including for regulatory capital, liquidity requirements, and accounting and balance-sheet treatment. For banks and dealers in particular, even a

1. Or equivalent settlement assets.



modest capital, leverage, or liquidity disadvantage relative to an economically equivalent traditional asset could materially weaken the business case for moving activity on chain. The guiding principle should therefore be one of technology neutrality: equivalent assets and transactions should, as far as possible, receive equivalent regulatory treatment.

Closely related is legal certainty around ownership, transfer, settlement finality, insolvency, and close-out netting. These are particularly important for repo, where the robustness of title transfer and the enforceability of close-out netting are fundamental to the existing legal framework. Moving the operational infrastructure onto DLT should not undermine these established protections. Indeed, this is precisely why the starting point for digital repo should be the existing legal architecture rather than the creation of an entirely parallel framework.

A further requirement is a range of widely accepted digital payment or settlement assets. To fully realise the efficiencies of near-real-time or atomic settlement and programmable transaction lifecycles, the cash leg ultimately needs to operate as efficiently as the securities leg. Wholesale central bank digital currency is one possible solution, complemented by appropriately regulated tokenised commercial bank deposits and potentially other forms of digital money, such as regulated stablecoins. Importantly, however, 24/7 settlement is not in itself a prerequisite, nor necessarily a compelling objective, for bond and repo markets. The stronger case is the ability to settle safely and efficiently when required, including intraday, while reducing funding frictions, settlement risk, and the operational complexity associated with moving cash and collateral between different systems.

Central bank collateral eligibility will also be important. Digital securities become considerably more useful when they can perform the same liquidity and collateral functions as their traditional equivalents. Progress is already being made: some DLT-based assets are now eligible as collateral for Eurosystem credit operations, while the Eurosystem's wider tokenisation work is examining the infrastructure necessary to support settlement of DLT-based transactions in central bank money. ICMA is directly involved in this work around the globe. In the European Union, for example, we participate in both the Appia Contact Group and the ECB AMI-SeCo DLT Collateral Management Expert Group.

Finally, there are challenges of interoperability, scalability, and operational resilience. A proliferation of separate networks risks replacing today's infrastructure silos with new digital ones. Assets, cash, and transaction data will need to move efficiently between DLT networks, and between digital and traditional infrastructure. Common data and process standards will be critical, as will the ability of platforms to support institutional volumes reliably and

securely. This is particularly important for a global repo market in which collateral routinely needs to move across infrastructures, counterparties, and jurisdictions.

None of these obstacles appears insurmountable, and many are already being addressed by central banks, regulators, market infrastructures, and industry bodies. The challenge is therefore increasingly not whether repo can move onto DLT, but how to ensure that it can do so without sacrificing the legal certainty, regulatory consistency, interoperability, and resilience on which today's global repo market depends. This is also where ICMA, through its legal frameworks, standards, market practice, and engagement with public authorities, has an important role to play.

Conclusion: getting closer

Ultimately, the widespread adoption of DLT technology to support repo and collateral markets, much like the broader fixed income markets, will be driven by a commercial imperative. Banks and investors will need to see realisable efficiency gains that translate to the bottom line and make the requisite investment compelling. This commercial imperative is now becoming central to the various regulatory and industry-led initiatives as the market moves from proofs of concept to practical applications. A repo market that works more efficiently on chain than off, with tangible economic benefits for users, will also be key for developing the wider digital bond market. And it may well be that it is with native digital assets that DLT repo comes into its own.

As the final barriers to adoption are gradually removed, ICMA is well placed to help ensure that this transition is supported by globally consistent legal frameworks, market best practice, standards, and regulatory approaches, reinforcing its long-standing role as the leading international association for repo and collateral markets. The transition is getting closer.



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China's panda bond market evolution: developing a comprehensive RMB capital market ecosystem



By **Jackie Chen, ICBC (Asia)** and
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A The past decade has seen stable growth in China's panda bond market, comprising RMB-denominated bonds issued by a foreign entity in China's domestic bond market. Between 2016 and 2025, close to RMB1 trillion (USD140 billion) worth of panda bonds were issued in China's interbank bond market by over 100 issuers. Year-to-date issuance (as of August 2026) alone reached over RMB200 billion (USD30 billion), representing a diverse set of issuers including supranational institutions, foreign sovereigns, multinational corporations and foreign-invested banks¹.

While lower renminbi funding costs have been an important driver, recent growth reflects broader changes in market infrastructure, regulation and investor participation. Panda bonds are increasingly being evaluated alongside other international funding options rather than as a specialist or occasional source of financing. Renminbi-focused investors including those based in Beijing, Shanghai, Shenzhen, Hong Kong, Singapore, Dubai and Abu Dhabi have incorporated the panda calendar into their daily market coverage.

Funding conditions remain an important driver

China maintained a moderately accommodative monetary policy stance in 2026, with the latest yield on the 10-year Chinese government bond holding at around 1.7%. As at the end of August, the corresponding US Treasury yield remained

above 4.7%², implying a gap of around 300 basis points for issuers with comparable credit profiles. They were also able to lock in medium- to long-term funding with maturities ranging from three to ten years. For borrowers such as the Brazilian sovereign, German multinationals and foreign banks, onshore renminbi liabilities have consequently become one of the lowest-cost core funding currencies available within their global treasury portfolios.

Capitalising on this market position, the Hong Kong Bond Connect and Swap Connect have effectively linked collateral management, cash-bond liquidity and interest-rate and foreign-exchange hedging instruments into a more coherent framework. The channels through which overseas institutions can build renminbi positions, conduct repurchase transactions, hedge their exposures and eventually exit those positions could now be executed seamlessly. This infrastructure development is indeed a prerequisite for foreign issuers to include panda bonds in their regular financing plans to optimise funding costs.

Regulatory reforms have reduced market friction

Regulatory reform has also played a significant role in the market's development. Over recent years, authorities have simplified a number of operational and documentation requirements that previously limited participation by foreign borrowers.

1. Source: Bloomberg.

2. Ibid.



1) Capital and account flexibility: Since late 2022, joint rules from the People's Bank of China and the State Administration of Foreign Exchange granted issuers full discretion over whether to retain proceeds onshore or remit them abroad and allowed issuers a single dedicated account to service multi-tranche programmes which was previously not the case³.

2) Streamlined issuance and continuous disclosure: Building on its 2022 Frequent Issuer Programme⁴, the National Association of Financial Market Institutional Investors (NAFMII) updated its framework in January 2024 to streamline panda bond issuances for foreign government agencies and multilateral borrowers. The revised guidelines introduce a tiered registration model, 12-month shelf-style issuance windows and standardised tap reopenings, allowing seasoned international issuers to execute transactions dynamically and build liquid benchmark curves. To lower cross-border compliance barriers, the framework replaces conventional corporate financial reporting with sovereign macroeconomic indicators (such as debt-to-GDP and fiscal balances) and allows issuers to maintain their home-market reporting calendars⁵.

3) Global standardisation and market transparency: In the thematic bond space, China's onshore green bond framework has been aligned with ICMA's Green Bond Principles, simplifying non-resident account rules which eliminate administrative red tape and foreign exchange restrictions to facilitate the handling of green bond proceeds by foreign issuers⁶. Most recently, China's rating-standardisation rules published in July 2026 require credit rating agencies handling panda bonds to publish clear definitions of their ratings alongside exact mapping relationships with mainstream international credit rating scales, in an effort to curb rating inflation and make credit assessments comparable to global asset managers⁷.

Corporate treasury considerations and the wider renminbi ecosystem

For multinational corporates with substantial operations in China, panda bonds may also serve a balance-sheet management function. Companies generating renminbi revenues can use renminbi liabilities as a natural hedge, reducing the need for some forms of currency-risk management. This consideration is often distinct from the immediate funding-cost comparison. For some issuers, matching renminbi assets and liabilities may provide greater predictability in financial management, particularly where business activities in China represent a significant share of regional operations.

The sustainability of this cycle also depends on the simultaneous expansion of the offshore renminbi ecosystem. Policy development has not been limited to bringing overseas issuers into the onshore market. Regulators have also been establishing offshore footholds through measures facilitating cross-border trade and investment, the introduction of repurchase facilities for foreign central-bank-type-institutions and the expansion of offshore renminbi liquidity pools in Hong Kong, Singapore and the Middle East. The result is a two-way opening rather than a one-directional invitation to enter China.

Three market developments to watch

Beyond the recent increase in issuance volumes, three developments may prove more significant for the market's longer-term evolution.

1) Panda and dim sum bonds are becoming complementary markets

Panda bonds and offshore RMB "dim sum" bonds were often viewed as competing sources of renminbi funding. More recent experience suggests that the relationship is becoming increasingly complementary with both segments expanding simultaneously. At the investor level, portfolio mandates are increasingly spanning both markets, particularly among institutions seeking diversified renminbi exposure. Rather than representing alternative choices, the two markets increasingly resemble different segments of a wider renminbi fixed income ecosystem.

2) Investor analysis is becoming more credit-focused

Foreign issuers are conducting noticeably more in-person roadshows in Beijing, Shanghai and Shenzhen, and the content of their conversations is growing in sophistication. Discussions are moving beyond the immediate effects of renminbi interest rates and exchange rates toward deeper assessments of issuers' industry cycles, credit resilience and financial management capabilities.

This shift is consistent with the characteristics of a maturing bond market. Pricing becomes less dependent on broad macroeconomic factors and more sensitive to issuer-specific credit considerations. Over time, this can support greater investor differentiation and a more stable market structure.

3. Notice on Matters Concerning the Regulation of Funds for Bond Issuance in China by Overseas Institutions, PBOC and SAFE.

4. Guidelines for Bond Businesses of Foreign Government Agencies and International Development Institutions, PBOC, MoF and NAFMII.

5. Notice on Launching Pilot Program to Streamline Panda Bond Registration and Issuance Mechanism, NAFMII.

6. Notice on Refining the Mechanism for Green Bond Issuances by Overseas Institutions in the Interbank Bond Market, NAFMII.

7. Notice on Furthering the Standardization of Credit Rating Related Matters Concerning Panda Bonds, NAFMII.



The process nevertheless requires adaptation by first-time issuers. Borrowers familiar with international bond markets must still navigate local regulatory requirements, disclosure standards and issuance procedures. While this can increase initial execution effort, it also encourages deeper engagement with China's domestic investor base.

3) Pricing is becoming more granular

Historically, panda bond pricing was often influenced by domestic credit ratings and benchmark rates. More recently, market participants have begun assigning greater weight to individual risk factors, including sector characteristics, liquidity considerations and disclosure quality.

In the sovereign, supranational and agency sector, pricing has evolved beyond credit ratings to include a more comprehensive assessment of geopolitical risks, structural credit support, and differences between onshore and offshore ratings.

A similar trend is evident among multinational corporates. In recent transactions, issuers with the same onshore AAA ratings and maturities achieved significantly different pricing outcomes. Companies operating in more cyclical industries or issuing through private placements, which typically carry lower liquidity, generally priced at wider spreads. This reflects a more sophisticated approach to foreign corporate credit pricing, where investors consider industry risk, information transparency, and liquidity factors alongside credit ratings, aligning more closely with the pricing practices of developed international credit markets.

Conclusion

The recent growth of the panda bond market reflects more than favourable funding conditions. Regulatory reforms, improved market access, growing investor participation and increasingly sophisticated credit analysis have all contributed to its development.

For international issuers and investors, the more interesting story may not be the increase in issuance volumes, but the gradual convergence of market practices with those seen in other major bond markets. As that process continues, panda bonds are likely to become a more established component of the global renminbi fixed income landscape.

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ICMA Women's Network white paper: gender equality in capital markets



by **Mickayla Fourie** and **Katie Kelly**

Published by the [ICMA Women's Network \(IWN\)](#), this white paper on [Gender equality in capital markets](#) examines the current state of gender equality in the international capital markets industry, combining qualitative insights from IWN members with external research. It is intended as a practical resource for market participants, highlighting both the progress achieved and the challenges that remain, while identifying practical, market-led solutions.

What is the IWN?

Recognising both the persistence of gender inequality in capital markets and ICMA's unique ability to convene market participants as a neutral industry association, the IWN was established in 2015. Its mission is twofold: to support firms in creating inclusive cultures and infrastructure, while also encouraging women to take ownership of their own career progression.

Over more than a decade, the network has expanded from a fledgling initiative into a global community of more than 5,000 members across 14 regional chapters spanning Europe, Asia-Pacific, the Middle East, Africa and beyond, and has delivered around 100 flagship events, workshops and small networking events.

Purpose of the white paper

As part of its tenth-anniversary reflections, the IWN surveyed members across regions, seniority levels and functions. Their responses were analysed alongside established industry research to assess whether personal experiences reflected broader trends across financial services and capital markets.

The white paper has three principal objectives: firstly, to establish the current evidence base on gender equality in financial services and capital markets, secondly, to capture

and analyse the lived experiences of market professionals through the IWN survey, and thirdly, to identify practical actions that firms, individuals and industry bodies can take to drive further progress.

Importantly, the white paper is not intended to prescribe firm-level policy. Rather, at a firm level it seeks to stimulate discussion, provide practical ideas and reinforce the business, talent and performance case for gender equality.

Main findings

While respondents acknowledged meaningful progress over the past decade, the survey suggests that many barriers remain embedded in workplace cultures and informal networks, and that the resulting challenge is increasingly less about formal policies and more about access to opportunity, visibility, sponsorship and progression.

Seven recurring themes emerged:

- Visibility, voice and confidence, all of which remain important factors in career progression and leadership recognition.
- Bias, culture and informal power structures, and their continuing influence in shaping access to opportunities and influential relationships.
- Female leadership visibility, and the importance of having role models while also recognising the additional burden often placed on senior women to mentor, sponsor and represent others.
- Sponsorship, mentorship and career progression, where active advocacy and sponsorship remain far harder to access, yet are critical to advancement.



- Parenthood, caregiving and career sustainability, where maternity-related career penalties, difficulties balancing work and caring responsibilities and low uptake of parental leave continue to influence women's career progression.
- Men as allies, and recognition that gender equality cannot be achieved by women alone, so greater male engagement, sponsorship and leadership are essential.
- Pay and transparency, where concerns about unequal pay remain, particularly where organisations lack transparency around compensation, progression criteria and reward structures.

Reasons for optimism and conclusion

Despite the challenges identified through the survey, the white paper identifies several encouraging trends. Respondents pointed to increasing visibility of female leaders, wider availability of flexible working arrangements, stronger organisational commitment to diversity and growing acceptance of conversations around sponsorship, allyship and inclusion. The survey also found broad agreement across regions and career stages on both the challenges and many of the potential solutions.

A key conclusion is that awareness is no longer the primary challenge; the issues are increasingly recognised across the industry. The priority now is translating that awareness into sustained action.

Next steps

The white paper suggests a range of opportunities for further engagement and collective action, both for the IWN and for the market more broadly. These include awareness-raising initiatives, thematic practical workshops and panel sessions, examining real-life case studies, peer discussion forums, leadership conversations and skills-based training focused on the themes identified in the survey. More broadly, it also highlights organisational measures that firms may wish to consider in support of meaningful and sustainable progress.

The white paper concludes with a call for collective action by individuals, leaders and allies of all genders, member firms and others to engage with the work of the IWN, and to avail themselves of the IWN resources and events to support their own initiatives.

Its central message is clear: gender equality is no longer simply a diversity issue. It is a leadership, talent, business performance and market resilience issue. While significant progress has been made over the past decade, meaningful and lasting change will require continued collaboration across the international capital markets industry.

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The next phase of fixed income innovation



by **Georgina Jarratt**

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As digital bonds, AI, smart contracts and settlement assets mature, the market challenge is to translate technology into liquidity, resilience and trusted infrastructure.

Over the past 12 to 18 months, innovation in fixed income markets has become a more practical and implementation-focused discussion. The market is moving beyond pilots and proofs of concept towards repeatability, scale and operational integration. Digitalisation is no longer at the edge of market structure; it is beginning to influence how transactions are originated, executed, settled, serviced and reported.

Distributed ledger technology (DLT), tokenisation, artificial intelligence (AI), digital money, smart contracts and automated workflows are increasingly part of the same conversation. Their value lies not in the technologies themselves, but in how they interact with legal certainty, market conventions, data standards, operating models and established infrastructure.

This perspective is central to ICMA's Primary Market Innovation Project (PMIP) NextGen and the July report, [Executing today, imagining the future](#). A shorter version of this report is available [here](#). Developed with, for and by market practitioners, the report starts from the premise that capital markets are not broken but are entering a period of transition. Existing workflows are being stretched by higher issuance volumes, greater complexity, expanding data requirements and rising expectations around transparency, connectivity and speed.

The same practical lens informs ICMA's engagement with policymakers and regulators, where the priority is to ensure that innovation in digital bonds, tokenisation, settlement assets, AI and standards remains grounded in the realities of market practice.

The task is therefore not to choose between today's market and tomorrow's, but to connect them safely and effectively.

From experimentation to implementation

A central message from PMIP NextGen is that many constraints are not technology problems. They arise from fragmented workflows, inconsistent data, manual intervention and limited interoperability. In primary markets, the same transaction information is often entered, interpreted, checked and reconciled several times, creating unnecessary friction and operational risk.

This matters for every technology now shaping fixed income. AI, tokenised securities, smart contracts, digital money and shorter settlement cycles all depend on high-quality, trusted and reusable data. Faster settlement rails cannot compensate for weak upstream information; AI applications are only as good as the data, controls and governance that support them.

Through PMIP NextGen and related member engagement, ICMA has framed digitalisation as a market efficiency agenda, rather than a technology agenda in isolation.

Digital bonds and tokenisation

The same shift is evident in digital bond markets. Early transactions showed that securities could be issued and serviced using DLT, although approaches varied significantly; ICMA tracks these developments in its [listing of DLT and AI FinTech Applications in Bond Markets](#). The debate has moved from whether tokenisation can work to whether it can operate at scale, support liquidity, interoperate with existing infrastructure and fit within clear legal and regulatory frameworks.

ICMA has reflected this position in responses to the Eurosystem's Appia Roadmap consultation, the FCA and Bank of England call for input on tokenisation, and the European Commission's MiCAR review, emphasising practical adoption, regulatory coherence and workable market infrastructure.



Issuance is only one part of the lifecycle. For digital and tokenised bonds to become more than individual case studies, the market must also address settlement, custody, secondary-market liquidity, collateral use, repo eligibility, asset servicing and other lifecycle processes.

Repo markets are a particularly important use case, given their scale and their role in financing, liquidity and collateral circulation. ICMA's June 2026 report, [DLT and repo, part I](#), highlights how DLT could reduce settlement friction through a shared record of digital cash and securities, supporting automation, collateral mobility and potentially intraday repo. Adoption will depend on appropriate digital cash and collateral, legal certainty, interoperable infrastructure and common standards, including the GMRA annexes and the Common Domain Model.

This work is reinforced by ICMA's [GMRA Digital Assets Annex](#) and [Digital Bonds Annex](#), which adapt established repo documentation for transactions involving digital cash, digital securities and digital bonds, while preserving the substance of repo.

A thought leadership article in this Quarterly Report, *DLT repo and collateral: closer than you might think*, highlights that DLT repo is already a growing reality. Platforms such as Broadridge's Distributed Ledger Repo and JP Morgan Chase's Kinexys are in regular commercial use, and wider adoption is a question of "when and how" rather than "if". As settlement cycles shorten and margin must be posted at increasingly short notice, legacy infrastructure might struggle to move collateral efficiently across markets and jurisdictions. DLT changes the infrastructure, not the transaction: existing foundations such as the GMRA should remain the starting point, while the transition offers an opportunity to set globally consistent standards before regional or proprietary approaches diverge.

Some of the remaining hurdles for DLT repo are: (i) technology-neutral regulatory treatment; (ii) legal certainty on settlement finality and close-out netting; (iii) widely accepted digital settlement assets; (iv) central bank collateral eligibility; and (v) interoperability at institutional scale. Ultimately, adoption will depend on the commercial case, and DLT repo may well come into its own with native digital assets.

The key question is how digital securities can become operationally viable and interoperable across markets and jurisdictions. Initiatives such as the [Monetary Authority of Singapore's Project Guardian](#), the [Eurosystem's wholesale settlement work through Project Appia](#), the [UK Digital Securities Sandbox](#) and other such industry-led tokenisation programmes reflect this move from experimentation to implementation.

[ICMA's DLT Bonds Working Group](#) brings together more than 300 participants and focuses on the issues that matter most for adoption: interoperability, custody, liquidity, legal considerations, settlement arrangements and operational

readiness. ICMA also leads the [Fixed Income Workstream within Project Guardian](#), including work on delivery-versus-payment settlement solutions and custody arrangements.

Smart contracts and programmable markets

As digital bond markets mature, attention is moving beyond tokenisation of the instrument itself towards automation of the processes around it. Smart contracts are programmes stored on a distributed ledger that execute predefined actions when specified conditions are met. In fixed income, they may help automate issuance, settlement, coupon payments, redemptions, collateral management and other lifecycle events. ICMA has recently issued a [discussion paper](#) on this topic, reflecting the momentum behind programmable markets and the need for greater clarity.

Tokenisation alone does not transform a market process. Smart contracts are at the core of the value proposition of DLT-based capital markets, providing the programmable logic through which DLT-based securities can support automated servicing, synchronised settlement and straight-through processing across the lifecycle.

ICMA's work in this area is therefore focused on market-wide usability: encouraging approaches to automation that can operate across platforms, legal frameworks and existing infrastructure.

The challenge is that innovation at this layer can also recreate fragmentation. Proprietary approaches may deliver value in individual use cases, but market-wide transformation requires assets, data and contract logic to behave consistently across platforms, networks and jurisdictions.

Automated lifecycle events therefore depend on the quality and consistency of the information driving them. Smart contracts cannot correct inaccurate bond terms, incomplete data or unclear accountability. Programmable markets must be built on trusted data, common standards, resilient infrastructure and clear human oversight.

Digital settlement assets

Settlement remains one of the most important practical questions in digital capital markets. Tokenised securities may move quickly across distributed networks, but many benefits are limited if the payment leg operates on a different basis, or at a different speed.

There is growing interest in wholesale central bank digital currencies, tokenised bank liabilities and regulated stablecoins as potential settlement assets. [ICMA's report on stablecoins](#) examined their developing regulatory frameworks and potential role in capital market transactions, while recognising that jurisdictional fragmentation remains a challenge.

ICMA has reflected this point in its policy engagement, including through Project Appia and Project Guardian, where the focus has



been on settlement assets that can support safe and efficient delivery-versus-payment in capital markets.

Smart contract applications make this visible: automated or atomic delivery-versus-payment settlement is only as efficient as the available cash leg. Trusted and interoperable digital settlement assets are therefore as important to programmable fixed income markets as the securities infrastructure itself.

The future is unlikely to involve a single settlement model. Conventional money, tokenised deposits, wholesale central bank digital currencies and regulated stablecoins are likely to coexist, as are traditional, hybrid (“digital twin”) and digital securities. Interoperability, rather than uniformity, will be the critical requirement.

Standards as market infrastructure

If the past year has highlighted one lesson, it is that standards matter. In a more digital, data-led and programmable environment, they are no longer just supporting tools. They become part of the market’s critical infrastructure.

[ICMA’s Bond Data Taxonomy](#) is one example: a common machine-readable language for debt securities across traditional and digital markets. It allows key economic, legal and operational terms to be represented consistently, supporting straight-through processing, interoperability and automation throughout the issuance lifecycle.

Adoption is visible across the market, with the World Bank Treasury’s ASTRA and SHAstra initiatives, Euroclear and Clearstream’s Eurobond market digitalisation work, Hong Kong SAR’s digital bond issuances, Project Guardian, and market infrastructure and vendor implementations. ICMA’s work with Swift to integrate the BDT into ISO 20022 further illustrates the importance of data standards as market infrastructure.

The release of BDT Version 2.0 in April 2026 marked an important milestone. This release represents the most comprehensive update to the BDT to date and expands its coverage to support more complex issuance structures, including bonds with multiple series, classes and tranches. It also introduces greater flexibility in data fields to accommodate a wider range of transaction types, including emerging market use cases, while maintaining consistency and interoperability.

The relationship between the BDT and smart contracts is particularly important. [Project Guardian’s Fixed Income Framework](#) outlines approaches for integrating BDT data into smart contract environments. The [DZ BANK and KfW pilot](#) also demonstrated a smart contract-operated bond lifecycle using BDT-aligned digital issuance terms.

PMIP NextGen advocates an architecture of standards in which the BDT, ISO 20022, International Securities Identification Numbers (ISINs), Legal Entity Identifiers (LEIs),

the FINOS Common Domain Model and other frameworks work together across traditional, hybrid and digital environments. The goal is not a single platform, but common frameworks that allow different systems to interact safely and efficiently.

ICMA’s engagement with public authorities and market infrastructures has consistently underlined this point: common standards such as the BDT, ISO 20022 and the Common Domain Model are essential if digitalisation is to scale beyond isolated use cases.

AI, automation and market practice

Alongside tokenisation and programmability, AI is moving from exploratory interest in generative AI towards practical implementation across documentation, credit analysis, primary issuance, liquidity discovery, trading support, settlement operations and regulatory reporting.

[The World Bank Treasury’s ASTRA and SHAstra initiatives](#) illustrate how AI, automation and structured data standards can reinforce one another. AI can help extract, check and reuse information, while frameworks such as the BDT support consistency and interoperability. AI does not reduce the importance of standards and data quality; it heightens it.

Through its [AI in Capital Markets Working Group](#), ICMA supports dialogue on AI adoption, practical use cases and appropriate governance and controls, and has contributed to policy discussions, including recently responding to the Financial Stability Board’s consultation on sound practices for responsible AI adoption.

Technology does not remove the need for human judgement. AI and smart contracts can automate tasks, improve access to information and support better decisions, but judgements on pricing, allocation, documentation, risk and execution continue to require human responsibility and oversight.

Emerging markets and international coordination

The transformation of fixed income is increasingly global. Emerging markets may have a particular opportunity to benefit from more efficient issuance processes, common data standards and interoperable infrastructure.

Markets with fewer entrenched legacy systems may be able to design modern infrastructure around trusted data and international standards from the outset, improving transparency and connections between domestic, regional and international investors.

This international dimension is also central to ICMA’s engagement with regulators, central banks and market participants, particularly in encouraging approaches that can operate across borders and be adopted by both developed and emerging markets.

The opportunity is not simply to adopt innovations developed



elsewhere. Emerging markets can help shape the next generation of market infrastructure, but the objective must remain market development, not digitalisation for its own sake. Technology cannot substitute for legal certainty, regulatory clarity, governance or strong market institutions.

In conclusion

ICMA's PMIP NextGen initiative brought together three themes: **Process, Product and People**.

Process means creating trusted, interoperable and data-led workflows that reduce friction while improving efficiency, control and transparency.

Product means enabling liquidity-safe innovation, so that traditional, hybrid and digital instruments can function across issuance, settlement, custody, servicing, collateral use and redemption.

People means preserving judgement and accountability while equipping market participants for a more digital, data-led and programmable operating environment.

Together, these priorities provide a useful lens for the years ahead. DLT and tokenisation are broadening possible market models; smart contracts are opening the way to programmable lifecycle processes; digital money is reshaping settlement; AI is changing how information is processed and decisions are supported; and standards such as the BDT and the Common Domain Model provide the foundations for interoperability and automation.

Across these areas, ICMA's role is to connect innovation with market practice: supporting safe adoption, common standards and international coordination while keeping liquidity, resilience and trust at the centre.

Fixed income market innovation is entering a more mature phase. The focus is shifting from experimentation to adoption and operational integration. The future will not be defined by a single technology, platform or market model, but by the convergence of trusted data, AI, DLT, programmable processes, interoperable standards, appropriate settlement assets and capable people.

The challenge is to connect today's market with tomorrow's in a way that preserves liquidity, legal certainty, resilience, trust and human accountability. The developments of the past year suggest that this future is no longer distant; it is already becoming a practical market agenda.



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Summary of practical initiatives by ICMA

The purpose of this section of the ICMA Quarterly Report is to summarise recent and current practical initiatives by ICMA with – and on behalf of – members, and to provide relevant points of contact at ICMA.

Regulatory Policy

- 1 *ICMA Regulatory Policy Committee (RPC):* The RPC took place the day ahead of the Eurofi Conference on 15 September 2026 in Dublin, Ireland, hosted by the ICMA Ireland regional chair (AIB). External guest speaker Joe Heavy, Leader of the International and Institutional Affairs team at ESMA, presented on reflections of the Market Integration and Supervisory Package (MISP), and Banking Competitiveness Report (BCR). Thorsten Guthke based in Brussels is the Secretary to the RPC and he provided an overview from ICMA on MISP engagement and progress of institutional negotiation at the RPC meeting. The next RPC is scheduled for 10 December 2026 in London, hosted at our ICMA London office.
- 2 *EU SIU MISP (Market Integration & Supervision Package):* ICMA continued coordinating advocacy activities, focusing on the most pertinent aspects related to international fixed income markets, led by the RPC and in consultation with all committees impacted including AMIC, MIAG, DLT Bonds Working Group, and Securitisation taskforce. ICMA has proposed amendments to the ECON draft reports and distributed them to EU Parliament and Council. More than 2,200 amendments published on 3 August from various MEPs are being analysed and commented on. The dialogue will continue with the Parliament and Council, which are planning trilogue negotiations in autumn 2026.
- 3 *The Banking Competitiveness Report (BCR):* The BCR published by the EU Commission on 17 July 2026 aims to strengthen the competitiveness of the EU banking sector, acknowledging the interdependence of banks and capital markets. It identifies key challenges, while proposing improvements through scale, simplicity and capacity. ICMA drafted a short position paper in August 2026 focusing on the interconnectedness with debt capital markets and is planning to respond to the EU Commission in September 2026.
- 4 *ICMA Brussels roundtables:* ICMA hosted the fourth of its series of roundtables at its Brussels premises on 29 June 2026 covering Asia's debt capital markets, policy developments and implications for Europe, following the launch edition on 30 October 2025 featuring ICMA's secondary market data report, a second session on 25 February 2026 on "Demystifying securitisation" and a third one updating on regulatory and market standards in Sustainable Finance, on 28 April 2026. The next roundtable is scheduled for October addressing Banking Competitiveness, followed by another one on Repo & Collateral at the end of 2026.
- 5 *New website area for ICMA Brussels:* A dedicated [ICMA Brussels portal](#) was launched in September 2026 to capture the key policy developments and ICMA activities and serve as a repository for policy-related ICMA events, EU CMU/SIU and MISP policy initiatives and ICMA responses.
- 6 *Eurofi:* ICMA held a series of substantive meetings with senior officials at the [Eurofi event](#) in Dublin, Ireland from 16-18 September 2026. The engagement at the bilateral meetings with high-level decision-makers, members and the financial community was led by ICMA Chief Executive Bryan Pascoe supported by the ICMA delegation composed of former ICMA President Rene Karsteni, ICMA Managing Director Natalie Westerbarkey and Director Thorsten Guthke. A briefing of key themes and bilateral meetings was prepared for members in advance. The following Eurofi event will be hosted in Lithuania on 21-23 April 2027 where the engagement will be led by ICMA's Natalie Westerbarkey and Thorsten Guthke.
- 7 *Brussels engagement:* ICMA continued its active engagement and contribution to key think tanks and policy platforms in Brussels. Natalie Westerbarkey was elected to the Board of Directors of the [EPFSF](#) (European Parliament Financial Services Forum) on 2 June 2026, of which ICMA became a member in October 2024. In addition, ICMA holds a board mandate at [ECMI](#) (European Capital Markets Institute).



Primary markets

- 8 *ICMA issuer forum meetings:* The Public Sector Issuer Forum (PSIF) will meet in Bangkok on 15 October in the margins of the IMF and World Bank meetings. The Corporate Issuer Forum (CIF) is meeting on 10 November and the Financial Institution Issuer Forum (FIIF) met on 9 September. Katie Kelly acts as the Secretary to the PSIF, CIF and FIIF.
- 9 *ICMA principal underwriter group meetings:* The Primary Market Practices Committee (PMPC) is to meet on 8 October, with Ruari Ewing as Secretary. The Legal & Documentation Committee (LDC) met on 23 September, and the MENAT Legal Documentation Forum (MLDF) met on 5 October, both with Miriam Patterson as Secretary. The Nordic Syndicate Managers Group (NSMG) is to meet on 10 December, and the Swiss Syndicate Managers Group (SSMG), Asia Pacific Legal & Documentation Forum (ALDF) and Asia Pacific Bond Syndicate Forum (ABSF) met on 3, 15 and 16 September – with Ruari Ewing as Secretary.
- 10 *ICMA underwriter community notable focuses:* ICMA focused notably on (i) the SIU MISP's proposed extension of the end of grandfathering of third country CSDs under CSDR, (ii) the CRDVI Art.21c's new branch requirement, (iii) the retail investment strategy (RIS) Level 2 Commission advice request to ESMA (notably on underwriting and placing under the inducements regime), (iv) ICMA PM Handbook changes consequential to the UK post-Brexit reforms, (v) a mooted update of the template form of appointment letter under the HK bookbuilding & placing code; (vi) filing a response to a Bank of Italy consultation on repealing TUB Art.129 reporting requirements; (vii) filing a response to a UK FCA Consumer Duty consultation; (viii) initial consideration of potential make-whole clause coherence improvement; (ix) consideration of the continued use of AFME/ICMA recognition of EU and UK bail-in clauses for "other liabilities" in light of the adoption of BRRD3; (x) initial consideration of the potential extension of aspects of the Shareholder Rights Directive *inter alia* to bonds. The Primary Market Innovation Project (PMIP) report was published on 14 July.
- 11 *Public Institutions Resource (PIR):* ICMA has set up a dedicated, password-protected webpage for issuers from the SSA community (but who may not join the PSIF), central banks and other public institutions. The PIR webpage will be a repository of relevant ICMA materials migrated from the main website. Katie Kelly has oversight of the PIR webpage.

- 12 *Primary market events:* An APAC Primary Market Forum was held on 17 September in Hong Kong, a European Primary Market Forum is scheduled for 11 November in London, and a Primary Market Regulation Conference is being planned for 26 January 2027 in London.

Short-term markets

- 13 *The ICMA Commercial Paper and Certificates of Deposit Committee (CPC):* The CPC is organising a series of educational podcasts on commercial paper (CP) and is working on an FAQ document regarding asset-backed CP backed by total return swaps, securities lending agreements and repo agreements. Katie Kelly acts as Secretary to the CPC.

Securitisation

- 14 *ICMA Securitisation Taskforce (ICMA SecTF):* The ICMA SecTF, led by Miriam Patterson, considered and agreed comments to note on the securitisation aspects of the ECON rapporteur of the EU Parliament's draft report on the MISP Master Directive. The comments were included as a part of ICMA's comments and amendment proposals sent to the ECON Committee on 16 July 2026.

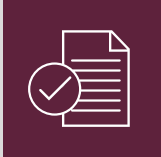
Secondary Markets

- 15 *T+1:* ICMA continues to participate actively in T+1 discussions both in the UK and ahead of the European go-live of T+1 on 11 October 2027 as a member of the UK Accelerated Settlement Taskforce and Technical Group and the EU T+1 Industry Committee. ICMA has been particularly focused on Trading and SFT impacts, providing the secretariat for the related Technical Workstreams. Alexander Westphal and Nina Suhaib-Wolf are leading ICMA's work on T+1.
- 16 *Bond market transparency:* The new post-trade transparency regimes for bonds went live on 1 December 2025 in the UK and 2 March 2026 in the EU. ICMA has shared a first set of data analysis with members in relation to the regime changes and the differences between UK and EU deferral regimes. ICMA has also become an observer member on both the EU and UK consolidated tape provider (CTP) consultative committees. More recently, ICMA has been drafting a two-pager with proposals to simplify and reduce duplicative trade reporting under the new post-trade transparency regimes; ICMA also signed a joint trade association paper in this regard in April. Nina Suhaib-Wolf leads ICMA's work on bond market transparency and is Secretary to ICMA's MiFID Working Group.
- 17 *UK Transaction reporting:* In addition to work done by the SFTR Taskforce on Transaction Reporting (under the lead of Zhan Chen), a MiFIR Transaction Reporting Taskforce was formed under the lead of Aman Gill in 2026 to respond to the FCA consultation on Improving the UK Transaction reporting regime also from a MiFIR

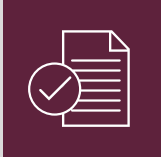


perspective, in co-ordination with the SFTR Taskforce. ICMA plans to further engage in this field in the EU and UK going forward.

- 18 *Secondary Market Forum (SMF)*: The annual SMF event will this year take place jointly with the AMIC forum at NatWest Markets in London on 30 November 2026, as a full one-day event where members are invited to attend both the SMF and AMIC, with the aim of encouraging a broad and active discussion across the secondary bond market and investment community, recognising the growing importance of buy-side perspectives in shaping the future of fixed income markets.
- 19 *Secondary Markets Practices Committee (SMPC)*: The third SMPC meeting of 2026 took place in London on 1 October. The agenda included presentations on the Mandatory Central Clearing of US Treasuries and the French OAT Bond market, updates from recent regulatory files, and a de-brief of the Fintech & Digitalisation Forum which took place on 29 September. The Committee was also provided with a summary of ICMA's recent bilateral engagement with SMPC Members in relation to ICMA's priorities in Secondary Markets. Further member engagement is planned throughout Q4. Nina Suhaib-Wolf is Secretary to the SMPC.
- 20 *Market structure*: ICMA continues to monitor developments in market structure such as the growth of ETF markets, credit futures, the use of innovative trading protocols and further automation in electronic trading.
- 21 *European Secondary Market Reports*: On 15 June, ICMA published its semi-annual Secondary Market Data Report, Corporate Edition, following the publication of the respective Sovereign Edition on 28 April. The reports are based on EU and UK MiFIR post-trade data and now cover the period up to and including H2 2025. The next editions are due to be published in Q4, under the lead of Andy Hill and Jeremy Law. Jeremy joined ICMA on 15 June as Associate Director, Data Analysis, in the MPRP secondary market team.
- 22 *Electronic Trading Working Group*: Since July 2025, ICMA's Electronic Trading Working Group (ETWG) has held several joint meetings together with the FIX Fixed Income Axe Distribution Standards Working Group, to discuss current deficiencies of Axe Distribution Standards, resulting in the publication of an ICMA/FIX [white paper](#) on Axe Distribution Standards in December 2025, which was well received by market participants, as well as, in July 2026, an update to key definitions of ICMA's 2021 [Industry Guide](#) to Pricing distribution. Andy Hill is leading ICMA's work on Axe Distribution Standards. Nina Suhaib-Wolf and Aman Gill are Secretariat to the ETWG.
- 23 *ERCC meetings and events*: The ERCC Committee met on 30 September in London. In addition, the ERCC is holding its two annual flagship events in Q4. The ERCC's annual educational event, the Professional Repo and Collateral Workshop (PRCW), was held in London on 6-7 October, with around 80 participants. The ERCC AGM and conference 2026 will be held on 1 December, kindly hosted by LSEG in Paris. Alex Westphal is Secretary to the ERCC.
- 24 *UST mandatory clearing*: ICMA submitted two [responses](#) to the SEC's requests for exemptive relief, focusing on cross-border application of the mandate and the inter-affiliate exemption. SEC subsequently reopened the comment period and invited further market feedback. ICMA held a member webinar in September to support industry understanding and preparedness ahead of the relevant compliance dates. Zhan Chen is leading this workstream.
- 25 *T+1*: The impact of the upcoming European transition to T+1 on the repo market continues to be one of the main priorities for the ERCC. A key milestone was reached in June with the publication of a detailed [guidance document](#) on the new Gating Event, which will be introduced across all EU CSDs to mitigate concerns around intraday liquidity impacts of the move to T+1, specifically from a repo perspective. ICMA has been instrumental in the work, having co-led the related workstream under the EU T+1 Industry Committee, as well as holding the pen on the related guidance and coordinating related industry discussions.
- 26 *China repo developments*: ICMA held the second meeting of its China Repo Committee in August and continues to advance a range of practical initiatives, including the ICMA-CCDC cross-border repo white paper, practical FAQs, educational workshops, and response on the Enterprise Bankruptcy Law revision. Zhan Chen and Alex Tsang are leading this workstream.
- 27 *Gilt repo market resilience*: Following its [response](#) to the Bank of England's Discussion Paper on Enhancing gilt repo market resilience, ICMA has had further discussions with the Bank of England on the topic and hosted a roundtable on 17 March 2026 with members of the relevant Taskforce to discuss concrete policy recommendations. The resulting [policy note](#) was shared with the Bank on 1 June and ICMA held a small roundtable with the Bank in early September to discuss the recommendations.



- 28 *Prudential requirements:* Given its important impact on repo business, prudential regulation is a key focus for the ERCC. This work is led by a dedicated working group, the ERCC Prudential WG which continues to be actively engaged on a number of topics. On 19 June, in the context of the US Basel II Endgame proposals, ICMA submitted a [joint response](#) with ISLA to US authorities to their related Notices of Proposed Rulemaking. In Europe, the ERCC continues to be focused on an ongoing discussion with the EBA regarding the LCR treatment of open reverse repos. Following a call with the EBA on 30 July, ICMA submitted a follow-up note with further supporting material.
- 29 *Transaction reporting - SFTR:* On 2 July, ESMA [published](#) its Final Report on the simplification of transaction reporting, setting out a clear path towards a “Report Once” approach. ESMA indicates that progress depends on incorporating its Level 1 recommendations on MiFIR, EMIR and SFTR into the MISP negotiations. ICMA is currently coordinating with other trade associations on related MISP advocacy efforts. Zhan Chen is leading this workstream.
- 30 *Islamic Repo:* On 19 February, ICMA and the International Islamic Financial Market (IIFM) [announced](#) the signing of a Memorandum of Understanding (MOU) and the formal commencement of their joint initiative to develop a global standardised documentation framework for a Shari’ah-compliant repo product.
- 31 *GMRA Legal Opinions:* On 14 April, ICMA published the 2026 annual GMRA legal opinion updates. The 2026 opinions introduced Peru as a new jurisdiction, increasing the coverage to 75 jurisdictions. The legal opinions are accessible on [aosphere.com](#) to all subscribing members or those whose terms of membership provide for access.
- 32 *GMRA Digital Assets Annex:* On 30 April, ICMA announced the publication of a second annex to the GMRA, addressing that the use of native digital debt securities under the agreement is ongoing. The Digital Bonds Annex is intended to complement the existing Digital Assets Annex, which sets out additional provisions relating to digital cash, digital securities including tokenised traditional securities and asset-backed digital assets, and traditional securities that use a digital platform to transfer ownership that in itself does not create a new digital asset that is property. Following publication, on 6 May, ICMA co-hosted a webinar with Clifford Chance for members presenting the document and raising awareness.
- 33 *DLT Repo:* On 4 June, ICMA published the first of a two-part [report](#) on repos that make some use of blockchain or other distributed ledger technology (DLT). As various industry and regulatory led initiatives related to tokenised and digital collateral continue to emerge, ICMA has a key strategic role in the transition from traditional to digital repo, with this being the main mechanism by which collateral is priced, transformed, and mobilised.
- ### Buy-side
- 34 *ICMA at the International Trader Forum and European Fixed Income Trading Summit:* ICMA was represented at the International Trader Forum (ITF) and European Fixed Income Trading Summit (EFITS), held in Athens from 8–11 September. EFITS brought together leading buy-side fixed income traders, while ITF convened senior traders from asset management firms across a range of regions. The discussion reflected many of the themes currently central to ICMA’s buy-side work. These included the continued electrification of markets, developments in trading technology and data analytics, artificial intelligence, execution management systems, liquidity and best execution. Preparations for the transition to T+1 settlement in the UK and Europe were also considered, including the operational, data and cross-border challenges facing buy-side firms ahead of the 2027 transition. ICMA contributed directly to the programme. Anita Karppi moderated two sessions, titled Trading Technology and Data Analysis on the Modern Desk and The Growth of Corporate Bond Index Futures in Europe. Nina Suhaib-Wolf moderated the session Advances in Electronic Fixed Income Trading and contributed to discussions on the consolidated tape and T+1 settlement.
- 35 *Tokenisation through the buy-side lens:* At ICMA’s FinTech and Digitalisation Forum on 29 September in London, the panel, “Tokenisation Through the Buy-side Lens”, examined the buy-side perspective on tokenisation through market reality, use cases, frictions and requirements for scale. It also looked from a multi-asset perspective. Anita Karppi moderated the panel with Elliot Hentov, Chief Macro Policy Strategist, State Street Investment Management, Christoph Hock, Head of Tokenisation and Digital Assets, Union Investment Privatfonds and Nikhil Sharma, Head of Digital Assets, BlackRock.
- 36 *AMIC Committee:* The AMIC Committee meeting took place at ICMA’s London office on 6 October. The Committee was joined by Mhairi Jackson, Manager, Funds and Asset Management Policy at the Financial Conduct Authority (FCA). The meeting provided members with an opportunity for direct dialogue with the UK regulator and an exchange of perspectives on current and emerging policy priorities affecting funds and asset management.
- 37 *AMIC MISP update:* Since AMIC’s initial assessment of the Market Integration and Supervision Package (MISP) as [highlighted](#) in issue 81 of the Quarterly Report, amendments proposed in the European Parliament have developed the debate on the future supervision of asset managers. AMIC



Summary of Practical Initiatives by ICMA

favours a stronger role for ESMA in supervisory convergence and coordination while maintaining national competent authorities' responsibility for firm-level supervision and enforcement. To support this approach, AMIC proposes an ESMA-coordinated "Coordination Framework". This would bring authorities together to examine specific areas of supervisory divergence through thematic, risk-based exercises and ad hoc samples of firms, with appropriate follow-up and publication of relevant findings. A further priority is the development of ESMA as a central EU supervisory data hub. Centralised fund reporting and a report-once approach could improve information-sharing between authorities while reducing duplication for firms. Enhanced data availability is an important prerequisite for assessing any future macroprudential measures. Regarding delegation, the existing UCITS and AIFMD framework should be preserved, without introducing additional or duplicative reporting requirements. AMIC also considers that the proposed changes to remuneration and securities lending fall outside the MISP's market-integration objectives, overlap with existing requirements and could have unintended consequences for EU competitiveness, market liquidity and investor returns. Overall, AMIC considers that the MISP should support market integration through effective coordination, improved data-sharing and clear supervisory responsibilities.

- 38 *ETF Trading Breakfast Roundtable*: ICMA will convene its third Buy-side Head of ETF Capital Markets Trading Breakfast Roundtable on 28 October, bringing together ETF capital markets and trading professionals to exchange views on developments shaping the ETF ecosystem. Discussions will consider global ETF market trends alongside issues relating to trading, liquidity, market structure and the continued evolution of the market. ICMA is broadening the geographical scope of the roundtable to incorporate perspectives from the Asia Pacific region. ICMA's APAC colleagues will contribute on ETF development in the region, placing this within the context of ICMA's broader cross-border engagement in China's repo and bond markets.
- 39 *ICMA Secondary Markets & AMIC Buy-side Forum*: ICMA's AMIC / Buy-side Forum will join with Secondary Markets for an event in London on 30 November, kindly hosted by NatWest Markets. The programme will explore market liquidity, trading and market structure, artificial intelligence, T+1 settlement, buy-side digitalisation and wider industry trends, as well as the evolving role of non-bank financial institutions. Keynote contributions from senior policymakers and industry leaders will complement the market discussions. Bringing together buy-side and sell-side participants, trading venues, policymakers and regulators will provide an opportunity to consider these issues from across the market and examine how regulatory, technological and structural developments are changing fixed income. The joint Forum

also reflects the increasingly interconnected nature of ICMA's work across its buy-side and secondary market communities and will remain important in identifying common challenges and informing ICMA's future work.

Sustainable Finance

- 40 *Webinar: The evolution of Islamic sustainable finance (July)*: ICMA invited leading practitioners in Islamic sustainable finance to discuss trends, opportunities, and developments; both within the GCC and beyond.
- 41 *Executive Committee of the Principles Annual Strategy Discussion Meeting (September)*: Executive Committee members met in London and online to discuss objectives for the upcoming year and welcome new members to the ExCom for the 2026/2027 cycle.
- 42 *Environmental Finance Sustainable Debt Americas 2026 Conference (September)*: ICMA participated as a speaker on the panel "How to issue a labelled bond in 2026."
- 43 *New York Climate Week (September)*: ICMA participated in panels and roundtables convened by actors across the capital markets to discuss emerging themes including transition finance, decarbonisation, data centres, resilience, nature, and sustainable investment.

Innovation and Digitalisation

- 44 *Market Infrastructure*: ICMA's Market Infrastructure Advisory Group held its working group meeting on 17 September which formally appointed two deputy co-chairs and discussed mandatory repo clearing in the US, the transition to T+1, and MISP updates.
- 45 *FinTech Advisory Committee (FinAC)*: A meeting was held on 28 September, focusing on the latest AI developments, implications for bond markets, and ICMA's approach.
- 46 *DLT Bonds*: The ICMA DLT Bonds Working Group's quarterly meeting was held on 14 September, with a presentation from the Canton Network, from Swift on their Digital Assets Standards platform, and DZ Bank on the Smart Bond Contract.
- 47 *DLT Bonds ad-hoc meetings*: The DLT Bonds Working Group also held a series of ad-hoc meetings to respond to the EC's targeted consultation to gather feedback on the functioning of the Market in Crypto-Assets Regulation (MiCAR).
- 48 *Webinar on DLT market readiness*: ICMA held a webinar on 7 July to explore the evolving state of market readiness for tokenised securities and digital money.
- 49 *Webinar with Swift*: ICMA held a webinar in collaboration with Swift on 10 September on scaling tokenised assets, ICMA's Bond Data Taxonomy, and the Swift Digital Asset Standards platform.



- 50 *Webinar on Stablecoin Regulation*: ICMA held a webinar on 5 October to discuss current developments for stablecoin regulation globally, and what they mean for the fixed income markets.
- 51 *Bond Data Taxonomy (BDT)*: The BDT Working Group held its quarterly meeting on 1 September, which focused on the minor release of BDT version 2.1 and an update on the ISO 20022 integration of the BDT.
- 52 *BDT ISO Subgroup meetings*: The BDT Working Group held a series of meetings across July and August with its BDT ISO Subgroup. The meetings looked at the input and context for each section of the BDT ISO integration process and gathered member input.
- 53 *Artificial Intelligence (AI)*: The AI in Capital Markets (AICM) Working Group submitted its response to the Financial Stability Board's Consultation on Sound Practices for Responsible AI Adoption.
- 54 *ECB Appia Contact Group*: ICMA attended the inaugural meeting of the Eurosystem's Appia Contact Group, which took place on 21 and 22 September in Frankfurt.
- 55 *ECB DLT Collateral Management Expert Group*: ICMA attended the second meeting of this group, which focused on the impact of innovation on collateral management.
- 56 *ECB AMI-SeCo SEG*: ICMA attended the meetings of the AMI-SeCo Securities Group on 21 and 24 September, focusing on the registration process of securities and the European Commission's 28th Regime, amongst other topics.
- 57 *UK Industry Data Standards Committee (ISDC)*: ICMA attended meetings of the UK's IDSC in August and September, which focused on the FCA's data dictionary initiative seeking to facilitate regulatory compliance.
- 58 *IOSCO AMCC FIWG*: ICMA attended the IOSCO AMCC Fixed Income Working Group and FinTech Task Force (FTF) meeting on 1 October.
- 59 *ICMA FinTech and Digitalisation Forum*: The annual flagship event was held on 29 September in London, bringing together over 200 participants.



The ICMA Securitisation Platform

by **Katie Kelly, Miriam Patterson, Anita Karppi, Andy Hill** and **Natalie Westerbarkey**



ICMA has long supported the securitisation market through two established forums: the Securitisation Discussion Forum (Sec DF), a sell-side forum focused on market practice and legal developments, and the Securitisation Taskforce (Sec TF), ICMA's principal forum for UK and EU regulatory engagement, bringing together buy-side, sell-side and wider market participants.

With renewed market and regulatory momentum and the emergence of various themes in securitisation, ICMA is now launching its ICMA Securitisation Platform, which is open to all ICMA members, regardless of their constituency.

The ICMA Securitisation Platform will provide a focal point for developing practical market-led initiatives, dialogue, advocacy and education. It will bring together ICMA's securitisation-related initiatives under a single 'umbrella' forum to support market development, coordinate industry engagement and keep members informed of key developments. A Steering Committee will help shape priorities, guide key initiatives and provide strategic input to ICMA.

Generally, ICMA has noted the following *existing and emerging* needs and themes in securitisation:

- **Regulatory reform:**
The UK and EU securitisation frameworks continue to evolve, creating an ongoing need for industry engagement and advocacy through the Sec TF. Beyond these jurisdictions, regulation is developing in both existing and new markets to accommodate securitisation (see '*Selected regulatory developments*').
- **Facilitating market access:**
There may be value in exploring market-led initiatives that could help reduce barriers to issuance, including potential standardisation of documentation and consideration of special purpose entity requirements, while recognising the need for transaction-specific flexibility and established market practice.

- **New asset classes and structures:**
Interest in new and less-established asset classes and structures is growing. For example, MDB securitisations are attracting increased attention as a means of mobilising capital, while data centre securitisations are emerging as a way to finance the expansion of critical digital infrastructure.
- **New markets:**
Securitisation is relatively nascent in the MENAT region, but the growth of mortgage markets (particularly in Saudi Arabia and the UAE) could support RMBS issuance, including both conventional and Shari'ah-compliant structures.
- **Other innovation:**
While adoption remains at an early stage, developments in DLT, tokenisation and use of AI have the potential to improve efficiency across the securitisation lifecycle, from origination and reporting through to issuance, settlement and investor disclosures. Additionally, the sustainable securitisation market remains relatively undeveloped, which might signal a need for practical approaches to enhance market confidence.
- **Education and market awareness:**
Education and market awareness will be a core pillar of the ICMA Securitisation Platform. Through its existing [securitisation training programme](#), events, publications and articles in the ICMA Quarterly Report, ICMA will seek to enhance understanding of securitisation, improve transparency and build confidence in the market. A dedicated securitisation hub on the ICMA website will house thought leadership and educational content as well as technical materials.

In February 2026, the ICMA Brussels office hosted an educational roundtable on "*Demystifying securitisation*" which comprised a practical explanation of the mechanics of securitisation, and a discussion on how the market has



evolved since the global financial crisis and its relevance to the real economy, while also examining persistent non-regulatory barriers to broader market participation. The roundtable was recorded for training purposes, supporting ICMA's wider objective of strengthening understanding and awareness of securitisation among policymakers and market participants¹.

ICMA includes dedicated securitisation panels at its flagship AGM and Conference, which this year was held in London in May. The session "*Strengthening securitisation through regulation and beyond*" brought together senior market participants to discuss regulatory divergence, market development and opportunities to broaden the use of securitisation beyond traditional asset classes.²

An ICMA delegation attended the 2026 Global ABS conference in Barcelona, providing an opportunity to engage with members and other market participants and gather valuable input for ICMA's ongoing securitisation work.

Membership of the ICMA Securitisation Platform allows for different levels of engagement. Some members may simply choose to receive updates and stay informed, while those wishing to engage more actively will have opportunities to contribute to ICMA initiatives, identify market challenges and opportunities, participate in thematic working groups and support educational and awareness-raising initiatives.

To join the ICMA Securitisation Platform, whether to receive updates or, if and when it is of interest, to participate in specific initiatives, please contact icmasecuritisationplatform@icmagroup.org.

Selected regulatory developments

EU and UK

The regulatory landscape for securitisation continues to evolve across both the EU and the UK.

In the EU, negotiations on the proposed reforms to the Securitisation Regulation continue, following the third trilogue meeting on 29 September 2026, with a fourth trilogue meeting scheduled for Q4 2026. Further commentary on the EU reform package is available in the [Q1 2026 edition](#) of the ICMA Quarterly Report.

In the UK, market participants continue to await feedback from the FCA and PRA on their consultations regarding reform of the UK securitisation framework, both of which closed on 18 May 2026. A summary of ICMA's response to these consultations can be found in the [Q3 2026 edition](#) of the ICMA Quarterly Report.

Spotlight on select regions and countries

As well as continuing with its work on assessing the regulatory landscape in the EU and the UK, ICMA is also following developments in other regions, such as in Luxembourg and the MENAT region.

Luxembourg remains one of the world's leading securitisation hubs³. Its established infrastructure is illustrated by SPIRE (Single Platform Investment Repackaging Entity SA)⁴, a multi-dealer securitisation undertaking established in 2016 that issues asset-backed securities through segregated compartments under Luxembourg's 2004 securitisation law, as amended in 2022.

Amendments in 2026 to Luxembourg's 2022 securitisation law were designed to enhance the market's flexibility and competitiveness. The reforms significantly broaden the scope for actively managed securitisation structures, extending beyond debt assets to include equity, private equity and hybrid portfolios. They also permit a wider range of financing techniques, supporting structures such as Sukuk and other bespoke risk transfer arrangements. Additional changes allow compartments within the same securitisation vehicle to invest in one another, provide greater legal certainty around the granting of security and guarantees, and clarify the treatment of assets held in securitisation funds. These reforms also align the securitisation framework more closely with Luxembourg's insolvency regime, which reinforces its attractiveness for innovative and cross-border transactions.

In the MENAT region, the securitisation market is still in the early stages of development, but the legal foundations are being created for market growth, particularly in the UAE and Saudi Arabia, with growing interest in both conventional and Shari'ah-compliant structures.

In Saudi Arabia, in the absence of a specific legal framework governing true sale, a series of incremental legislative steps has been taken which provide greater certainty for asset transfers and related securitisation structures. In the UAE, a new federal capital markets framework that came into force on 1 January 2026 grants the regulator enhanced

1. The recording of the educational roundtable '*Demystifying securitisation*' is available to view [here](#).

2. The recording of the ICMA panel "*Strengthening securitisation through regulation and beyond*" is available to view [here](#).

3. As of early 2026, there were approximately 1,700 securitisation vehicles and an estimated 7,500-8,000 compartments/transactions operating in Luxembourg. Source: [Securitisation in Luxembourg: A comprehensive guide 2026](#)

4. <https://www.spirea.com/>



Summary of Practical Initiatives by ICMA

supervisory and enforcement powers which are intended to align the UAE more closely with international capital market standards and potentially provide greater regulatory certainty for structured finance and securitisation transactions.



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Primary Markets

by **Ruari Ewing, Miriam Patterson, Katie Kelly** and **Georgina Jarratt**



UK Market Abuse Regime

In September, ICMA provided informal feedback to the UK FCA on the operation of the Market Abuse Regulation (including in terms of exchange listing choices) and regarding the potential for amendments to the UK regime post-Brexit (also in light of the EU's recent Listing Act amendments to its own regime).

ICMA's feedback referenced various historic ICMA positions (from ICMA's [Market Abuse Regulation \(MAR\) - Primary Market Aspects webpage](#)) in specifically touching on:

- (a) the general securities scope of the regime, following 2016 expansion from regulated markets (RMs) to also MTFs and OTFs – potentially suggesting a UK regime narrowing back to UK RMs and “primary” MTFs;
- (b) the definition of inside information (notably following the FCA's Hannam and Morton & Parry enforcement cases);
- (c) insider lists (notably following the 2016 expansion of purpose and scope);
- (d) pre-sounding requirements – suggesting a UK regime replication of the EU Listing Act's confirmation (i) of the requirements as being merely a voluntary safe harbour and (ii) no bilateral “cleansing” being required following publication;
- (e) stabilisation requirements – suggesting (i) pre-stabilisation notices be allowed as part of general deal announcements and (ii) removal of a distinct ‘mid-stabilisation’ period notice requirement;
- (f) the buyback safe harbour – suggesting scope extension from being equity-only to also covering debt.



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UK Consumer Duty – scope and proportionality

On 11 September, ICMA [responded](#) to the UK FCA's [Consultation Paper CP26/23 Consumer Duty - scope and proportionality](#).

ICMA noted that the exclusions for institutional bond activity (under the “*non-retail financial instrument*” definition in the FCA Handbook, notably regarding minimum denomination) and for listed retail bonds (pursuant to an exception to the “*retail market business*” definition) have been critical – and that their substantive retention is crucial and welcome.

ICMA also noted that it is crucial that a proposed incremental qualification to the minimum denomination exclusion, as applying regarding each end investor, indeed be interpreted such that the upstream firm must be “acting in concert” with the downstream arrangements in question.



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Repeal of TUB Article 129 reporting

On 11 September ICMA [responded](#), regarding reporting under Article 129 of the Consolidated Law on Banking (TUB), to a Bank of Italy [general consultation](#) on an update to statistical and supervisory reporting by banks and other supervised intermediaries.

As part of an objective to reduce reporting requirements (considering obsolete or rarely used data, redundancies, harmonised or estimated data, Europe-wide definitions and frequency/timeline and granularity simplification), the consultation proposed *inter alia* to repeal the TUB Article 129 reporting requirements with effect from 31 December 2026.



ICMA welcomed the proposed repeal of the disproportionately burdensome reporting requirements.



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Third country CSDs recognition under EU CSDR: SIU MISP alleviation ahead of 17 January 2027

On 7 October, ESMA published a [de-prioritisation supervisory statement](#) regarding third country CSDs under the EU's [Central Securities Depositories Regulation](#) (CSDR). This follows the European Council and the European Parliament having been reviewing the European Commission's December 2025 [proposed Regulation](#) under the Market Integration and Supervision Package (MISP), as part of the EU's Savings and Investment Union (SIU) policy initiative.

Beyond its main focuses, the proposed MISP Regulation also included significant alleviation for third country central securities depositories (CSDs) under the CSDR, which is relevant for EU-nexus bond issuers. By way of reminder:

- (a) the CSDR required, [on its adoption in 2014](#), a third country CSD, which provides either of two 'core' services of initial recording of securities ("notary service") and maintaining top tier level securities accounts ("central maintenance service") regarding financial instruments "constituted" under the law of an EU Member State, to apply for recognition with ESMA within six months following an equivalence decision in respect of that CSD's home jurisdiction by the European Commission (with a related provision on cooperation arrangements between ESMA and the responsible authorities in that jurisdiction) – all additionally subject to a specific grandfathering provision that national rules continue to apply in the interim;
- (b) following a [2023 amendment](#) (post-Brexit, so not impacting the UK's CSDR), under the EU's Regulatory Fitness and Performance (REFIT) programme, the recognition requirement's (i) scope of financial instruments "constituted" under the law of an EU Member State is specified, on one reading, as extending to the corporate (or similar) law of the Member State where the issuer is incorporated and the governing corporate (or similar) law of the Member State under which the securities are issued (though the interaction between these two limbs is not free from doubt) and (ii) national-rules grandfathering provision is set to last only until 17 January 2027; and
- (c) the proposed MISP Regulation envisages (i) the recognition requirement's financial instrument scope as just financial instruments governed by the law of a Member State and (ii) national-rules grandfathering

provision extending to three years following the MISP Regulation's entry into force.

(No equivalence decisions seem to have been adopted by the European Commission, aside temporarily regarding the UK-based CSD, CREST, post-Brexit.)

Following initial European council deliberations suggesting broad support for:

- (a) narrowing the recognition requirement's financial instrument scope, whether as proposed or by clarifying application only to financial instruments both governed by the law of a Member State and issued by EU-incorporated entities (from the balance of responses appearing in the 15 July 2026 [Consolidation](#) of post trade written comments, at Questions 16/17 on pp.64-72) – thereby putting beyond doubt a cumulative reading of these two limbs; and
- (b) national-rules grandfathering extension (as reported in the Cyprus Council Presidency's 25 June 2026 [Progress Report](#), at paragraph 27 on p.6).

A [proposed general approach](#) was circulated on 2 October with a view to agreement being reached during the 9 October meeting of the Economic and Financial Affairs Council (ECOFIN).

Meanwhile the European Parliament rapporteur's 11 June 2026 [draft report](#) (amendments 1 to 200) and additional individual MEP amendments ([201-410](#), [411-685](#), [686-958](#), [959-1211](#) and [1212-1463](#)) seemingly only address other aspects of the proposed MISP Regulation, suggesting agreement with narrowing the recognition requirement's financial instrument scope and extending the national-rules grandfathering.

On this basis, EU intent seems clear on enacting (i) a narrowing in some form of the recognition requirement's financial instrument scope and (ii) a national-rules grandfathering extension. However, given the much wider overall scope of the proposed MISP Regulation and the range of other issues thus being subject to detailed deliberation, it seems highly unlikely that both Council and Parliament will be able to begin trilogue negotiations on a final agreed text ahead of the currently-applicable end of national-rules grandfathering on 17 January 2027 – let alone conclude such negotiations in time to enable formal enactment of the MISP Regulation to come into force by then. (Though the Council at least is reportedly looking to have reached its common position on as many aspects as possible by October.)

The 2023 CSDR Refit amendments can arguably be interpreted much more narrowly – and in a way which would address current concerns. However, such arguments on interpretation are unlikely to give stakeholders adequate prior comfort.

Consequently, impacted third country CSDs and also, significantly, related bond issuers (there seemingly



being many thousands of outstanding bond ISINs by EU-incorporated issuers and some hundreds of outstanding bond ISINs governed by an EU Member State's law), would seem to have a legitimate reason for expecting that relevant EU authorities should not, whilst the outcome of the proposed MISP Regulation remains pending, take any enforcement action regarding the currently-applicable end of national-rules grandfathering on 17 January 2027. In this respect, ESMAs de-prioritisation supervisory statement should help mitigate the risk of pre-emptive action that might otherwise be taken (and which could still be materially detrimental for the issuers concerned).

Looking forward to the three-year national-rules grandfathering extension, this should hopefully provide time for third country CSDs to further explore potential approaches – including encouraging their supervisory authorities to reach out to the European Commission (notably the heads of the *C.2 Financial Markets Infrastructure* unit of [DG FISMA](#) - the Directorate-General for Financial Stability, Financial Services and Capital Markets Union) to explore the equivalence process (*inter alia* in light of IOSCO's April 2012 [Principles for financial market infrastructures](#) and the Commission's July 2019 [Communication on equivalence in the area of financial services](#)).



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ICSDs announce jurisdictional scope expansion for dematerialised securities issuance option

Further to the introduction by Euroclear and Clearstream (the International Central Securities Depositories, or ICSDs) in March 2026 of the option for issuers to issue their debt securities in dematerialised form, on 20 July 2026 the ICSDs announced a further expansion of their dematerialised issuance initiative (see ICSDs' announcement, [Expansion of Dematerialised Eurobonds under English Law to non-UK incorporated issuers](#)).

For more information on the ICSDs' initial dematerialised securities initiative, see *ICSDs launch new dematerialised securities issuance option* (ICMA Quarterly Report, [Second Quarter 2026](#), p.23).

In July, the ICSDs announced, among other things, that:

- From November 2026, non-UK incorporated issuers can issue dematerialised debt securities under English law (other than the US, Italy, Japan, Spain, Czech Republic, Iceland, Portugal, Romania, and Switzerland, which currently for tax processing reasons are not included in the scope expansion). This extension applies to securities issued in standalone form or under programme

documentation (which must be updated to enable dematerialised issuances). The initial scope of the option, announced in March, included only UK incorporated entities or supranational issuers (without a jurisdiction of incorporation) issuing debt instruments under English law.

- To support dematerialised Eurobond issuance of money market instruments, the European pre-issuance messaging system (EPIM) has been enhanced with new values and validations. Detailed functional information is available on the DTCC and ICSDs' websites, including updated technical specifications and user guides provided by DTCC to facilitate testing where required.
- The Issuance & Processing Taxonomy (IPT), a data standard developed by the ICSDs for international securities issuance, is confirmed to be compatible with dematerialised securities issuance.

Following the announcement of these developments, August saw the first dematerialised securities issuance using the ICSDs' dematerialised issuance model. On 7 August 2026, Clearstream Banking S.A., as issuer, announced that it had successfully completed the pilot issuance of dematerialised Euro-Commercial Paper with a nominal amount of EUR50,000,000.

This issuance represents the first paperless ICSD issuance, eliminating the traditional need for physical global notes to be produced, signed, printed and stored, and demonstrates that the new dematerialised issuance model is operationally ready for use. For more information, see Clearstream's press release [Clearstream Pioneers Dematerialized Eurobond Issuance](#).

The ICSDs hope that with the jurisdictional and operational changes coming in November and the pioneering first issuance in August, more issuers will see the benefits of issuing their securities in dematerialised form. The ICSDs are also continuing to explore expanding the dematerialised issuance option to cover new governing laws in the future.



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Building the bridge to the next generation of primary markets

As primary markets move from document-led workflows towards data-led, interoperable and increasingly digital models, the Primary Market Innovation Project (PMIP) NextGen provides a practical transition guide for connecting today's issuance processes with tomorrow's market infrastructure.

Why this work matters now

Primary bond markets sit at the heart of capital formation. They connect issuers with investors and help channel



capital to the real economy. They are robust, trusted and effective, but they are also entering a period of transition. ICMA's [Primary Market Innovation Project \(PMIP\) NextGen report](#) responds to that transition. It does not argue that the market is broken, nor does it advocate disruption for its own sake. Instead, it provides a practitioner-led roadmap for moving from today's document-led, manually coordinated issuance workflow towards a more modernised, data-led and interoperable market model, safely, and without weakening the trust, liquidity and accountability on which the market depends.

The case for change comes from two directions. First, today's issuance workflows are increasingly stretched by higher volumes, more diverse products, expanding data and regulatory requirements, and continued reliance on fragmented communication channels. Second, the infrastructure around capital markets is changing, with digital securities frameworks, tokenisation, artificial intelligence (AI), new settlement models and digital money reshaping expectations for how assets may be issued, settled, serviced and distributed.

These developments are not separate from primary markets. If data is incomplete, inconsistent or unstructured at the point where the asset is created, it becomes difficult to connect safely into future digital or hybrid infrastructure. Faster settlement rails will not solve poor upstream data. Digital assets still require legal certainty, accurate terms, settlement readiness, investor confidence, governance and operational control.

A transition agenda, not a technology manifesto

The report is organised around three connected workstreams: Workflow, Model Change and Cross-Cutting Themes. Together, they describe both the near-term work needed to improve how the market operates today and the longer-term conditions required for safe market evolution.

This matters because the next phase of market development is unlikely to involve the clean replacement of one model by another. Traditional, hybrid and digital models are likely to coexist. The challenge is therefore to connect them coherently, preserve liquidity and ensure that innovation strengthens rather than fragments the market.

Workflow: executing today

The Workflow workstream focuses on the most immediate opportunity: improving the way issuance is executed today. The market works, but it works with increasing friction. Core transaction data is often incomplete, inconsistent or received too late to be reliably reused; coordination still relies heavily on email, chat, spreadsheets and bilateral messages; and security set-up, allocation, documentation and settlement readiness all depend on clean and timely upstream data.

The report's workflow message is therefore clear:

primary markets need to move from a document-led and manually coordinated workflow towards a more data-led, standardised, interoperable and controlled operating model. Capturing trusted data earlier, reusing it across the lifecycle, strengthening standards such as the ICMA Bond Data Taxonomy, and clarifying accountability for data creation and validation would reduce re-keying, improve settlement readiness, strengthen auditability and release skilled people from avoidable manual coordination.

Model Change: imagining the future

The Model Change workstream asks what becomes possible once today's workflow is modernised and the market has cleaner data, stronger interoperability, better controls and more flexible settlement arrangements. Its central message is not simply that today's model can become more efficient, but that the origination and distribution model for capital markets may gradually become more data-native, connected and diverse.

This does not mean replacing the syndicated public bond market. It means recognising that traditional bonds, digital bonds, tokenised instruments, private-market instruments and hybrid models may coexist for some time. Digital and tokenised bonds, tokenised funds, collateral mobility, private credit, emerging-market issuance, flexible settlement and broader investor access all point to a more diverse future market. But the report applies an important discipline: innovation is valuable only if it preserves legal certainty, operational resilience, investor confidence, interoperability, secondary-market readiness and liquidity.

Cross-Cutting Themes: foundations for a safe transition

The Cross-Cutting Themes workstream defines the safety layer for transition: liquidity, trusted data, interoperability, standards, governance, resilience, networks and hubs, AI-enabled integration and human accountability. These are the conditions that allow innovation to scale without undermining confidence.

Liquidity remains the benchmark for a safe transition. Fragmentation is the risk to manage. Interoperability is the discipline that preserves optionality. Networks and hubs can help different models coexist without creating disconnected pools of data, access or liquidity. In that sense, the cross-cutting themes anchor the journey towards modernised primary markets in what makes capital markets work today: trust, participation, legal certainty, resilience and efficient capital formation.

From report findings to industry priorities

The report brings a complex transition agenda back to three practical industry priorities: Process, Product and People. These provide a useful storyline for turning the findings into action.



Process: create a trusted and interoperable operating layer

Process is about creating a trusted and interoperable operating layer. Issuance data should be captured as early as possible, ideally at source, and reused across the lifecycle. The industry does not need a single platform or architecture; it needs an architecture of standards, in which common data fields, identifiers, taxonomies, messaging standards and governance arrangements allow different systems to interact more consistently.

Product: enable liquidity-safe optionality and lifecycle functionality

Product is about enabling liquidity-safe optionality and lifecycle functionality. New issuance formats, digital wrappers or settlement models are useful only if they improve real market outcomes: liquidity, legal certainty, investor confidence, operational compatibility, resilience and scalability. Products must work beyond issuance, through settlement, custody, servicing, reporting, secondary-market readiness, collateral management and redemption.

People: define ownership, preserve judgement and build capability

People are central because primary markets are relationship-driven, judgement-heavy and accountability-sensitive. Automation and AI can reduce repetitive work, but decisions on pricing, allocation, documentation, execution strategy and risk still require human judgement. Modernisation should shift human effort away from avoidable reconciliation and manual checking towards higher-value work: advice, strategy, risk management, client value and accountability.

The role for ICMA and the next phase of work

PMIP NextGen has established more than a report. It has created a shared market narrative for why primary-market modernisation matters, what needs to change, and how the industry can approach that change without losing the strengths of the existing market.

The bridge between today's market and tomorrow's market will be built from trusted data, common standards, interoperable systems, clear governance, resilient infrastructure and capable people. It must allow traditional, hybrid and digital models to coexist while preserving liquidity, legal certainty, market confidence and human accountability.

That is where ICMA's role is particularly important. Historically, ICMA has helped markets function through principles, standards, documentation and consensus-building. In the next phase, that role extends across Process, Product and People: helping the industry modernise safely

while preserving the trust, liquidity and resilience on which capital formation depends.

The next phase should convert the report from a shared transition narrative into practical industry action. Targeted member engagement, directional advisory oversight and focused working groups could help maintain momentum, avoid fragmentation and ensure follow-up activity remains aligned with the report's core message.

For members, the invitation is clear: to consider where they have the interest, expertise and capacity to support the next stage of transformation, and to help turn PMIP NextGen into practical outputs that strengthen primary markets for the years ahead.



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Secondary Markets

by **Andy Hill, Nina Suhaib-Wolf, Jeremy Law, Aman Gill, Zhan Chen** and **Thorsten Guthke**



ICMA Secondary Markets & AMIC Buy-side Forum

We are delighted to announce that on 30 November 2026, ICMA's Secondary Market Forum and Asset Management and Investors Council (AMIC) Buy-side Forum will combine for a joint event, kindly hosted by NatWest Markets in London. The conference has been designed to encourage a broad and active discussion across the secondary bond market and investment community on the key issues influencing secondary markets today, recognising the growing importance of buy-side perspectives in shaping the future of fixed income markets. The programme will explore topics including market liquidity, trading and market structure, artificial intelligence, T+1 settlement, buy-side digitalisation and industry trends, and the evolving role of non-bank financial institutions, alongside keynote addresses from both senior policymakers and industry leaders.

The day will conclude with a networking reception, offering participants the opportunity to continue discussions with peers from across the international capital markets community. Please save the date for this unique forum that will convene buy-side and sell-side participants, trading venues, policymakers, and regulators to exchange perspectives and shape the future of the market. For more information and to register, click [here](#).



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EU and UK Bond Consolidated Tapes: recent updates

In the EU, preparations are under way for the EU consolidated tape provider, fairCT, which was [selected](#) by ESMA in July 2025. The go-live of the EU bond tape is currently expected for 2026/2027. ICMA is pleased to announce that it forms part of fairCT's recently established Consultative Committee as an observer member. As such, ICMA participated in the Committee's first two meetings which took place on 29 June and 2 September. ICMA plans to update its members on recent developments; the meeting minutes are also published after the meetings on the [fairCT website](#). Further updates and details of recent developments can also be found on the [fairCT website](#).

In the UK, ETS Connect UK, the first UK bond consolidated tape provider, began operating on 22 June 2026, in line with the previously announced schedule. ICMA is also an observer member of the ETS Connect UK Consultative Committee. The Committee's most recent meeting took place on 17 September, and minutes from previous meetings are available [here](#). On 17 August, ETS Connect UK [announced](#) the publication of the Accredited Partner Programme documentation for the UK bond Consolidated Tape client support, under which any licensed user meeting the accreditation criteria may apply by 30 October 2026 to enable timely review and onboarding ahead of the programme launch on 4 January 2027. Organisations wishing to apply can request an Application Form for the Accredited Partner Programme. Further information and details can be found on the [ETS Connect UK website](#).

The introduction of the consolidated tapes in the EU and UK follows the go-live of the respective new transparency regimes, which have applied in the UK from 1 December 2025, and in the EU from 2 March 2026, with the EU supplementary deferral regime applying from 4 May 2026. ICMA's most recent data analysis and findings on the new transparency regimes can be found on page 42 of this report.



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MiFIR post-trade transparency in the EU and UK: ICMA analysis under the new regimes

Background

In recent months, the new MiFIR/D post-trade transparency regimes have started to apply both in the UK (from 1 December 2025) and in the EU (from 2 March 2026, with the supplementary deferral regime applying in the EU from 4 May 2026). In addition to the go-lives of the transparency regimes, the first-ever UK consolidated tape, ETS Connect UK, as appointed by the FCA in August 2025, started operations on 22 June 2026. Market participants are now awaiting the launch of fairCT, the EU Bond CTP provider selected by ESMA in July 2025, further to the implementation date of EuroCTP, the first EU equity consolidated tape, on 14 September 2026.

Since the application dates of the new transparency and deferral regimes, using [Propellant](#) software, ICMA has conducted extensive analysis of recent live trade data in order to examine the transparency levels of the new regimes. This follows a deep-dive analysis and retrospective modelling of past MIFID data which ICMA conducted during 2025, as published in [ICMA's 2025 secondary market bond data reports](#) and QR articles (see for example [ICMA Quarterly Report edition Q3 2025](#), page 34 on transparency levels in sovereign bond markets: UK and EU comparison by country).

Most recent findings

As predicted already through our various retro-fitting exercises during 2025, ICMA's analysis of the now live data shows that:

1. both new transparency regimes (EU and UK) display significantly higher transparency than before, and
2. the new EU transparency regime shows higher degrees of transparency than the new UK regime.

This applies to trades in both sovereign and corporate bonds.

Sovereign bond post-trade transparency analysis

Looking in greater detail at sovereign bond trade data for March to May 2026, when the new transparency regimes were in effect in both the EU and UK, we find that an average of 85.0% of EU trades by count were published in real time or within 15 minutes. The corresponding figure for the UK was 73.4%. By notional volume, the respective averages were 45.4% in the EU and 14.6% in the UK.

Looking at the number of trades published by trade size band, ICMA finds that the EU had a higher proportion of notional volume published real time and within 15-minutes, compared to the UK, as presented by the light-yellow boxes in the graph overleaf. There are significant differences especially in the case of medium-sized trades of between EUR5 million and EUR20 million.

Our comparison of the number of trades (prints) published under the old regimes in the EU and UK, versus the number of trades published under the new respective regimes (UK starting on 1 December 2025, EU starting on 2 March 2026), demonstrates how

much the number of trades published in real time and within 15 minutes increased overall in both regimes: In the UK, the trade count averaged 144,065 between June and November 2025, rising to an average of 352,125 between December 2025 and May 2026. In the EU, the three-month average (December 2025 to February 2026) under the old regime equalled 433,305 and increased to an average of 601,410 in the three-month period from March to May 2026.

The volumes shown over the same time period are averaging EUR1,531 billion between March and May 2026, compared to a pre-regime average of EUR913 billion in December 2025 to February 2026. In the UK, the post-regime average was equivalent to EUR473 billion, compared to a pre-regime average equivalent to EUR120 billion.

Corporate bond post-trade transparency analysis

The analysis of new versus old transparency regimes on the corporate bond side leads to similar findings: There has been a significant increase of transparency overall in both the EU and UK following the introduction of the new transparency regimes, with 81.6% of trades in the EU now published real time or within 15 minutes, versus 66.1% in the UK, in the three-month period March to May 2026.

A comparison of corporate volumes before and after the go-live of the new regimes shows significant increases in both jurisdictions. In the EU, the proportion of volume published in real time rose from an average of 5.3% to 52.3%; in the UK, it rose from 0.43% to 16.5%.

When splitting the number of tickets again into different trade size bands, again it can be observed that the EU displays higher real time transparency than the UK across various bands. It is worth highlighting that the UK deferral regime foresees real-time transparency for corporate bond trades only in a size up to GBP1 million.

The results of the analysis of recent live data broadly confirm ICMA's predictions from previous retro-fittings conducted during 2025, following the publication of the UK Policy Statement [PS24/14](#) on Improving Transparency for Bonds and Derivatives Markets in November 2024 and the ESMA [Final Report on RTS2](#) in December 2024, and prior to the go-live dates (see for example [ICMA Quarterly Report edition Q3 2026](#), page 38). Similar predictions were also undertaken by the FCA directly (see [PS24/14](#), page 44) and ESMA (see [ESMA Final report on RTS2](#), page 50).

Outlook

This article presents ICMA's preliminary findings following the introduction of the new transparency regimes in the EU and UK. In the coming months, ICMA will undertake more detailed analysis of trading activity and liquidity provision in secondary markets and will continue to provide updates to members and regulators.



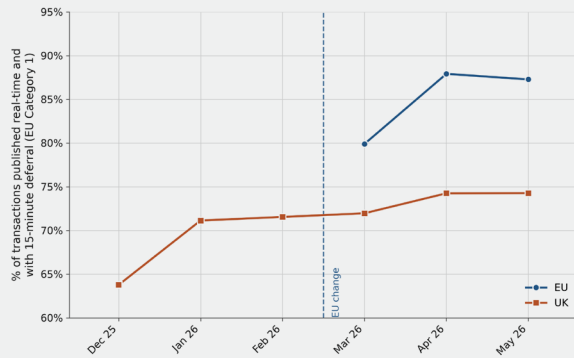
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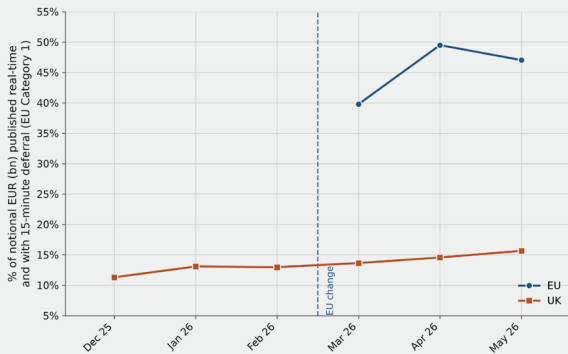
Secondary Markets

Charts covering this article are as follows.

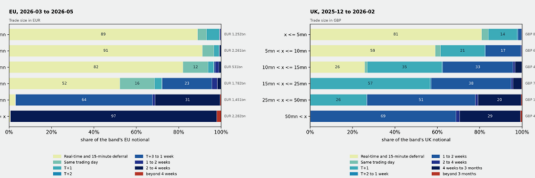
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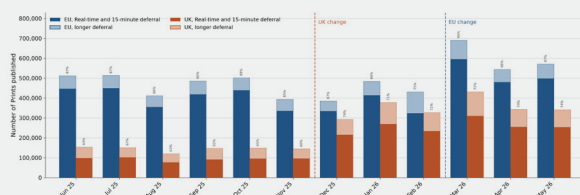
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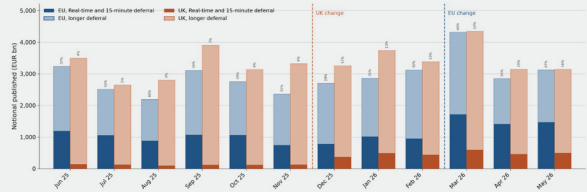
Volumes: sovereign bonds publication delay by trade size band:



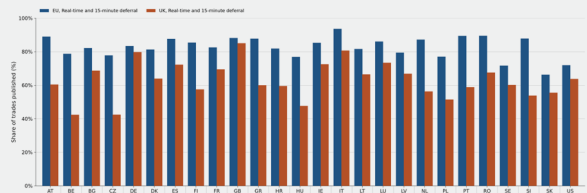
Trade count: EU and UK sovereign bonds published real time and within 15 minutes, vs longer deferral



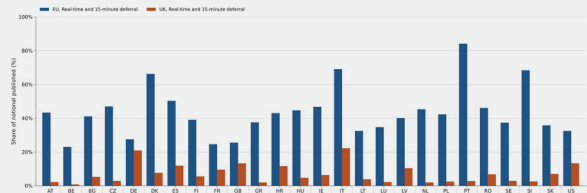
Volumes: sovereign bonds published real time and within 15 minutes, versus longer deferrals:



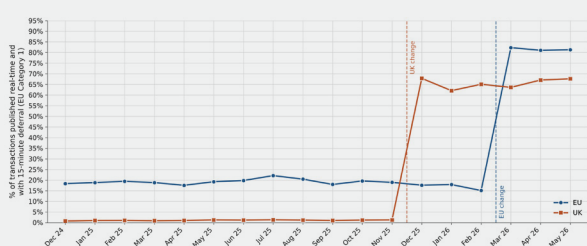
Trade count: sovereign bonds published real time and within 15 minutes, split by issuer



Volumes: sovereign bonds published real time and within 15 minutes, split by issuer



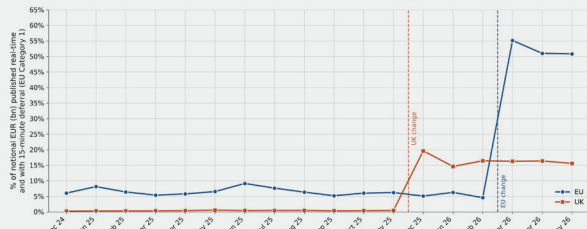
Trade count: corporate bonds published real time and with 15-minute deferral:



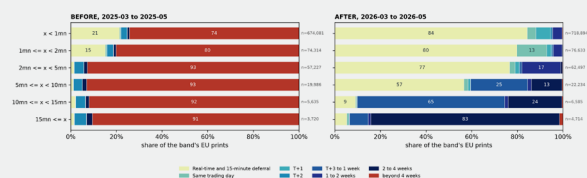
1. For data analysis we use time stamps of ≤30 mins to allow for any small delays in publication.



Volumes: corporate bonds published real time and with 15-minute deferral



Trade count: EU corporate bonds publication deferral by trade size band:



Trade count: UK corporate bonds publication deferral by trade size band:



MiFIR post-trade transparency: New ICMA two-pager on duplicative trade reporting

On 5 October 2026, ICMA [published](#) a new two-page briefing on duplicate trade reporting under MiFIR. The briefing builds on a joint trade-association paper signed by ICMA in April 2026 and discussed in the previous edition of the Quarterly Report. It sets out ICMA's position specifically from a bond-market perspective and has also been shared with ESMA and the European Commission.

It reads as follows:

Background

On 8 April 2026, ICMA co-signed a [joint briefing paper](#) together with ISDA, AFME and the EBF, which supports the European Commission proposal as part of its Market Integration and Supervision Package (MISP) ([published](#) on 4 December 2025) to remove over-the-counter (OTC) derivatives concluded on third-country trading venues from the scope of post-trade transparency (PTT) requirements under MiFIR. The EC proposal builds on the July 2020 [ESMA Opinion](#) on “Determining third-country trading venues for the purpose of transparency under MiFID II/MiFIR”. The joint trade association paper agrees with the EC proposal, but it also asks the Commission and co-legislators:

- to extend the scope of the proposal to the other asset classes covered by the 2020 ESMA Opinion, not just OTC derivatives, and
- to apply it to transactions which are executed off-venue between non-EU investors and non-EU branches of EU investment firms and which are made public via non-EU APAs.

Aside from co-signing the joint paper, ICMA had also included these points in its European Commission MISP [response](#), which was published under the lead of ICMA's Regulatory Policy Committee (RPC) in March 2026 (*see page 8 of the [ICMA response](#), section 3. MiFIR*).

Rationale

From a bond market perspective, ICMA would like to present the following rationale and further thoughts in regard to the above proposals:

- The removal of duplicative reporting obligations for UK branches of EU investment firms when executing transactions outside a trading venue with non-EU counterparties and reporting those transactions to a non-EU Approved Publication Arrangement (“TCAPA”) would present a step towards greater simplification and burden/cost reduction for firms, one of the key items on the EU SIU policy agenda.
- It would furthermore improve accuracy of post-trade transparency data by avoiding double-counting, overreporting and inflating overall perceived levels



Secondary Markets

of market liquidity, thereby enhancing the value of the transparency data overall and bond consolidated tapes for investors, firms, issuers and all data users, fostering greater confidence in European bond markets.

- The amendment is fully consistent with the MiFIR text and its underlying spirit. It also enhances the competitiveness of the EU economy and its investment firms, as per the SIU's objectives. Finally, it is aligned with ESMA's objectives of "ensuring the integrity, transparency, efficiency and orderly functioning of financial markets" and "preventing regulatory arbitrage and promoting equal conditions of competition", as defined in its Founding Regulation, Article 1 (5)².
- As per the ESMA 2020 opinion, trades on certain third-country trading venues do not have to be reported via an APA in the EU, whereas off-venue trades executed outside the EU are subject to reporting via an APA in the EU. It can be argued that such off-venue trades reported via a non-EU APA (TCAPA) are subject to the same reporting requirements in the third country as on-venue trades (*thereby fulfilling the underlying rationale explained in the ESMA 2020 opinion paragraph 7*), it would therefore be consistent to apply the same rules to third-country on-venue and off-venue trades.
- *Further thoughts:* Greater simplification could be achieved by removing the current specific criteria and individual assessments of third-country trading venues (TCTV) (and, as per above proposals, TCAPA), that are subject to post-trade requirements in their own jurisdiction, in the ESMA 2020 opinion, and replacing them with a blanket exclusion of such TCTV-trades from reporting in the EU. This would reduce administrative and cost burden for ESMA, trading venues and APAs.

Proposed Action

ICMA proposes the following Level 3 and Level 1 action points:

- Level 3: Amend ESMA 2020 Opinion on third-country trading venues (TCTV), as follows:
 - Extend the ESMA opinion so that it also covers third-country APAs ("TCAPA") in case all of the following conditions are met:
 - The trade is executed **outside a trading venue**;
 - The execution is carried out by a **non-EU branch** of an EU investment firm;

- The counterparty is a **non-EU investor or firm**; and
- The trade is already reported to a **non-EU APA**.

Note that currently this amendment would affect the UK alone as a third country, given that the UK is the only other jurisdiction that operates a MiFIR regime with UK-specific APAs.

- Remove the individual assessment of TCTV (and, if applicable and as per above proposals, also "TCAPA").
- Level 1: Extend MISP MiFIR Proposal /Amend MiFIR Articles 20 and 21 reflecting amendments in the ESMA 2020 opinion, as follows:
 - Articles 20(1) and 21(1) of Regulation (EU) No 600/2014 require investment firms which, either on own account or on behalf of clients, conclude transactions outside a trading venue, to make public the volume and price of those transactions and the time at which they were concluded through an Approved Publication Arrangement (APA).
 - In line with the proposed Level 3 amendments, a paragraph should be added stating that investment firms should not be required to publish through an APA the transactions that they conclude on a third-country trading venue, which is subject to similar post-trade transparency requirements as EEA trading venues.
 - Similarly, non-EU branches of EU investment firms should not be required to publish through an EU APA the transactions that they conclude outside a trading venue with a non-EU counterparty and that they make transparent through a third-country Approved Publication Arrangement (TCAPA), where the third-country regime imposes on investment firms transparency provisions that are similar to those applicable to EU investment firms under the MiFID II/MiFIR framework.



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2. Regulation 1095/2010 of 24 November 2010 establishing a European Supervisory Authority (European Securities and Markets Authority), EUR-Lex - 02010R1095-20200101 - EN - EUR-Lex. Article 1 (5) states: "The objective of the Authority shall be to protect the public interest by contributing to the short-, medium- and long-term stability and effectiveness of the financial system, for the Union economy, its citizens and businesses. The Authority shall, within its respective competences, contribute to: (a) improving the functioning of the internal market, including in particular a sound, effective and consistent level of regulation and supervision, (b) ensuring the integrity, transparency, efficiency and orderly functioning of financial markets, (c) strengthening international supervisory coordination, (d) preventing regulatory arbitrage and promoting equal conditions of competition, (e) ensuring that the taking of investment and other risks are appropriately regulated and supervised".



Transaction reporting update

Following the publication of discussion paper [DP24/2](#) in November 2024, the FCA published its [Consultation Paper \(CP25/32\)](#) on Improving the UK transaction reporting regime on 21 November 2025. ICMA [responded](#) by the 20 February 2026 deadline.

Following on from this, on 3 August the FCA published its Policy Statement [PS26/15: Improving the UK transaction reporting regime](#) which contains a number of changes. In terms of next steps, the FCA will publish a draft schema, validation rules and new guidelines for consultation in October 2026. This consultation will also cover transitional provisions and consequential amendments to its Handbook. The new regime will come into force on 3 April 2028. The FCA indicated that it would take a flexible supervisory approach to some areas from 3 August 2026 until this date.

On 2 July, ESMA [published](#) its Final Report on the simplification of transaction reporting, setting out a clear path towards a “Report Once” approach. The Final Report builds on the [interim report](#) published on 4 May. Following the publication of the Final Report, ESMA suggests that all progress is contingent on its Level 1 recommendations being incorporated into ongoing negotiations on MiFIR, EMIR and SFTR, which would be in the context of MISP. ESMA outlines an indicative timeline for implementation based on the assumption that Level 1 changes are made by mid-2028. Once sufficient certainty is reached that Level 1 changes will be taken forward, ESMA outlines the intention to set up the necessary governance arrangements to work through detailed technical changes, with the aim to complete the integrated Level 2 template by mid-2029, IT development completion by mid-2030 and implementation of a fully integrated solution by H2 2031. ICMA plans to remain engaged in this topic with its newly formed MiFIR Transaction Reporting Taskforce as well as its SFTR TF.



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ICMA's Electronic Trading Working Group (ETWG)

Following its last meeting on 26 June, ICMA's Electronic Trading Working Group (ETWG) is planning a further meeting in the fourth quarter of 2026. Topics to be discussed in the next meeting include a follow-up on Axe Distribution Standards, further to ICMA's [July 2026 update](#) of its definitions under ICMA's [2021 Industry Guide on bond pricing distribution](#), ICMA's most recent MiFID data analysis, an update on current use cases and uptake of the consolidated tapes for bonds, as well as a summary of recent initiatives in digitalisation and tokenisation of relevance to Electronic Trading, to be presented by ICMA's Innovation and Digitalisation team.



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Repo and Collateral Markets

by **Andy Hill, Alexander Westphal, Zhan Chen, Aman Gill** and **Irene Rey**



ICMA's European Repo and Collateral Council (ERCC)

ERCC Committee meetings

The [ERCC Committee](#) met on 30 September at ICMA's London office, its first meeting after the summer break. The agenda covered current repo market conditions, including a preview of the latest European Repo Market Survey by Richard Comotto ahead of its publication. Members also considered key regulatory and market structure topics.

T+1 remained a central focus, with just over a year until implementation. Particular attention was given to preparations for the new Gating Event. Members also discussed repo clearing, including preparations for the US Treasury clearing mandate and broader developments in European clearing.

A further priority was the NBFIs agenda, particularly the UK debate on gilt repo market resilience. The ERCC continues to engage with the Bank of England on possible next steps. Detailed minutes will be made available in the [member area](#) once approved.

The Committee will meet twice more this year: in Brussels on 12 November, just before the start of Euroclear's annual Collateral Conference, and in Paris on 1 December, alongside the ERCC AGM and Conference.

ERCC AGM and Conference 2026

Registrations are open for the [2026 ERCC AGM and Conference](#), which will take place on Tuesday 1 December at Le Centorial in Paris, kindly hosted by LSEG. The event will bring together the European repo community for an afternoon of discussion and networking. The programme will include keynote remarks, a presentation marking 25 years of ICMA's European Repo Market Survey, and panel discussions featuring market practitioners and ICMA experts.

These sessions will consider the current state of, and outlook for, the repo market; key global and European drivers; and the legal and regulatory developments shaping ICMA's work in this area. The conference will also provide an opportunity to reconnect with peers, exchange perspectives and reflect on the main developments of 2026 while looking ahead to 2027 and beyond. Further details on the agenda and registration are available [here](#).

ICMA's Professional Repo and Collateral Workshop

ICMA's [Professional Repo & Collateral Workshop](#), the ERCC's annual flagship educational event, was held in London on 6-7 October 2026. Running since 2009, the workshop is an established industry benchmark for repo training.

Delivered by ICMA experts and senior practitioners from ERCC member firms, the two-day programme explains what repo is and how it is managed. It also examines the structure, functioning and regulation of the repo market, including recent developments.

It is designed primarily for junior repo market practitioners. It is also relevant to more experienced participants and professionals in adjacent areas seeking a deeper understanding of the market and its role in the wider financial system.



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Gilt repo market resilience

ICMA's ERCC, through its Gilt Repo Taskforce, continues to engage with the Bank of England with the shared aim of enhancing the resilience of the gilt repo market, and in particular its ability to function under stress. This builds on ICMA's [response](#) to the Bank of England's discussion paper on the gilt repo market in November 2025, as well as subsequent discussion with market participants aimed at providing further constructive [recommendations](#) to improve the efficiency and robustness of the market.

The Taskforce includes gilt-edged market maker (GEMM) repo traders, other active sell sides in the gilt repo market, buy sides, including pension funds, insurers, UCITS asset managers, money market funds (MMFs), alternative investors (hedge funds), trading venues (cash and repo), central counterparties (CCPs), and custodians. Essentially, the Taskforce represents the entire gilt and gilt repo market ecosystem. Accordingly, the Taskforce works for the betterment of the overall market, rather than any specific vested interest.

As highlighted by the focus of the [2025 discussion paper](#), and more recently [a blog by Sarah Breeden](#), Deputy Governor for Financial Stability, in the Bank's view, both greater repo central clearing and minimum haircut requirements remain important policy tools for improving the resilience of the gilt repo market. The Bank is also keen to engage the industry as it develops and calibrates any policy measures, with the Taskforce, as well as the ERCC, being key interlocutors. While clearing and haircuts remain important areas of engagement, the Taskforce is also proposing additional, complementary tools, such as more targeted reporting and disclosures related to positioning and leverage.

On 3 September, a representative group from the Taskforce held a Roundtable with the Bank, under the Chatham House Rule, to explore the pros and cons, and potential calibration, of haircuts, ways to promote greater central clearing, as well as additional policy measures. ICMA hopes that this is the start of an ongoing dialogue between the Bank and the gilt repo market with a clear common goal of enhancing market resilience.

If your firm is active in the gilt repo market, in any capacity, and is not already represented in the ICMA Gilt Repo Taskforce, we would encourage you to join. This includes the alternative investment community, who may not be ICMA members, but are nonetheless an important constituent and very welcome to contribute to these discussions.



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Repo clearing in Europe

In light of the US Treasury clearing mandate for cash and repo, where ICMA is [actively involved](#), as well as [ICMA's engagement with the Bank of England](#) in seeking to enhance gilt repo market resilience, ICMA recognises that addressing regulatory barriers to expanding central clearing for repo is a key priority for repo market development. While it is widely accepted that mandating central clearing for repo markets is difficult to implement, and likely to be counterproductive, there are potential realisable benefits from providing broader access to repo clearing, particularly for non-banks. Even allowing for differences in market structure, the US is a good case in point, where a culture of non-bank repo clearing was already well-established before the introduction of the SEC mandate. What we see in Europe, however, is that adoption of clearing beyond the interbank market has been slow, despite efforts by the major CCPs to develop models to support non-bank access.

On 2 September, ICMA hosted a Roundtable with the three main CCPs supporting repo clearing, Eurex, Euronext, and LCH, and representatives from ICMA's Asset Management and Investors Council (AMIC). The objective was to identify and discuss regulatory barriers to, and potential incentives for, expanding repo clearing in the EU and UK. This not only includes regulatory requirements and limitations that prevent or disincentivise UCITS, money market funds, and other investor types from utilising clearing, but also capital rules that prohibit banks from becoming clearing sponsors or agents.

ICMA intends to build on the Roundtable, with further consultation with its buy-side, repo, and CCP community, to develop a position paper outlining active measures that UK and EU rule makers can take to nurture a substantive non-bank centrally cleared repo ecosystem. In addition, ICMA is actively exploring contractual development to support non-bank repo clearing (outside of the US).

Members and other stakeholders with an interest in developing repo central clearing, in Europe and other jurisdictions, are encouraged to connect with ICMA.



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EU transition to T+1: Latest updates and next steps on the Gating Event

One year to go...

With just over one year until the planned move to T+1 settlement in the EU, UK and Switzerland on 11 October 2027, industry preparations are entering a critical phase.

ICMA remains closely involved through the EU T+1 Industry Committee (IC), the relevant technical workstreams, including the workstream on securities financing transactions (SFTs), and its own member forums.

A key priority for the IC continues to be market readiness. This work is being supported by a series of communications, events and practical tools for market participants. The latest industry readiness survey, undertaken with The ValueExchange and published in June, showed encouraging progress, with 83% of respondents actively engaged in T+1 preparations. The results were presented at an event hosted by the Banque de France and sponsored by Euroclear. Further awareness-raising events are planned. The next, *EU T+1 Industry Committee: One Year to T+1 and the Final Roadmap*, will be hosted by Citi in Frankfurt on 29 October, with virtual participation also available.

Another major focus over the final year will be industry testing. The *joint EU/CH/UK Testing Plan*, last updated in September, sets out a common approach and related guidance for firms. It also provides a timetable for market-wide testing, including five testing windows beginning in February 2027. To support this work, the IC has established a new Testing Facilitation Mechanism, with representation from the relevant workstreams, to help coordinate the testing effort and address practical questions as they arise.

Focus on the new Gating Event

From an SFT perspective, the new Gating Event remains one of the most important implementation topics. The additional *FAQs and Best Practice* guidance published by the Industry Committee in June explain the Gating Event in detail. It is an optional settlement functionality that will be implemented across EU (I)CSDs. It is designed to mitigate potential liquidity and settlement-efficiency challenges arising from the move to T+1, including the expected increase in same-day repo activity and related intraday liquidity demands. Instructions flagged for the Gating Event will be released automatically for settlement at 11:00 CET on the intended settlement date, allowing existing settlement optimisation tools, including technical netting, to be applied.

The guidance makes clear that the Gating Event is intended primarily for T+0 repo transactions and related fixed-income cash transactions for which synchronised settlement can deliver meaningful liquidity benefits. Examples include repo rollovers, bond purchases funded through same-day repos, and short positions covered through same-day reverse repos. At the same time, the guidance emphasises that the functionality should

not be used indiscriminately. Because the Gating Event can be applied unilaterally, effective communication, transparency and market discipline will be essential to avoid unintended consequences and disruption to settlement activity.

Awareness-raising and operational preparedness are therefore now central priorities. As part of this effort, ICMA will host a dedicated Industry Committee webinar on the Gating Event in the early fourth quarter of 2026. The webinar will provide a further opportunity to explain the rationale for the solution, its key specifications and the intended use cases set out in the guidance.

Further work is also under way in two important areas. First, the relevant workstreams are considering how best to monitor the impact of the Gating Event after go-live. This includes identifying relevant data points and KPIs that can be used to identify unintended consequences or possible misuse beyond the use cases identified in the guidance. Second, the industry is considering whether the Gating Event may need to be refined after implementation in light of market experience and evidence from the transition to T+1.

ICMA will continue to support this work through the Industry Committee, the relevant technical workstreams and its own member groups, with a particular focus on ensuring that the new functionality is understood, used appropriately and contributes to a smooth transition to T+1 settlement.



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China repo market



ICMA held the second meeting of its *China Repo Committee* on 26 August. Members discussed the continued development of China's repo market and the practical issues affecting greater cross-border participation. The discussion covered the FIC Roadmap and the potential role of central clearing, the planned ICMA-CCDC cross-border repo white paper, and other matters relating to market access, market practice and documentation.

A *Steering Committee* has also been established to help set the strategic direction. Current initiatives include the preparation of a China repo FAQ that will provide practical guidance on the Chinese repo market. ICMA is also exploring further educational workshops to support international and onshore market participants.

Separately, ICMA has *responded* to the second draft revision to *China's Enterprise Bankruptcy Law*, which began legislative review in August 2026. The second draft retains a specific safe harbour for close-out netting in respect of financial transactions. ICMA reviewed the scope of this provision and its interaction with restructuring stays and financial collateral enforcement, as well as related changes to the cross-border insolvency framework. This follows the joint ICMA-ASIFMA



[response](#) to the first draft revision in 2025. The provision remains relevant to the legal certainty of close-out netting and the development of cross-border repo activity in China.



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SEC mandatory clearing for US Treasuries

In August, the SEC [reopened](#) the comment periods on the proposed relief concerning the extraterritorial application of the UST clearing mandate and the inter-affiliate exemption. Although the consultations had already been conducted, the more targeted questions in the reopened comment periods appeared to signal that the SEC is considering a quantitative cap or threshold for certain non-US activity. The questions also addressed how such a cap might be calculated and monitored in practice. As set out in its earlier [responses](#), ICMA supports relief for genuinely non-US transactions. ICMA members have raised concerns that quantitative caps could impose significant implementation, monitoring and compliance burdens. If the SEC decides to retain a cap, it will be important to ensure that it is appropriately calibrated and operationally workable.

On 29 September, ICMA held a further [member webinar](#) on the UST clearing mandate. The webinar brought together infrastructure providers and market participants to discuss recent regulatory developments and their broader implications for the US Treasury market. Participants also considered firms' implementation readiness, available clearing models and the practical considerations for international market participants. The webinar formed part of ICMA's ongoing work to support industry understanding and preparedness ahead of the relevant compliance dates.



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LCR and open reverse repos

ICMA continues to engage with the European Banking Authority (EBA) on the treatment of open reverse repos under the Liquidity Coverage Ratio (LCR). As reported previously, the EBA's latest May 2025 [guidance](#) raised renewed questions about whether open reverse repos can be recognised as LCR inflows. This followed an [updated EBA Q&A](#) issued in May 2024, which had provided helpful clarification following advocacy by ICMA and other stakeholders.

In response to ICMA's latest outreach, the EBA agreed to hold a further call with ICMA and selected members of the ERCC Prudential Working Group, which is leading ICMA's work on the issue. The call took place on 30 July, and enabled ICMA to clarify the EBA's interpretation of the relevant framework, reiterate

ICMA's concerns with the current guidance and explain the practical and legal characteristics of open reverse repos.

Following the constructive discussion, ICMA submitted further input to the EBA on 17 August. The submission developed several key points raised previously, including in ICMA's September 2023 [letter](#). In particular, ICMA reiterated the contractual rights available under the GMRA to terminate open reverse repos and the importance of ensuring a level playing field with other major jurisdictions, where open reverse repos continue to be recognised as inflows for LCR purposes. ICMA remains committed to working constructively with the EBA to achieve greater regulatory clarity on this issue and will continue to keep members informed of further developments.



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SFTR transaction reporting

On 2 July, ESMA published its [Final Report on the simplification of financial transaction reporting](#). The report sets out a longer-term move towards a "report once" approach covering SFTR, EMIR and MiFIR, alongside potential shorter-term changes to the existing frameworks. From a repo perspective, ICMA is assessing the implications for SFTR, including whether the proposals can deliver genuine burden reduction. The ESMA report also proposes limited relief for certain SFTs whose opening leg fails before the T+1 reporting deadline. However, the proposed relief is much narrower than ICMA's earlier proposal on settlement fails and would not address the issue.

On 8 September, ICMA held a [member workshop](#) on the SFTR reporting implications of US Treasury mandatory clearing. The workshop considered how different sponsored and agency clearing models should be represented under SFTR. This included which transactions should be reported, where reporting obligations arise, and how the relevant parties should be identified. The discussion tested [ICMA's updated SFTR Recommendations](#) against evolving market practice and helped identify areas requiring further consideration.

ICMA also continues to explore with ISLA the potential application of Digital Regulatory Reporting (DRR) to SFTR. While this work remains at an early stage, it could represent an important opportunity to support greater standardisation and efficiency in SFTR reporting.



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Buy-side



by **Anita Karppi** and **Irene Rey**

ICMA buy-side: engagement, digitalisation and the evolving market landscape

The second half of 2026 has seen an active programme of engagement with asset managers and other institutional investors, spanning trading and market structure, digitalisation, ETFs and regulatory developments affecting the investment community.

ICMA continues to provide forums through which members can exchange perspectives, engage with policymakers and contribute directly to discussions on the issues affecting their businesses.

ICMA at the International Trader Forum and European Fixed Income Trading Summit

ICMA was represented at the International Trader Forum (ITF) and European Fixed Income Trading Summit (EFITS), held in Athens from 8–11 September. EFITS brought together leading buy-side fixed income traders, while ITF convened senior traders from asset management firms across a range of regions.

The discussion reflected many of the themes currently central to ICMA's buy-side work. These included the continued electrification of markets, developments in trading technology and data analytics, artificial intelligence, execution management systems, liquidity and best execution.

Preparations for the transition to T+1 settlement in the UK and Europe were also considered, including the operational, data and cross-border challenges facing buy-side firms ahead of the 2027 transition.

ICMA contributed directly to the programme. Anita Karppi moderated sessions on Trading Technology and Data Analysis on the Modern Desk and The Growth of Corporate Bond Index Futures in Europe, while Nina Suhaib-Wolf moderated Advances in Electronic Fixed Income Trading and contributed to discussions on the consolidated tape and T+1 settlement.

I Tokenisation through the buy-side lens: ICMA FinTech and Digitalisation Forum

ICMA's FinTech and Digitalisation Forum on 29 September in London considered how technological innovation is reshaping international capital markets, with themes including DLT-based bonds, artificial intelligence, stablecoins, tokenisation, data standards and interoperability.

The panel, "Tokenisation Through the Buy-side Lens", examined the buy-side perspective on tokenisation through market reality, use cases, frictions and requirements for scale. It also looked from a multi asset perspective. Anita Karppi moderated a panel with Elliot Hentov, Chief Macro Policy Strategist, State Street Investment Management, Christoph Hock, Head of Tokenisation and Digital Assets, Union Investment Privatfonds and Nikhil Sharma, Head of Digital Assets, Blackrock.

Regulatory dialogue through the AMIC Committee

The AMIC Committee meeting took place at ICMA's London office on 6 October.

The Committee was joined by Mhairi Jackson, Manager, Funds and Asset Management Policy at the Financial Conduct Authority (FCA). The meeting provided members with an opportunity for direct dialogue with the UK regulator and an exchange of perspectives on current and emerging policy priorities affecting funds and asset management.

Alongside the regulatory discussion, the meeting also considered wider AMIC priorities and ongoing workstreams.

AMIC: MISP update

Since AMIC's initial assessment of the Market Integration and Supervision Package (MISP) as [highlighted](#) in issue 81 of the Quarterly Report, amendments proposed in the European Parliament have developed the debate on the future supervision of asset managers.



AMIC favours a stronger role for ESMA in supervisory convergence and coordination while maintaining national competent authorities' responsibility for firm-level supervision and enforcement. To support this approach, AMIC proposes an ESMA-coordinated "Coordination Framework". This would bring authorities together to examine specific areas of supervisory divergence through thematic, risk-based exercises and ad hoc samples of firms, with appropriate follow-up and publication of relevant findings.

A further priority is the development of ESMA as a central EU supervisory data hub. Centralised fund reporting and a report-once approach could improve information-sharing between authorities while reducing duplication for firms. Enhanced data availability is an important prerequisite for assessing any future macroprudential measures.

Regarding delegation, the existing UCITS and AIFMD framework should be preserved, without introducing additional or duplicative reporting requirements. AMIC also considers that the proposed changes to remuneration and securities lending fall outside the MISP's market-integration objectives, overlap with existing requirements and could have unintended consequences for EU competitiveness, market liquidity and investor returns.

Overall, AMIC considers that the MISP should support market integration through effective coordination, improved data-sharing and clear supervisory responsibilities.

Broadening the ETF dialogue: Buy-side Head of ETF Capital Markets Trading Breakfast Roundtable

ICMA will convene its third Buy-side Head of ETF Capital Markets Trading Breakfast Roundtable on 28 October, bringing together ETF capital markets and trading professionals to exchange views on developments shaping the ETF ecosystem. Discussions will consider global ETF market trends alongside issues relating to trading, liquidity, market structure and the continued evolution of the market.

ICMA is broadening the geographical scope of the roundtable to incorporate perspectives from the Asia Pacific region. ICMA's APAC colleagues will contribute on ETF development in the region, placing this within the context of ICMA's broader cross-border engagement in China's repo and bond markets.

ICMA Secondary Markets & AMIC Buy-side Forum

ICMA's AMIC / Buy-side Forum will join with Secondary Markets for an event in London on 30 November, kindly hosted by NatWest Markets.

The programme will explore market liquidity, trading and market structure, artificial intelligence, T+1 settlement, buy-side digitalisation and wider industry trends, as well as

the evolving role of non-bank financial institutions. Keynote contributions from senior policymakers and industry leaders will complement the market discussions.

Bringing together buy-side and sell-side participants, trading venues, policymakers and regulators will provide an opportunity to consider these issues from across the market and examine how regulatory, technological and structural developments are changing fixed income.

The joint Forum also reflects the increasingly interconnected nature of ICMA's work across its buy-side and secondary market communities and will remain important in identifying common challenges and informing ICMA's future work.

Looking ahead

As markets continue to respond to technological innovation, regulatory change and evolving liquidity and trading dynamics, ICMA will continue to strengthen its dialogue with the asset management community and ensure that buy-side perspectives are incorporated across its market practice, regulatory and industry initiatives.



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ICMA ETF frontier: Adoption, innovation and the road to 2030



by **Anita Karppi, Alexandre Roubaud, John Taylor and Sander Van Nugteren**

ETFs have evolved from niche index-tracking products into a significant component of modern portfolio construction. With global assets now exceeding USD20 trillion, their role continues to expand across institutional, wealth and retail markets. In a recent ICMA ETF podcast, Anita Karppi spoke with Alexandre Roubaud of BlackRock, John Taylor of J.P. Morgan Asset Management and Sander Van Nugteren of BNP Paribas Asset Management about the drivers of ETF adoption, emerging areas of innovation and the implications of changing market structures for the ETF ecosystem.

Global ETF assets have surpassed USD20 trillion¹, reflecting continued growth in their use by institutional investors, wealth managers and retail investors. While the early development of the market was largely driven by passive equity strategies, the product landscape has broadened considerably in recent years, encompassing fixed income, active management, options-based strategies and digital asset exposures.

The discussion highlighted a broad consensus that ETF growth is increasingly structural rather than cyclical. Market participants are no longer asking whether ETFs will form part of investors' portfolios, but rather how extensively they will be used and for which investment objectives.

Broadening adoption

Several factors continue to drive ETF adoption. The ETF structure combines diversification, transparency, liquidity and cost efficiency within a single listed vehicle. Intraday trading and real-time price discovery provide additional flexibility for investors, particularly during periods of market volatility.

At the same time, ETFs are increasingly being used as portfolio construction tools rather than simply as investment products. Expansion into fixed income, active management and outcome-oriented strategies has significantly broadened the range of exposures available through the ETF wrapper.

Geographically, the US remains the most mature ETF market, continuing to lead both product development and asset growth. However, participants identified Europe as being at an important stage in its development, with retail participation expected to become a more significant driver of future growth. Digital investment platforms, ETF savings plans and regulatory initiatives aimed at supporting retail investment may further accelerate adoption across European markets.

The growing role of active fixed income ETFs

One area identified as having significant potential for further development is active fixed income ETFs.

Traditional bond indices do not always provide comprehensive exposure to the investable fixed income universe and are inherently weighted towards the largest issuers. Active fixed income ETFs provide portfolio managers with greater flexibility to manage duration, credit exposure and sector allocation while responding to changing market conditions.

The ETF structure may also help to address some of the liquidity challenges associated with fixed income markets. Secondary market trading and the creation and redemption mechanism provide additional avenues for risk

1. ETF Stream, 2nd February 2026



transfer and price discovery, particularly during periods of market stress. As a result, active fixed income ETFs are increasingly being incorporated into model portfolios and broader asset allocation frameworks, rather than being deployed solely as tactical instruments.

Changing investor needs globally

Demographic trends are also influencing ETF innovation. Participants highlighted the importance of retirement planning, income generation and wealth transfer in shaping future investor demand. These trends support the development of outcome-oriented ETF solutions, including income-focused strategies, options-based overlays and risk-managed approaches. Such products are designed to help investors address specific objectives rather than simply track benchmark performance.

The discussion also touched on the evolving role of diversification. As correlations between equities and bonds have changed over recent years, investors have shown growing interest in alternative sources of return and risk diversification. As market infrastructure, pricing and transparency improve, ETFs may play an increasing role in facilitating access to these exposures.

Market structure developments

Looking ahead, changes in market infrastructure may have a significant impact on the ETF ecosystem. The transition towards T+1 settlement in major markets, alongside discussions around longer trading hours and potentially continuous trading models, will require market participants to adapt operational processes and liquidity management frameworks. These developments are closely linked to broader technological themes such as tokenisation and distributed ledger technology (DLT).

While such innovations have the potential to improve efficiency and accessibility, participants emphasised the importance of ensuring that market quality, transparency and liquidity remain robust as products and trading environments evolve.

The panel also highlighted the increasing importance of investor education. As ETF strategies become more sophisticated, investors will need a stronger understanding of liquidity, trading costs, implementation quality and the characteristics of different ETF structures.

Looking ahead

The next phase of ETF growth is likely to be characterised by expanding retail participation, continued development of active fixed income ETFs, greater demand for outcome-oriented investment solutions and ongoing changes in market infrastructure.

For market participants, the implications extend beyond asset growth alone. As ETFs continue to develop across a wider range of asset classes and investment strategies, their influence on portfolio construction, liquidity provision and market structure is likely to become increasingly significant. The industry's next USD20 trillion may therefore be shaped as much by innovation and infrastructure as by asset gathering itself.



Sustainable Finance

by **Nicholas Pfaff, Simone Utermarck, Valérie Guillaumin, Özgür Altun** and **Kacie Sampson**

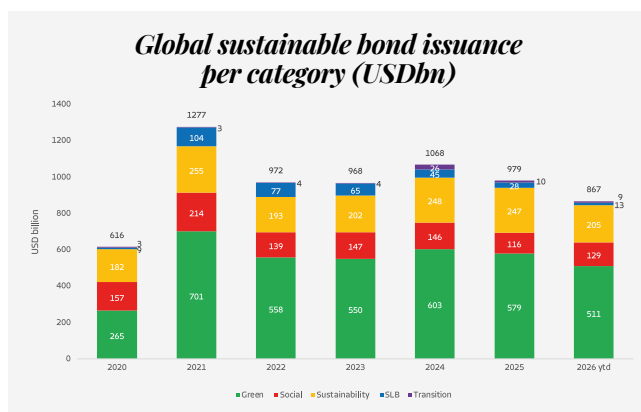


Summary

We provide a third quarter update on 2026 issuance volumes, which remain encouraging. We report on the meeting of the Executive Committee of the Principles in London and the priorities it is discussing for 2026–27. We then provide a dedicated update on the early uptake of the Climate Transition Bond Guidelines, before turning to recent regulatory and policy developments, including the progress of the SFDR review through the European Parliament and Council and several further developments internationally.

S Sustainable bond market update

In Q3 of 2026, sustainable bond issuance reached USD867 billion, reflecting an 18% increase compared to the same period in 2025. Social bonds recorded the strongest growth relative to the same period in 2025, at 38%, followed by green bonds at 28% and sustainability bonds at 12%. Sustainability-linked bond issuance continued to decline, resulting in 54% less issuance than in Q3 2025. The transition label saw encouraging momentum in Q3 as the new transactions were executed under the Climate Transition Bond Guidelines. Transition bond issuance now stands at over USD9 billion year-to-date.



Source: ICMA based on LGX and Bloomberg data as of 17 September 2026.

Green bond issuance remained strong throughout Q3, reaching USD511 billion year-to-date, representing 59% of the labelled bond market this year. Notable transactions during the quarter included a return to the green bond market by the Spanish sovereign, with a **EUR4 billion** (USD4.7 billion) green bond, its second issuance since its debut green bond in 2021. In addition, Swedish lender Landshypotek Bank issued a SEK400 million (USD42 million) green bond dedicated to sustainable agriculture, a first for the Nordic region. Green bonds issued with specific “blue” use of proceeds have seen strong pick-up throughout 2026, with recent transactions including **EUR500 million** (USD570 million) from the Italian water utility Acea, **USD750 million** from the Abu Dhabi National Energy Company, and a **MYR200 million** (USD49 million) blue sukuk from Malaysian water services provider Air Selangor.

European Green Bond (EuGB) issuance continued to grow throughout Q3, totalling approximately USD68 billion year-to-date. Inaugural EuGB issuers during Q3 included Hemsö Fastighets, with an **SEK1.3 billion** (USD137 million) bond. Grid operator TenneT Germany made its debt capital market debut with a **EUR3.5 billion** (USD3.9 billion) EuGB, marking the largest corporate issuance to date under the standard. TenneT later issued a **EUR2.6 billion** (USD3 billion) dual-tranche hybrid EuGB.

Social bond issuance has topped USD129 billion year-to-date, representing 15% of the sustainable bond market in 2026. Transactions included a **KRW500 billion** (USD351 million) social bond from the Korea Housing Finance Corporation. German real estate company, Vonovia, issued a bond which included a social and green tranche, at **EUR900 million** (USD1 billion) and **EUR600**



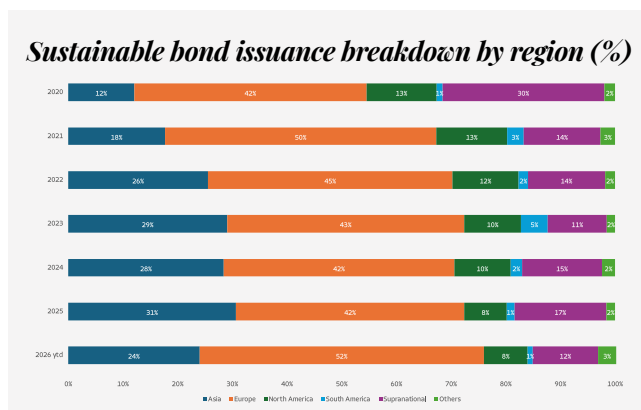
million (USD682 million), respectively. Notably, Bpifrance issued a **EUR1.25 billion** (USD1.5 billion) just-transition focused social bond, which is considered to be the first social bond dedicated to this specific pool of projects.

Sustainability bond issuance has reached USD205 billion in Q3, accounting for 24% of the labelled bond market during the period. Some issuers came to the sustainability bond market for the first time in Q3, including UK affordable-home developer Orbit, with a **GBP250 million** (USD338 million) bond. Beyond Europe, Banco Angolano de Investimentos issued an **AOA50 billion** (USD54 million) sustainability bond, the first of its kind in Angola. In the Philippines, BDO Unibank, the largest bank in the country, issued its second sustainability bond in 2026 at **PHP5 billion** (USD81 million).

Sustainability-linked bond issuance amounted to nearly USD13 billion year-to-date, making up only 2% of issuance so far this year. Despite lower issuance, the SLB market saw a return to the label from French group SPIE with a **EUR500 million** (USD574 million) bond, its second issuance this year. The Kingdom of Thailand issued a **THB25 billion** (USD795 million) SLB, the first in Asia to include a KPI linked to biodiversity targets.

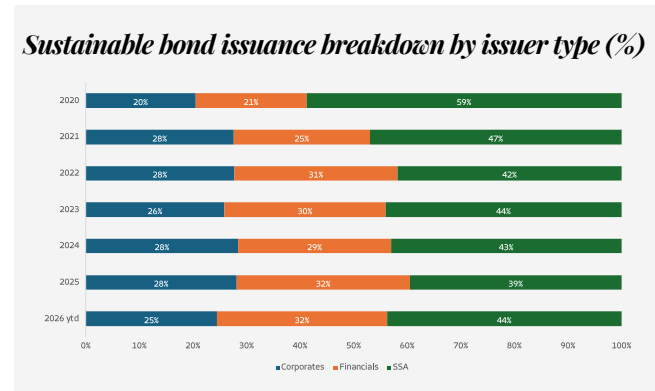
The Transition label saw the first issuances in 2026 under the Climate Transition Bond Guidelines (CTBG) during Q3. Recent momentum has taken transition bonds to over USD9 billion in issuance year-to-date, although the label still represents around 1% of the market this year. First issuances under the CTBG were led by companies owned by Korea Electric Power Corporation (KEPCO), a longstanding transition-focused issuer. Such companies include Korea East-West Power with a **USD500 million** bond and Korea Midland Power with a **USD300 million** bond, both debuting CTBG-aligned bonds in July. Also under KEPCO, Korea Southern Power issued a CTBG-aligned **USD300 million** bond in September. Separately, Kawasaki Heavy Industries issued the first convertible bonds aligned with the guidelines, totalling **JPY50 billion** (USD308 million).

Looking at regional breakdown, European issuers continue to lead issuance, representing 52% of the market year-to-date. Asian issuance remains strong at 24%, followed by SSA issuers at 12% of the market so far this year.



Source: ICMA based on LGX and Bloomberg data as of 17 September 2026.

When comparing sustainable bond issuance by issuer type, there is slightly lower issuance from financials at 25%. Conversely, SSA issuance has slightly increased to 44% for the period.



Source: ICMA based on LGX and Bloomberg data as of 17 September 2026.

S Uptake of the Climate Transition Bond Guidelines

Since the publication of the Climate Transition Bond Guidelines (CTBG) in November 2025, which established a standalone use-of-proceeds label for climate transition bonds (CTBs) alongside the green, social, sustainability and sustainability-linked labels, a first set of aligned frameworks and transactions has come to market. This section provides a factual overview of that early uptake, focusing on the frameworks published and the transactions priced to date.

As of the third quarter of 2026, the universe of publicly available CTBG-aligned frameworks and transactions remains concentrated among first movers in Asia, the Middle East and Africa, underpinned by the Government of Japan's sovereign transition bond programme, which predates the CTBG and has since been aligned to it. The frameworks published or aligned to date include the following:

- **Government of Japan** – the most developed sovereign precedent, whose Climate Transition Bond Framework (November 2023, revised June 2025) is reviewed by both DNV and JCR, with DNV conducting a mandatory annual periodic review.
- **QNB Türkiye** – the Turkish subsidiary of Qatar National Bank, whose five-year climate transition bond (USD100 million, December 2025) was the first climate transition bond issued by a financial institution and the first ever to attract an IFC investment. Proceeds are earmarked for low-carbon and resilience investments across Türkiye, with at least USD50 million directed to the modernisation and decarbonisation of hard-to-abate industries.
- **Korea Midland Power (KOMIPO)** – a Korean state-owned power generator, whose Green and Climate Transition Finance Framework (2026) supports coal-to-gas combined-cycle gas turbine (CCGT) conversions; reviewed by DNV (pre-issuance SPO, July 2026).



- **Korea East-West Power** – a Korean state-owned power generator, with a Green and Climate Transition Finance Framework (2026) covering a portfolio of CCGT conversions; reviewed by DNV (pre-issuance SPO, June 2026).
- **Korea Southern Power (KOSPO)** – a Korean state-owned power generator and the third KEPCO Genco to come to market, which priced an inaugural CTBG-aligned combined-cycle gas turbine transition bond (USD300 million) on 8 September 2026. Its Green and Climate Transition Finance Framework (August 2026), covering four CCGT projects that replace Hadong coal units, was reviewed by Sustainable Fitch (pre-issuance SPO, August 2026).
- **CLP** – a Hong Kong utility, whose Climate Action Financing Framework (2026) was reviewed by Moody's Ratings (pre-issuance SPO, June 2026), alongside a Net Zero Assessment.
- **FirstRand** – a South African bank, whose Transition Finance Framework (December 2025) was reviewed by Moody's Ratings (pre-issuance SPO, December 2025), alongside a Sustainability Quality Score.
- **Emirates NBD** – a UAE bank, whose Transition Finance Framework (2026) was reviewed by DNV (pre-issuance SPO, June 2026).
- **Kawasaki Heavy Industries** – a Japanese industrial manufacturer, which issued the first convertible bonds aligned with the Guidelines, a JPY50 billion (USD308 million) issue in July 2026. The bond was issued under Kawasaki's Sustainable Finance Master Framework, reviewed by Japan Credit Rating Agency (JCR) (framework SPO, March 2026).

In the power-generation segment, the KEPCO-owned issuers Korea East-West Power, Korea Midland Power and Korea Southern Power brought the first aligned corporate bonds this year to market between July and September 2026, financing like-for-like coal-to-gas conversions. Among financial institutions, FirstRand and Emirates NBD have established transition finance frameworks that apply the CTBG at the level of their lending counterparties rather than to a single asset, reflecting the different nature of bank issuance.

Two features of this early market are worth noting. First, issuance to date is concentrated among asset-owning utilities and generators – predominantly in Korea – together with a small number of banks and the Japanese sovereign programme. Second, reviewer coverage has broadened with DNV, Moody's, Sustainable Fitch and JCR providing the external reviews to date. As the label extends to further sectors and geographies, ICMA will continue to monitor the development of CTBG-aligned issuance and the associated market practice.



The Executive Committee of the Principles 2026–27 Agenda

Following a well-established practice, the [Executive Committee of the Principles](#) (ExCom) met to discuss its strategic priorities and work programme for the coming year, as well as the future direction of its work programme notably for its working groups and taskforces. The discussions took place during an in-person meeting in London on 17 September hosted by ICMA.

The ExCom reaffirmed its commitment to ensuring that the Principles remain practical, market-led and responsive to emerging sustainable finance challenges. The ExCom also considered the maturing of the sustainable bond market supported by the Principles, established market practice and a broad ecosystem of experienced issuers, investors and external reviewers.

In reviewing potential priorities for the 2026–27 workplan, the ExCom noted the growing interest in climate adaptation and resilience financing, and in the sustainable financing of data centres. The Committee also considered the evolution of the social bond market and the increasing links between social outcomes, climate resilience and just-transition objectives. While recognising that many of these themes can be served by existing market practice, members agreed that further discussion would help clarify where additional guidance could add value.

On engagement, there was broad support for complementing the existing guidance with more interactive activities – including workshops, webinars, case studies and structured dialogue – to establish how the Principles' guidance is applied in practice and where further clarification may be needed. Lastly, the [Governance Framework](#) was discussed with a view to potential updates that could help broaden representation and increase rotation, while preserving continuity and institutional expertise.

The forthcoming work will build on the continuing efforts of the Principles' working groups and taskforces, including the Climate Transition Bonds Working Group, the Taskforce on Official Standards and the Green Bond Principles, and the Impact Reporting for Social Bonds Working Group. The terms of reference for these three groups are currently under review and will be communicated to the members and observers of the Principles in the coming weeks.



New York Climate Week

New York Climate Week (NYCW) took place from 20–27 September. This year's focus was on “energy, impact, and action that we drive together”. Now in its 18th year, NYCW has grown since its launch in 2009 into the largest climate gathering in the world outside of COP with well over 1,500 events this year. As always, the UN General Assembly (UNGA 81) was being held in parallel, which meant that New York City (NYC) was already welcoming many business leaders, civil society, policymakers and country leaders.



ICMA, represented by Simone Utermarck, spoke at the Environmental Finance [Sustainable Debt Americas 2026 Conference](#) on 17 September, and then participated in the following roundtables during NYCW:

- UNCP: “Ocean Investment”
- S&P Global: “Transition credibility financing growth, resilience in EM, opportunities and challenges created by the rapid expansion of digital infrastructure and data centers”
- UBS: “Decarbonization”
- DZ Bank: “Sustainable Finance 2.0: The Evolving Agenda on Sustainability in Capital Markets”
- OMFIF-SustainableFitch: “New frontiers in sustainable finance: from digitisation to resilience and nature”
- Anbima and GFANZ at World Climate Foundation: “How Innovative Mechanisms Can Help Scale Up Sustainable Investments in EM: Critical Minerals and Strategic Supply Chains – Financing the Building Blocks of the Transition”
- OMFIF-Moodys: “Infrastructure, capital and resource challenges”

ICMA also attended various larger conferences including the Climate Week NYC 2026 Opening Ceremony and Bloomberg Green, among others.

The big themes dominating NYCW2026 agendas were electrification, artificial intelligence (AI), data centres, resilience and nature including the blue economy. Other frequent topics were water and food as well as agriculture and the predicted super El Niño. The International Energy Agency (IEA) released a [Special Report](#) on electrification which provides a comprehensive assessment of how far and how fast electrification can advance across sectors and regions, and what it means for energy security, affordability and emissions. Interestingly, [air conditioning will contribute more to rising global energy demand](#) than data centres through 2030.

With the ongoing race for leadership in AI, the related need for data centres and resulting energy demand were featured even more consistently than last year. Positively, renewable energy in the US is now the cheapest source of power and development has surged to make use of tax credits under the Inflation Reduction Act (IRA) before they end. Grid capacity, however, remains a policy challenge with permitting of grid infrastructure and transmission line projects on average still taking seven years. China’s power grid is 2.5 times the size of the US, using ultra-high-voltage (UHV) power lines to move energy efficiently.

Data centre construction in the US has grown enormously, driven heavily by AI infrastructure demands. This creates a massive need both for electricity due to power requirements and water for cooling purposes. Discussions highlighted how data centre development can lead to social issues when

this creates energy price increases and water shortages. The importance of transparent community engagement was underlined in this context, as well as [commitments](#) to cover power generation and grid upgrade. Some hyperscalers aim, however, to marry climate goals with building data centres using sustainable finance to underpin these objectives.

Investors are reportedly looking at power usage efficiency (PUE) and the power source (eg renewables) of data centres to assess portfolio eligibility. Other factors considered are location, technology, offtake agreements, single vs multi-tenant, and operational data (eg land conversions). Investors seem to agree that while available data is sufficient to make an investment decision, it is not enough to evaluate sustainability, for which standards should be created. The data centre sector will reportedly require at least [\\$3 trillion](#) in investment through 2030.

AI was also hailed as a positive when it comes to driving efficiencies in the real economy. Some examples given were the optimisation of energy usage in buildings. Beyond optimising, AI is used for redesigning grids and buildings. On the issue of cooling in data centres which in addition to energy also leads to significant water consumption, AI has suggested microfluidics to deliver water directly to a chip. Another potentially significant application of AI lies in agriculture and crop production.

Resilience emerged throughout discussions as a broad term including not only climate resilience and adaptation but also themes that are not directly related to sustainability such as defence, cybersecurity, etc.

Nature received more attention this year. Last year the market welcomed ICMA’s [Practitioner’s Guide](#) on sustainable bonds for nature which has been referenced in issuances seen in Africa and Brazil among others since. Other publications of interest in this space that came up during NYCW were the International Public Sector Accounting Standards Board (IPSASB) [IPSAS51](#) published this year, the first global accounting standard for nature in the public sector. The Taskforce on Nature Related Financial Disclosures (TNFD) also released its [2026 Status Report](#) and new guidance for the [technology sector](#).

Among investor publications was the one from Norges Bank Investment Management on [nature expectations](#). Investor interest in blue themes was otherwise underlined while noting that blue bonds often face an issue with smaller deals that do not meet benchmark size.

Overall, a key takeaway from NYCW2026 was the emphasis on collaboration and a shift away from corporate “greenhushing”. A plea made to investors was to not walk away from sustainable investment because of geopolitical tensions, and to instead map investment against future impact and social return on investment.



S Regulatory and policy developments Asia-Pacific

In September 2026, the Hong Kong Monetary Authority (HKMA) launched a [public consultation](#) on Phase 2B prototype of the Hong Kong Taxonomy for Sustainable Finance (deadline: 7 October 2026). The key features of Phase 2B include broadening climate change mitigation activities, focusing on the acceleration of regional transition, and enhancing climate change adaptation methodology by introducing a systematic process-based framework and 24 adaptation measures, with initial focus on shoreline protection and flood management.

European Union

In July 2026, the European Central Bank [extended](#) the use of climate factors in Eurosystem collateral framework to non-financial corporate credit claims. The extension to credit claims is expected to be implemented at the earliest by the end of 2027.

As background, in 2025, the ECB had already [announced](#) the introduction of an uncertainty score for corporate bonds pledged as collateral to protect Eurosystem from potential declines in value due to climate transition risks, with the measure becoming effective from June 2026 (see p.41 of [ICMA Quarterly Report Q4 2025](#)).

With the new expansion, the ECB has broadened the measure to also cover relevant corporate credit claims (eg loans) pledged as collateral and stated that the maximum additional reduction in the final collateral value could be up to 5% for bonds and relevant credit claims. Corporate loans [reportedly](#) represent 29% of pledged collateral as opposed to 2% for bonds.

In terms of methodology, the climate factor will be based on an asset-level uncertainty score comprising three elements: a sector-level stressor, the debtor's exposure to transition-related uncertainties and the residual maturity of the credit claim. In practice, the measures may imply less ECB liquidity when pledging bonds and loans of high-emitting corporates that lack robust emissions disclosures and credible transition plans.

In September 2026, the European Parliament (EP) ECON Committee adopted its compromise [report](#) on the review of the Sustainable Finance Disclosure Regulation (SFDR) which will be voted in the EP plenary session in early October. With the Council having adopted its [negotiating position](#) in June, the trilogue process is expected to start by late October.

Both the current EP and the Council positions seem to be converging in several important areas for the proposed ESG-related fund categories: the names of categories, ie "Transition", "ESG Basics", "Sustainable"; stricter fossil-fuel exclusions under the Transition category due to upstream fossil fuel revenues with however an important exception

route; and, re-introduction of some Principal Adverse Impact (PAI) indicators for categorised funds, albeit with different levels of prescriptiveness. Also, both texts would adopt flexibility by allowing an opt-out from categorisation rules for alternative investment funds marketed exclusively to MiFID professional investors and maintaining important simplification measures such as the removal of the entity-level PAI reporting.

Most importantly for ICMA, eligibility of use-of-proceeds (UoP) bonds under the fund categories (eg green bond under the Sustainable category and a climate transition bond under the Transition category) would not be subject to new entity-level exclusions, but follow the same look-through approach adopted under the [existing ESMA Q&A guidance](#). In other words, fossil-fuel exclusions would only apply at use-of-proceeds (UoP)/project-level.

ICMA has remained actively engaged on the SFDR review since the publication of its [SFDR position paper](#) in February 2026, notably reaching out to both Council and EP representatives over the summer period.

Also in September 2026, the final European Sustainability Reporting Standards (ESRS) were [published](#) in the Official Journal of the EU, reducing ESRS' mandatory ESG datapoints by over 60% and total datapoints by over 70% under the Omnibus simplification effort.

North America

In July 2026, a public consultation was [launched](#) on the draft Canadian Sustainable Finance Taxonomy Methodology report which ran until 13 August. The draft prioritises electricity, buildings, transportation, mining, manufacturing, and agriculture/forestry sectors based on historical emissions. Proposed taxonomy categories include "green", "transition", and a new "abatement" category, with the latter innovation focused on significant, immediate-term emissions reductions in sectors such as O&G.



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Innovation and Digitalisation

by **Georgina Jarratt, Gabriel Callsen, Francisco Parente and Emma Thomas**



I ICMA renames FinTech and Digitalisation function to reflect broader innovation agenda

To support innovation across the international debt capital markets, ICMA announced on 30 September that its FinTech and Digitalisation function had been renamed Innovation and Digitalisation.

The change reflects how technology, data and new market practices are reshaping capital markets. ICMA's work now extends beyond emerging financial technologies and digitalisation to a broader innovation agenda, including the rapid growth of artificial intelligence, the move of digital assets and tokenisation from pilots to live transactions, the development of standards to support interoperability between traditional and decentralised finance, and the modernisation of market processes to make markets more efficient, scalable and resilient.

ICMA works with members, regulators, public authorities, market infrastructures and other industry stakeholders to identify emerging developments, test practical applications and support common approaches and standards. Its current initiatives include working groups focused on AI in capital markets, DLT-based bonds, the Bond Data Taxonomy and electronic trading, alongside the primary market innovation project.

The new name underlines ICMA's role in convening the industry around shared challenges and practical market-led solutions. As technologies and market practices become increasingly connected, Innovation and Digitalisation will focus on the foundations that help innovation scale safely and effectively: common standards, reliable data, appropriate safeguards and industry collaboration.



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I Smart contracts and DLT-based fixed income markets: What's next?

Although the concept dates to the 1990s, smart contracts only became a defining feature of finance with the rise of the crypto-asset and decentralised finance (DeFi) space, and have since crossed into traditional finance. They are at the core of the value proposition of distributed ledger technology (DLT)-based capital markets. They are the mechanism through which the promises of tokenisation can be delivered in practice. However, as market participants each deploy their own implementations, the market risks recreating the very fragmentation that tokenisation is meant to overcome.

ICMA's discussion paper seeks to examine the state of play of smart contracts in fixed income markets and what comes next. It builds on ICMA's [Bond Data Taxonomy \(BDT\)](#), which is embedded in the Monetary Authority of Singapore's (MAS) [Guardian Fixed Income Framework \(GFIF\)](#), and on input from ICMA members received through two workshops held jointly with the ICMA [DLT Bonds Working Group](#) and [Bond Data Taxonomy Working Group](#) on 25 November 2025 and 12 February 2026, bilateral conversations and research. Throughout, the paper also asks key questions to ICMA members and the wider industry, to help guide the development of the market.

Defining smart contracts

Smart contracts suffer from a definition problem, with parties from different jurisdictions and markets defining them differently. Drawing on definitions from the Bank of England, the EU Blockchain Observatory and Forum, the US Commodity Futures Trading Commission (CFTC) and the Hong Kong Monetary Authority (HKMA), the paper provides a definition for smart contracts as "programs stored on a distributed ledger that execute automatically when predefined conditions are met. They may incorporate terms agreed between parties, but they are not necessarily legal contracts, or components of legal contracts, in their own right." The extent to which the code carries legal effect remains a matter for the applicable legal framework. Deployment on DLT is a defining feature. The automation of



a conventional system, no matter its level of sophistication, does not amount to a smart contract in this sense.

Initiatives, networks and live use cases

The paper highlights four initiatives addressing different, complementary layers: (i) DZ BANK's [Smart Bond Contract](#) (SBC), which maps the entire lifecycle of a security in a single protocol with no central platform operator; (ii) the [CMTA Token Framework](#) (CMTAT), which operates at the level of the deployed contract code itself; (iii) [ACTUS](#), which standardises the logic of the financial contract executed by the smart contract; and (iv) the [MIT-SODA interoperability standards](#), which aim to address the flow of assets between networks. Read together, they suggest that smart contract implementation does not consist of a single workstream, but highlights the fragmentation risk inherent to a nascent segment.

Shared multi-institution DLT networks have also emerged to provide the common infrastructure on which smart contract applications can be deployed and interoperate. Some of the examples include (i) [Canton Network](#), (ii) [Regulated Layer One](#) (RL1), (iii) [Global Layer One](#) (GL1) and (iv) Swift's [blockchain-based ledger](#) and [Digital Assets Standards Platform](#) for the creation of tokenised securities based on ICMA's Bond Data Taxonomy in ISO 20022 format.

Several market participants are also extending their services to DLT-based debt securities. Smart contracts are already operating in live systems, including [HSBC Orion](#), Broadridge's [Distributed Ledger Repo](#) (DLR) platform, J.P. Morgan's [Digital Financing on Kinexys](#), [Clearstream D7](#), [Euroclear's D-FMI](#) and [HQLA](#)^x.

These implementations highlight a settlement bottleneck that runs through every smart contract use case, particularly due to the cash leg. Current systems solve this in different ways, from settlement tokens native to the platform and tokenised deposits to central bank money via Deutsche Bundesbank's trigger solution. The availability of digital cash (whether wholesale central bank digital currency, tokenised deposits or regulated stablecoins) is as important to the future of DLT-based debt securities as the smart contracts themselves. It is not only a matter of which forms of digital cash are technically available, but also of whether the applicable prudential and post-trade frameworks allow them to perform the intended settlement function, and of legal certainty as to settlement finality where DLT-based and legacy post-trade systems operate alongside each other.

Repo and collateral

Repo and collateral processes are highly rules-based, operationally intensive and, in part, already automated, making them well suited to further programmability and end-to-end automation. Potential applications include (i) intraday repo (supported by the [ICMA Global Master Repurchase Agreement](#) (GMRA) Digital Assets Annex and Digital Bonds Annex), (ii) collateral eligibility, (iii) trade validation, (iv) collateral valuation and margining, (v) entitlements and

manufactured payments, and (vi) regulatory reporting, drawing on standardised, machine-readable representations such as the ICMA BDT and the [FINOS Common Domain Model](#) (CDM). Additionally, a shared ledger record could also support greater transparency over collateral re-use. Taken together, these point to repo and collateral as one of the most compelling near-term applications capable of maximising the potential of smart contracts in fixed income markets.

Official sector perspectives

For regulators, smart contracts offer a tool for automating manual post-trade processes, reducing settlement and reconciliation risks and improving transparency, while raising questions of legal enforceability, security, accountability and operational resilience. The paper examines three examples. Under MAS Project Guardian, the GFIF embeds the ICMA BDT, providing a model in which the official sector facilitates, rather than substitutes, market-led harmonisation. The Eurosystem's [Advisory Group on Market Infrastructures for Securities and Collateral](#) (AMI-SeCo) does not address smart contracts directly, but its work on post-trade integration, particularly its [report on Remaining Barriers to Integration in Securities Post-Trade Services](#), and the [Single Collateral Management Rulebook for Europe](#) (SCoRE) demonstrates that standards can serve as the foundation for the development of smart contracts. Many of the barriers the group identified are not technological, and smart contracts may help to operationalise some aspects but will not by themselves resolve all of the underlying causes. In France, the Autorité des Marchés Financiers and Autorité de Contrôle Prudentiel et de Résolution set out a [proposal for smart contract certification](#). Whether such an additional layer is necessary in a highly regulated capital markets context remains an open question.

Is there a need for harmonisation?

The paper distinguishes between public blockchains, where smart contracts execute without a central operator and harmonised token and contract standards are essential, and private networks, where they function akin to shared workflow automation among known parties and the greater need is for common data and process definitions, as well as interoperability between networks.

In practice, the distinction is not binary. Public and private sector issuers have issued DLT-based debt securities through a diverse set of platforms that lack interconnectivity, evidencing the existing fragmentation of the industry. Common data taxonomies such as the BDT, machine-readable representations of contractual events and shared token standards would allow smart contracts on different platforms to be understood, compared and integrated on a consistent basis. The goal should be interoperable standards that allow assets, data and contract logic to move consistently across platforms, networks and jurisdictions.



Conclusion

The matter is no longer whether smart contracts can be deployed in fixed income markets, but how their impact can be maximised. Rather than pre-empting that answer, the paper presents three possible pathways: (i) converging on common standards within platforms for smart contracts and the data they require; (ii) addressing the settlement bottleneck; and (iii) building connections between platforms, so that assets, data and contract logic can move consistently across networks, across jurisdictions and between DLT-based and legacy infrastructure. To guide the discussion, the paper poses four sets of key questions, one for each section, those being (i) defining smart contracts, (ii) initiatives, implementations and use cases, (iii) official sector perspectives, and (iv) on the need for harmonisation of smart contracts.

ICMA welcomes feedback from members and the wider industry on these key questions, which will help inform and guide the future development of DLT-based bond markets. Feedback can be shared with Francisco Parente (francisco.parente@icmagroup.org) and Gabriel Callsen (gabriel.callsen@icmagroup.org).

This is an abridged version of the full paper, [Smart contracts and DLT-based fixed income markets: What's next?](#)



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Building the bridge to the next generation of primary markets

ICMA's Innovation and Digitalisation team have worked closely with the Primary Market Innovation Project (PMIP) participants since its inception. A summary of the key points from the [report](#) included in the Primary Markets section of this Quarterly Report is provided below:

- The report highlights the need for a trusted operating layer (Process), market solutions that support lifecycle functionality and liquidity (Product), and continued human judgement, accountability and expertise alongside automation and AI (People).
- Primary markets need to evolve from document-led to data-led workflows, with trusted data captured earlier, reused throughout the issuance lifecycle, and supported by common standards and stronger interoperability.
- The objective is modernisation, not disruption.
- Future market structures are likely to be hybrid and diverse.



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ICMA response to European Commission MiCAR review targeted consultation

On 28 September 2026, ICMA submitted its [response](#) to selected questions in the European Commission's targeted consultation on the review of the [Markets in Crypto-Assets Regulation \(MiCAR\)](#) which are relevant from a capital markets perspective. The response reflects the views of a subset of its [DLT Bonds Working Group](#), which includes issuers, banks, investors, market infrastructures, law firms, data providers, as well as technology providers across the spectrum of international debt capital markets. The key points of the response are set out below.

Scope

Tokenised securities qualifying as financial instruments under MiFID II should remain governed by sectoral legislation, rather than being covered by MiCAR. Bringing them into MiCAR's scope at a time when the EU seeks to deepen capital markets integration, promote growth, simplify regulation and strengthen its competitiveness would create uncertainty for tokenised securities already issued, hamper the nascent market for distributed ledger technology (DLT)-based securities and could undermine the Eurosystem's Pontes initiative and Appia roadmap. Technological neutrality and equivalent prudential, legal and regulatory treatment of DLT-based and traditional debt securities, including collateral eligibility, remain essential.

EMTs as settlement assets

Settlement in central bank money (wholesale central bank digital currency (wCBDC)) remains of critical importance. However, other forms of "cash on chain", including electronic money tokens (EMTs, also referred to as fiat-backed stablecoins) and tokenised deposits, are needed for participants without access to central bank money. This is especially important with a view to developing secondary market liquidity for DLT-based debt securities. The framework should recognise EMTs as eligible settlement assets and collateral.

Reserve requirements

ICMA members recommend lowering the minimum deposit requirements for EMT issuers (currently 30%, or 60% for significant EMTs), allowing a greater share of reserves to be held in high-quality, low-risk short-term instruments to support the international competitiveness of EU EMT issuers. Tailored reserve requirements for EMTs used exclusively as the cash leg in regulated settlement systems, and counterparty exposure limits on reserves held with any single EU credit institution, could also be considered. Members also expressed diverging views on whether credit institutions issuing EMTs should be subject to reserve maintenance and segregation requirements.



Redemption

The ability for EMTs to be redeemed at par within short and reasonable timeframes is a critical prerequisite for widespread adoption by issuers and investors, including during periods of elevated redemption activity. As such, EMT issuers should be required to fulfil redemption requests within 24 hours of receipt of the request, completion of compliance checks and receipt of EMTs in wallet. These timeframe adjustments should also take into account frameworks adopted by relevant third-country jurisdictions (eg the UK) to promote cross-border alignment.

Tokenised deposits

Tokenised deposits are a viable settlement asset and a valuable complement to wCBDC, as a deployable form of “cash on chain” which preserves the same risk profile and defining features as traditional bank deposits. To fully unlock the potential of tokenised deposits as settlement assets and collateral, ICMA members call for: (i) explicit recognition of tokenised deposits as eligible settlement assets and collateral; (ii) support for interoperable “multibank” solutions; (iii) international engagement on a targeted review of the Basel crypto-asset standard (SC060) to achieve technology-neutral prudential treatment; (iv) criteria to distinguish tokenised deposits from EMTs, without creating a separate framework; and (v) supervisory guidance (eg guidelines or FAQs), consistent with any applicable settlement finality legislation.



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Innovation and Digitalisation Advisory Committee

The committee held its quarterly meeting on 28 September 2026. Following a periodic review of the committee’s composition, a number of new members were welcomed to FinAC. The meeting focused on the latest AI developments, their implications for global bond markets, and ICMA’s related engagement and strategic approach.



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DLT Bonds Working Group

The Q3 meeting was held on 14 September 2026. The agenda featured presentations on Canton Network, Swift’s Digital Asset Standards platform and a related programmable compliance initiative, as well as DZ Bank’s Smart Bond Contract, and the latest enhancements for smart contracts (through the ERC-8100 protocol) to process bond data and automate lifecycle events.

In addition, the working group held a series of ad-hoc meetings throughout Q3 to respond to the EC’s targeted review of MiCAR from a fixed income perspective.



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Webinar: Tokenisation and DLT market readiness

As initiatives in tokenised central bank money move closer to live implementation, alongside the rapid growth of tokenised deposits and regulated stablecoins, tokenisation in bond markets is entering a new phase.

On 7 July 2026, we held a webinar bringing together market practitioners from Ashurst Perkins Coie, International Finance Corporation (World Bank Group), and Union Asset Management to explore the evolving state of market readiness for tokenised securities and digital money. The discussion focused on the key market, operational, legal and regulatory factors shaping adoption, and the implications for issuers, investors, intermediaries and market infrastructure providers.

The webinar covered:

- Market dynamics driving the adoption of tokenisation in global bond markets.
- Developments in digital money, including tokenised central bank money, tokenised deposits and regulated stablecoins.
- Key considerations for investors, including custody, portfolio management and best execution.
- How market participants are navigating diverging legal and regulatory frameworks for tokenised securities and digital money.
- The potential impact of tokenisation in emerging markets.

The recording of the webinar can be found on [ICMA’s website](#).



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Webinar: Swift's Digital Asset Standards platform and the Bond Data Taxonomy

Tokenisation is shifting rapidly from experimentation to adoption across asset classes, countries and areas of the market. As the market evolves, standardisation is increasingly recognised as a critical enabler of interoperability, scalability and broader adoption of DLT-based capital markets.

On 10 September 2026, ICMA and Swift held a joint webinar exploring the role of standards in the development of tokenised securities markets and highlighting joint initiatives aimed at enabling tokenised debt securities and other digital financial instruments to operate consistently across infrastructures, institutions and jurisdictions.

The following topics were discussed:

- The evolving landscape of tokenisation initiatives and global market developments.
- ICMA's and Swift's collaboration to integrate the Bond Data Taxonomy into ISO 20022.
- Swift's Digital Asset Standards platform and its role in unifying business and technical standards across different settlement systems, including public blockchains, private DLT networks, and traditional market infrastructures.

The recording of the webinar is available on [ICMA's website](#).



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Webinar: Stablecoin regulation and implications for digital fixed income markets

Stablecoins are attracting increasing attention as a potential settlement asset for digital financial markets, complementing wholesale CBDCs and tokenised deposits, with regulatory frameworks developing rapidly across major jurisdictions. Recent developments in the US, Asia-Pacific and Europe illustrate differing approaches to the regulation and use of stablecoins, with potentially significant implications for institutional adoption and the development of digital capital markets.

On 5 October 2026, ICMA brought together legal, regulatory and banking perspectives from Cleary Gottlieb, Deutsche Bank and King & Wood to explore the evolving stablecoin regulatory landscape and what it means in practice for DLT-based global fixed income markets.

Topics discussed included:

- How stablecoins can meet the needs of stakeholders, including what risks and opportunities they present to the market.

- Cross-border harmonisation, including the impact of divergent regulatory regimes on issuers, reserve structures, distribution and international market activity, and what this means for global market participants.
- The choice of digital settlement asset, comparing stablecoins with tokenised bank deposits and central bank digital currencies and considering how these different forms of digital money may coexist in capital markets.
- Commercial law, insolvency and repo, including the legal rights attached to stablecoins, creditor rights, netting treatment and considerations for stablecoin-based repo transactions.
- Prudential and wider regulatory treatment, including questions around the treatment of stablecoins for capital purposes.



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ECB Appia Contact Group

ICMA was selected as a member of the Eurosystem's Appia contact group following a call for expressions of interest issued on 1 June 2026.

The Appia contact group will support the Eurosystem's overall work programme on tokenisation, which encompasses both [Pontes](#) and [Appia](#) by:

- providing expertise on the operation and evolution of Pontes. Members will discuss strategic business and technical topics, including user requirements, risk management, and change and release management processes, helping to ensure the platform's ongoing development and effectiveness;
- supporting the development of a European tokenised financial ecosystem: members will contribute to shaping the Appia vision by sharing expertise and helping to implement the [Appia roadmap](#).

Further information can be found on the [Eurosystem's website](#).



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ICMA response to Financial Stability Board Public Consultation on Sound Practices for Responsible Adoption of Artificial Intelligence (AI)

On 22 July 2026, ICMA's AI in Capital Markets Working Group [published](#) their response to the Financial Stability Board (FSB) public consultation on "Sound Practices for Responsible Adoption of Artificial Intelligence (AI)". ICMA's consultation response builds on the working group's consistent engagement with policymakers and regulators on AI use in capital markets.

Key points:

- ICMA members support the responsible adoption of AI within financial services and agree that AI oversight should be proportionate to the risk and materiality of each use case.
- ICMA supports a technology-neutral and flexible approach to AI governance, allowing frameworks to adapt as technologies evolve while maintaining robust risk management standards. Where possible, ICMA members encourage AI governance to be embedded into existing governance and risk management frameworks, rather than requiring separate AI-specific structures.
- ICMA members highlight that many risks stated in the report are not unique to AI applications (eg cybersecurity, data breaches, third-party dependency), whilst recognising that AI adoption can amplify existing risks and increase the surface area for vulnerabilities in organisations.
- They also encourage a clearer distinction between traditional AI and machine-learning applications and newer AI technologies, to ensure supervisory attention remains focused on the genuinely new or materially different risks.
- The proposed sound practices are broadly comprehensive and appropriate for senior management and board level individuals. However, greater emphasis should be placed on workforce readiness, skills development, training, and strategic workforce planning to support effective AI adoption. In the capital market, each business line will have different outputs and risk levels unique to its position, necessitating a devolution of responsibility into the relevant teams.
- The report would benefit from the inclusion of additional capital market case studies, such as using AI to extract information from bond documentation, enhance liquidity management, improve the accuracy of bond rating assessments, and make pricing predictions.
- ICMA encourages greater public-private collaboration, including through initiatives such as BIS Project Noor and CMORG, to foster a shared understanding of AI-related implications for financial stability and the broader financial system.



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Repo Trading FinTech Directory Update

In July 2026, ICMA concluded the annual update of its Repo Trading FinTech Directory. The directory is intended to help market participants understand what execution venues are available for repo trading (D2D or D2C, for instance), product scope, as well as differences in trading protocols, clearing and collateral configurations. It also provides information on the venues' regulatory status, market identifier codes (MIC) and additional services on offer such as regulatory reporting under SFTR.

This review reflects an increasingly turbulent market. The impact of artificial intelligence is resulting in market concentration around platforms that can offer quicker, more automated risk detection, collateral identification, and liquidity opportunities. Some firms that have failed to keep up have felt this loss through fewer users. Additional findings were that venues are looking further toward CCP integrations and connectivity ahead of the SEC's Treasury clearing reforms and its potential cross-border considerations.

The directory can be accessed on ICMA's website, [here](#).



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Regulatory developments

ECB: Launch of Pontes

On 21 September 2026, the ECB [launched](#) Pontes, the solution designed to enable wholesale transactions in tokenised assets to be settled in central bank money. Pontes will initially offer a core set of services, to be expanded over time in line with market needs and technological developments. Enhanced features and longer operating hours will be introduced gradually, with full implementation expected by 2028.

ECB: Preparatory work to invest a portion of its own funds in tokenised securities

On 21 September 2026, the ECB [launched](#) preparatory work to gain practical experience with investments in tokenised securities and DLT. The transactions are to be settled in central bank money in Pontes, the Eurosystem's settlement solution for DLT transactions and will focus on euro-denominated euro area public sector and European supranational securities. The own funds portfolio is a non-monetary policy portfolio that provides the ECB with income to help fund operating expenses, excluding those related to the delivery of its supervisory tasks.



SEC: Issues “Innovation Exemption” to Facilitate the Trading of Tokenised NMS Stock and Request for Comment

On 12 September 2026, the SEC [issued](#) an order granting temporary, conditional exemptive relief to Tokenised Securities Venues (each a TSV) from the definition of “exchange” in the Securities Exchange Act of 1934 (Exchange Act) to trade tokenised National Market System (NMS) stock using innovative permissioned automated market makers and liquidity pools (together “AMM Liquidity Pools”). The exemptions are set to expire five years after publication. SEC Chairman Paul S. Atkins said that the exemption represents a step forward within its statutory authority, to bring America’s capital markets into the digital age by facilitating onchain trading of certain tokenised stocks.

US: CLARITY Act fails to pass Senate

On 15 September 2026, the CLARITY Act [failed](#) to pass the Senate with 49 votes in favour and 50 against. The three-fifths majority needed to pass the act was not reached. The CLARITY Act, otherwise known as the “Digital Asset Market Clarity Act”, aimed to provide a system of regulation for the offer and sale of digital commodities by the Securities and Exchange Commission and the Commodity Futures Trading Commission, to amend the Federal Reserve Act to prohibit the Federal Reserve Banks from offering certain products or services directly to an individual, to prohibit the use of central bank digital currency for monetary policy, and for other purposes.

FCA: Feedback statement on tokenisation in wholesale markets

On 14 September 2026, the FCA [published](#) its findings from its call for input on tokenisation in wholesale markets. In the feedback, the FCA sets out its plan to publish a roadmap later this year. The report states that respondents requested this roadmap be specific, including detail on each workstream and dates. They also encouraged the FCA to move faster, for example around timelines for changes to prudential rules for tokenised assets, and on synchronisation. Respondents also asked for the roadmap to move beyond pilots and sandboxes towards full production and permanence, and progress from strategy and high-level principles towards implementation.

BIS: Regulating stablecoin issuance: permissible entities and activities

On 27 August 2026, the BIS [published](#) a Financial Stability Institute brief on “Regulating stablecoin issuance: permissible entities and activities”. The report highlights the various regulatory approaches, particularly in terms of the types of entities allowed and the scope of activities permitted, as well as how stablecoin frameworks generally limit issuers to core functions such as issuance, redemption and reserve

management, and that these activity restrictions apply to the issuing entity rather than the group suggesting that stablecoin frameworks, or related regimes, may need to extend group-level oversight to non-bank issuers, especially for larger groups.

FCA: Update on Stablecoin Sprint

On 28 July 2026, the FCA [published](#) the findings and outcome of its *Stablecoin Sprint*. The findings included a consensus that regulators should focus on the activities that firms are performing, rather than on blockchains or specific technological features like smart contracts. The findings also caution against over-regulating programmability, which could stifle innovation. The findings also discuss the use of stablecoins in cross-border, emerging markets and UK retail payments.

ECB: Materials published from the focus session on the go-live of Pontes

On 22 July 2026, the ECB held a meeting to focus on Pontes, its long-term vision for a future-ready, integrated financial ecosystem that leverages tokenisation and DLT, from which the materials and recordings are now [available](#) on the ECB website. The first deliverable for Pontes is a new Eurosystem DLT solution that links market DLT platforms and TARGET Services to settle DLT-based wholesale transactions in central bank money. In the meeting, the timelines, use cases, user testing and onboarding, operational and legal aspects, and latest developments in the parallel Appia programme were shared.

US and UK: Recommendations to promote growth and innovation in capital markets and digital assets

On 14 July 2026, the US Department of Treasury and HM Treasury jointly [published](#) a set of recommendations from the Transatlantic Taskforce for Markets of the Future. The recommendations aim to deepen cross-border financial activity between the United States and the United Kingdom, reduce unnecessary frictions, and advance open, market-based standards that promote innovation and support growth. Building on deep and longstanding ties between US and UK financial markets, the recommendations identify opportunities to enhance cross-border capital raising, update supervisory cooperation, and provide clarity for tokenised financial activity.

UK – US: Joint statement on stablecoins

On 14 July 2026, UK and U.S. governments [affirmed](#) a shared view on stablecoins intended to promote convergence between the regimes, where such convergence may be appropriate and serve shared interests, and to provide market participants with greater confidence and clarity



upon which to pursue financial innovation. The statement highlights how stablecoins are an important vehicle for innovation in digital money, that stablecoins held out as money should be fully backed, on at least a one-to-one basis, by high-quality, liquid assets and that regulatory approaches should promote innovation and resilience without imposing burdensome constraints.

HM Treasury: Wholesale Digital Markets Champion – first report

On 13 July 2026, the UK's Wholesale Digital Markets Champion, Christopher Woolard CBE, [published](#) the first of two reports to the Chancellor. The aim of this first report is to provide a framework for how the UK develops a tokenised wholesale financial markets system, and steps towards the sector's implementation of the Government's Wholesale Financial Markets Digital Strategy. The report outlines how the UK needs to adopt an approach to a number of key issues, including how much interoperability is needed within the UK and internationally, and how the necessary level of interoperability can be achieved.

European Parliament: Non-legislative report on digital assets

On 7 July 2026, the European Parliament voted to [adopt](#) the non-legislative report that notes the EU was among the first jurisdictions to adopt a dedicated crypto-assets regime (MiCAR) and to apply DLT in finance. The text argues that investment and technological development must stay in the EU and flags the need for legal clarity on whether stablecoins could be jointly issued by an EU and a non-EU entity as fully interchangeable tokens. It also highlights that DLT and asset tokenisation can support savings and investment union by easing cross-border investment, reducing market fragmentation, and building more efficient, inclusive capital markets, stressing that interoperability is key.

FSTB and HKMA: Review of DLT adoption in Hong Kong's fixed income market

On 29 June 2026, the Financial Services and the Treasury Bureau (FSTB) and the Hong Kong Monetary Authority (HKMA) [announced](#) that they have concluded the first phase of a review regarding the further adoption of DLT in Hong Kong's fixed income market. Findings of the review suggest that Hong Kong's legal and regulatory environment is already sufficiently flexible for tokenised bond issuances. In the next phase, a legislative review will be carried out to support the more extensive use of DLT in the fixed income market and digital assets.



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I Artificial Intelligence (AI) regulatory developments

European Commission: Proposal of European Innovation Act

On 9 September 2026, the European Commission [proposed](#) a new European Innovation Act to help Europe's most innovative ideas be developed, financed and scaled up in Europe. A key initiative under the EU Startup and Scaleup Strategy and the Competitiveness Compass for the EU, the proposal will strengthen the EU's long-term competitiveness, prosperity and technological sovereignty.

BIS: Financial Stability Institute occasional paper "When machines attack"

On 9 September 2026, the BIS Financial Stability Institute [published](#) an occasional paper *When machines attack: frontier AI cyber threats and policy responses in the financial sector*. This paper assesses frontier AI models' cyber capabilities and their prudential implications for financial sector supervisors. Section 2 examines how AI is being used in real-world cyber-attacks and reviews the cyber capabilities of the latest frontier AI models. Section 3 analyses financial authorities' policy responses, identifying areas of convergence in how policy responses are evolving to address the changing cyber threat environment.

FCA: Insights from firms on how frontier AI may affect cyber resilience, governance and vulnerability management

On 2 September 2026, the FCA [published](#) insights from firms on how frontier AI may affect cyber resilience, governance and vulnerability management for firms. The intention is to share knowledge so that small to medium-sized firms can learn from others, consider the insights in their own adoption of AI models and prepare for AI-enabled cyber threats. The publication summarises observations reported by firms during their engagement. It does not introduce new rules, guidance or regulatory expectations.

FSB: Letter to G20 Finance Ministers and Central Bank Governors on risks arising from frontier Artificial Intelligence (AI) models

On 31 August 2026, the FSB [published](#) a letter from Chair Andrew Bailey on the risks posed by frontier AI models, highlighting in particular their potential impact on cyber risk. In the letter, Mr Bailey calls on authorities to take appropriate steps to support safe and responsible model release and deployment, and for financial institutions to ensure robust response and recovery capabilities and resilience amongst



critical third-party providers. The letter also notes concerns over the increased use of leverage in bond and equity markets, which is interacting with high valuations, market concentration and AI-related optimism in a way that could amplify a future market correction.

EBA, EIOPA and ESMA: Calls for cross-sectoral, risk-based and consistent supervisory approach to mitigate the ICT risks stemming from frontier AI models

On 31 July 2026, the European Supervisory Authorities (EBA, EIOPA and ESMA – the ESAs) [published](#) a statement calling for a cross-sectoral, risk-based and consistent supervisory approach to mitigate the ICT risks stemming from frontier AI models. It outlines measures to help financial entities strengthen their operational resilience against cyber risks linked to frontier AI models. Particular emphasis is placed on the prevention, detection and management of these risks. The statement underlines that financial entities should have robust governance and risk management frameworks in place to support the effective management and mitigation of cyber risks associated with frontier AI models. It also updates on ongoing and planned DORA oversight activities for critical ICT third-party providers (CTPPs) to address this risk.

BaFin: New competencies for the monitoring of AI

On 29 July 2026, BaFin [received](#) an expanded mandate to be responsible for market surveillance for AI systems that are directly related to a regulated financial activity. The new jurisdiction extends to credit institutions, insurers and other financial companies under the supervision of BaFin. The basis for this is the Act on the Implementation of the European Regulation on Artificial Intelligence, and its surveillance will include, for example, the transparency obligations for AI systems that interact directly with humans – such as chatbots in customer communication.

ECB: Working Paper A SPOT in the dark: using AI to assess financial stability risks

On 29 July 2026, the ECB [published](#) a working paper introducing SPOT, a novel AI-based indicator to measure the Severity and Probability of Triggers. SPOT is generated using large language models (LLMs) and a large dataset of financial news articles. The LLM assesses whether an article describes events capable of adversely affecting euro area economic activity or financial stability in the future and then performs a structured assessment. Overall, the results demonstrate that AI-based text analysis can enhance financial stability monitoring by systematically extracting forward-looking signals from large volumes of unstructured information.

OECD: Policy paper on AI and open finance

On 16 July 2026, the OECD [published](#) a policy paper on AI and open finance. The paper examines the interplay of AI innovation with data-sharing environments, highlighting mutually reinforcing benefits alongside increased complexity, trade-offs and amplified risks. It also explores a forward-looking theoretical scenario of agentic AI in an environment of growing data-sharing. The paper aims to support the responsible and scalable deployment of AI innovation within open finance ecosystems.

ESRB: Frontier AI models could strain cyber resilience in the financial system

On 7 July 2026, the European Systemic Risk Board (ESRB) [published](#) a warning on systemic cyber risks resulting from frontier AI models. This warning comes after the ESRB General Board assessed systemic cyber risk as “severe” in June, up from “elevated” in March. Frontier AI models are advanced AI models capable of materially affecting offensive or defensive cyber operations. The ESRB warning explains how these models are reshaping the cyber threat landscape, assesses the resulting systemic risks and outlines implications for public authorities and private financial institutions.



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Building legal certainty in China Free Trade Zone (FTZ) offshore digital bonds

A by **China Central Depository & Clearing Co., Ltd. (CCDC) Shanghai Headquarters**

On 24 July 2026, the Shanghai Financial Court publicly released its judicial opinion on China's first foreign-related financial market test case, bringing the test proceedings to a successful conclusion.¹ Unlike conventional litigation arising from actual defaults, the proceeding was structured as a simulated test case, with hypothetical parties and facts, allowing the relevant legal risks to be stress-tested before any actual transaction or market risk arose. China Central Depository & Clearing Co., Ltd. (CCDC) Shanghai Headquarters and the Bank of Communications Shanghai Branch participated as key market parties. Centred on the issuance of Free Trade Zone (FTZ) offshore bonds through blockchain-based book entry, the case put the entire bond lifecycle through a comprehensive legal risk stress test, establishing a legal basis and thereby providing important judicial guidance to international investors and financial market infrastructures (FMIs) with more clarity on the treatment of digitally native bonds and offshore structures under Chinese law.

FTZ offshore bonds are a financing instrument established through the reforms of the China (Shanghai) Pilot Free Trade Zone, combining offshore financing with an onshore institutional framework. Applying blockchain-based book entry to their issuance, bond rights are created on a blockchain system administered by the central securities depository (CSD) and simultaneously registered in the conventional book-entry system, providing a basis for determining bond entitlements and an alternative form of digital evidence of title. To provide practical relevance, the test case was built around a realistic transaction scenario: an FTZ offshore digital bond issued through CCDC's blockchain digital bond issuance platform, with an issue size of RMB 1 billion (USD 150 million), coupon of 3.50% and a three-year tenor, part of which was held by an overseas investor through direct registration with the CSD. Until recently, no clear authoritative judicial guidance existed on such arrangements, whether on the legal status of on-chain records, the enforceability

of cross-border trust structures or the legal effect of FMI rules. The gap on how Chinese law will interact with international financial practice was a source of uncertainty for issuers, investors and FMIs alike, which gave rise to the test case.

The financial market test case scheme

The financial market test case scheme is a judicial innovation pioneered by the Shanghai Financial Court.² Under the scheme, financial institutions and other market participants may ask the court to test novel and significant legal questions arising from proposed or ongoing financial business and questions in urgent need of clarification before any actual dispute arises. Rather than adjudicating a conventional dispute, the court conducts a simulated proceeding and issues a judicial opinion providing the market with clear guidance on the applicable rules. The first of its kind in China, the scheme offers a channel for aligning financial innovation with rule of law.

Framed around a hypothetical FTZ offshore bond transaction, the test focused on legal questions that may arise from issuance through to default. It was designed to conform to the fundamental principles of Chinese law while drawing on established international practice.

Beginning at the end of 2024, all parties undertook extensive work on the design of the hypothetical case and the preparation of litigation materials, conducting repeated simulations with market institutions, legal experts and research teams to ensure a clear account of the business logic, thorough legal reasoning and full risk disclosure.

Focusing on the "onshore-offshore" scenario, that is, offshore business conducted within an onshore institutional framework, the parties systematically examined the issues of greatest market concern across the full bond lifecycle: confirmation of ownership of blockchain-based digital bonds, the allocation of

1. Shanghai Financial Court, Financial Market Test Case No. (2024) Hu 74 Ceshi 1, judicial opinion issued on 24 July 2026 (in Chinese).
2. Shanghai Financial Court, Rules on the Financial Market Test Case Scheme (for Trial Implementation), 2022.



rights and responsibilities under the FTZ offshore bond trust structure, and the disposal of collateral upon default. For novel elements such as on-chain book entry, account records and token generation, the parties built a virtual evidence chain and a closed-loop verification process. The case was heard in public on 26 November 2025, and the judicial opinion was publicly released on 24 July 2026, an outcome of guiding value for Shanghai's development as an international financial centre.

The test case responded directly to long-standing legal questions in offshore finance, digital finance and the performance of FMI functions, bolstering legal certainty and predictability in the market. Four outcomes are particularly noteworthy, each addressing an issue on which the market had previously lacked clear judicial guidance.

Confirming the legal effect of blockchain-based digital bonds

Drawing on CCDC's technical standards and business rules for blockchain-based digital bonds, relevant Chinese law, and on international standards such as the UNIDROIT Principles on Digital Assets and Private Law³, the parties explained in detail the relationship between on-chain tokens and conventional electronic book-entry records together with the mechanics of issuance. A Chinese court has for the first time confirmed the legal effect of on-chain tokens issued via CCDC's blockchain platform as "digitally native" bond rights under the judicial opinion. This largely removes a critical legal obstacle to the digitalisation of China's capital market and offers a reference point for other jurisdictions exploring digital bond issuance.

Clarifying the trust architecture for "onshore-offshore" bonds

The opinion also addressed the industry-wide challenge of reconciling collective action by a cross-border trustee with individual investors' rights of action. It confirmed that end-investors directly registered with the CSD hold full ownership of their bonds, while also giving effect to the governing law and the contractual arrangements for the exercise of rights agreed in the offering documents. By outlining that the rights and obligations agreed by the transaction parties are protected by the courts of the Chinese mainland, the opinion provides domestic and overseas participants with a clearer framework for safeguarding their interests, and gives global investors holding Chinese offshore bonds through CSD accounts welcome reassurance about the legal foundation of their holdings.

Establishing a mechanism for ascertaining the application of foreign law

Following deliberation of the offering documents in the test scenario governed by Hong Kong SAR law between the issuing

parties, expert witness testimony, and financial and legal expert assessors, the court determined the conditions under which cross-default and anticipatory breach are established together with their legal consequences. This approach to the ascertainment and application of foreign law provides a model for the efficient resolution of complex cross-border financial disputes, and it gives market participants greater confidence in choosing the governing law of offshore transactions.

Confirming the legal effect of FMI business rules

The test included a comprehensive examination of CCDC's innovative international business arrangements and related rulebook. The judicial opinion confirmed that the applicable FMI rules are lawful and effective and, where a participant applies for the disposal of collateral following a default, the FMI is entitled to process the application promptly in accordance with its rules, is under no substantive duty to determine whether an event of default under the bonds has in fact occurred, and enjoys legal immunity in respect of such disposal. This materially reduces the potential legal exposure of domestic FMIs in performing their functions and strengthens the legal-risk safeguards of Shanghai's offshore financial market. For international FMIs, it sends an equally important signal: the duly formulated business rules of Chinese FMIs will be respected and upheld by the courts.

Conclusion

The successful conclusion of the test case demonstrates the commitment of China's judiciary to the sanctity of contract, its openness to financial innovation and its respect for international rules. By using hypothetical facts to address practical market concerns and providing a transparent, complete and predictable set of rules, the case aims to strengthen global investors' confidence in Shanghai's offshore bond market, support regulators in improving its offshore supervisory framework, and advance the internationalisation, rule-of-law development and digitalisation of Shanghai's offshore financial market. More broadly, it shows how judicial innovation can support financial opening-up: by resolving legal uncertainty ex ante, the courts can lower the cost of innovation for the market as a whole. CCDC will build on these results by further improving its rules and technical standards for digital bonds and offshore business, and by working with market participants at home and abroad to support Shanghai's development as a global centre for RMB asset allocation and risk management.

CCDC Shanghai Headquarters is the Shanghai-based arm of China Central Depository & Clearing Co., Ltd. (CCDC), China's central securities depository.

3. UNIDROIT, Principles on Digital Assets and Private Law, Rome, 2023.

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NOV		
5th	ICMA Future Leaders and FiDurable joint event: The future of transition finance – Pursuing real-economy decarbonisation	Paris
10th	The future of digital income markets	Milan
11th	20 th ICMA European Primary Market Forum	London
11th	ICMA Future Leaders: Fireside chat with Paul Lewis OBE, Firmwide Managing Partner, Linklaters	London
19th	Innovation in capital markets: What's next?	Singapore
19th	German regional lunch	Frankfurt
25th	9 th Annual ICMA & JSDA Sustainable Bond Conference	Tokyo
26th	ICMA Women's Network: The Value of Independence	Milan
30th	ICMA Secondary Markets & AMIC Buy-side Forum	London
DEC		
1st	ERCC Annual General Meeting and Conference 2026	Paris

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Glossary

ABCP	Asset-Backed Commercial Paper	ESCB	European System of Central Banks	MENAT	Middle East, North Africa and Turkey
ABS	Asset-Backed Securities	ESFS	European System of Financial Supervision	MEP	Member of the European Parliament
ADB	Asian Development Bank	ESG	Environmental, social and governance	MiFID	Markets in Financial Instruments Directive
AFME	Association for Financial Markets in Europe	ESM	European Stability Mechanism	MiFID II/R	Revision of MiFID (including MiFIR)
AI	Artificial Intelligence	ESMA	European Securities and Markets Authority	MiFIR	Markets in Financial Instruments Regulation
AIFMD	Alternative Investment Fund Managers Directive	ESRB	European Systemic Risk Board	MISP	Market Integration & Supervision Package
AMF	Autorité des marchés financiers	ESRS	European Sustainability Reporting Standards	ML	Machine learning
AMIC	ICMA Asset Management and Investors Council	ETF	Exchange Traded Fund	MMF	Money market fund
AMI-SeCo	Advisory Group on Market Infrastructures for Securities and Collateral	ETP	Electronic trading platform	MOU	Memorandum of Understanding
APA	Approved publication arrangements	€STR	Euro Short-Term Rate	MREL	Minimum requirement for own funds and eligible liabilities
APP	ECB Asset Purchase Programme	ETD	Exchange-traded derivatives	MTF	Multilateral Trading Facility
AUM	Assets under management	EURIBOR	Euro Interbank Offered Rate	NAFMII	National Association of Financial Market Institutional Investors
BCBS	Basel Committee on Banking Supervision	Eurosystem	ECB and participating national central banks in the euro area	NAV	Net asset value
BDT	Bond Data Taxonomy	FAQ	Frequently Asked Question	NBFI	Non-Bank Financial Intermediation (or Intermediaries)
BIS	Bank for International Settlements	FASB	Financial Accounting Standards Board	NCA	National competent authority
BMCG	ECB Bond Market Contact Group	FCA	UK Financial Conduct Authority	NCB	National central bank
BMR	EU Benchmarks Regulation	FEMR	Fair and Effective Markets Review	NPL	Non-performing loan
bp	Basis points	FICC	Fixed income, currency and commodity markets	NPRs	Notices of Proposed Rulemaking
BRRD	Bank Recovery and Resolution Directive	FIIF	ICMA Financial Institution Issuer Forum	NSFR	Net Stable Funding Ratio (or Requirement)
CAC	Collective action clause	FinAC	ICMA FinTech Advisory Committee	OEF	Open-ended fund
CBDC	Central Bank Digital Currency	FMI	Financial market infrastructure	OJ	Official Journal of the European Union
CCBM2	Collateral Central Bank Management	FMSB	Financial Markets Standards Board	OMTs	Outright Monetary Transactions
CCI	Consumer Composite Investment	FPC	UK Financial Policy Committee	OTC	Over-the-counter
CCP	Central counterparty	FRN	Floating rate note	OTF	Organised Trading Facility
CDM	Common Domain Model	FRTB	Fundamental Review of the Trading Book	PBOC	People's Bank of China
CDS	Credit default swap	FSB	Financial Stability Board	PCS	Prime Collateralised Securities
CIF	ICMA Corporate Issuer Forum	FSC	Financial Services Committee (of the EU)	PEPP	Pandemic Emergency Purchase Programme
CJEU	Court of Justice of the EU	FSOC	Financial Stability Oversight Council (of the US)	PMPC	ICMA Primary Market Practices Committee
CML	Capital Market Line	FTT	Financial Transaction Tax	POATRS	Public offers and admissions to trading regime
CMU	EU Capital Markets Union	G20	Group of Twenty	PRA	UK Prudential Regulation Authority
CoCo	Contingent convertible	GBP	Green Bond Principles	PRIIPs	Packaged Retail and Insurance-Based Investment Products
COREPER	Committee of Permanent Representatives (in the EU)	GDP	Gross Domestic Product	PSIF	Public Sector Issuer Forum
CPC	ICMA Commercial Paper Committee	GFMA	Global Financial Markets Association	QCPMNA	Qualifying Cross-Product Master Netting Agreement
CPMI	Committee on Payments and Market Infrastructures	GHG	Greenhouse gas	QE	Quantitative easing
CPSS	Committee on Payments and Settlement Systems	GHOS	Group of Central Bank Governors and Heads of Supervision	QMV	Qualified majority voting
CRA	Credit rating agency	GMRA	Global Master Repurchase Agreement	RFQ	Request for quote
CRD	Capital Requirements Directive	GRCF	ICMA Global Repo and Collateral Forum	RFRs	Near risk-free reference rates
CRR	Capital Requirements Regulation	G-SIBs	Global systemically important banks	RM	Regulated Market
CSD	Central Securities Depository	G-SIFIs	Global systemically important financial institutions	RMB	Chinese renminbi
CSDR	Central Securities Depositories Regulation	G-SiIs	Global systemically important insurers	RPC	ICMA Regulatory Policy Committee
CSPP	Corporate Sector Purchase Programme	HFT	High frequency trading	RSP	Retail structured products
CSRD	Corporate Sustainability Reporting Directive	HKMA	Hong Kong Monetary Authority	RTS	Regulatory Technical Standards
CT	Consolidated tape	HM	His Majesty's	RWA	Risk-weighted asset
CTP	Consolidated tape provider	HMRC	HM Revenue and Customs	SDR	Special Drawing Right
DCM	Debt Capital Markets	HMT	HM Treasury	SEC	US Securities and Exchange Commission
DEI	Diversity, equity and inclusion	HQLA	High Quality Liquid Assets	SFC	Securities and Futures Commission
DLT	Distributed ledger technology	HY	High yield	SFDR	Sustainable Finance Disclosure Regulation
DMO	Debt Management Office	IAIS	International Association of Insurance Supervisors	SFT	Securities financing transaction
DNSH	Do No Significant Harm	IASB	International Accounting Standards Board	SFP	Stability and Growth Pact
DvP	Delivery-versus-payment	IBA	ICE Benchmark Administration	SI	Statutory instrument
EACH	European Association of CCP Clearing Houses	ICMA	International Capital Market Association	SLB	Sustainability-Linked Bond
EBA	European Banking Authority	ICSA	International Council of Securities Associations	SMEs	Small and medium-sized enterprises
EBRD	European Bank for Reconstruction and Redevelopment	ICSdS	International Central Securities Depositories	SMPC	ICMA Secondary Market Practices Committee
EC	European Commission	IFRS	International Financial Reporting Standards	SMSG	Securities and Markets Stakeholder Group (of ESMA)
ECB	European Central Bank	IG	Investment grade	SARON	Swiss Average Rate Overnight
ECJ	European Court of Justice	IIF	Institute of International Finance	SOFR	Secured Overnight Financing Rate
ECOFIN	Economic and Financial Affairs Council (of the EU)	IMMFA	International Money Market Funds Association	SONIA	Sterling Overnight Index Average
ECON	Economic and Monetary Affairs Committee of the European Parliament	IMF	International Monetary Fund	SPV	Special purpose vehicle
ECP	Euro Commercial Paper	IMFC	International Monetary and Financial Committee	SRF	Single Resolution Fund
EDDI	European Distribution of Debt Instruments	IOSCO	International Organization of Securities Commissions	SRM	Single Resolution Mechanism
EDGAR	US Electronic Data Gathering, Analysis and Retrieval	IRS	Interest rate swap	SRO	Self-regulatory organisation
EEA	European Economic Area	ISDA	International Swaps and Derivatives Association	SSAs	Sovereigns, supranationals and agencies
EFAMA	European Fund and Asset Management Association	ISLA	International Securities Lending Association	SSM	Single Supervisory Mechanism
EFC	Economic and Financial Committee (of the EU)	ISLB	International Sustainability Standards Board	SSR	EU Short Selling Regulation
EIB	European Investment Bank	ITS	Implementing Technical Standards	STS	Simple, transparent and standardised
EIOPA	European Insurance and Occupational Pensions Authority	KID	Key information document	SWES	System-wide exploratory scenario exercise
ELTIFs	European Long-Term Investment Funds	KPI	Key performance indicator	T+1	Trade date plus one business day
EMIR	European Market Infrastructure Regulation	LCR	Liquidity Coverage Ratio (or Requirement)	T2S	TARGET2-Securities
EMTN	Euro Medium-Term Note	L&DC	ICMA Legal and Documentation Committee	TD	EU Transparency Directive
EMU	Economic and Monetary Union	LEI	Legal Entity Identifier	TFEU	Treaty on the Functioning of the European Union
EP	European Parliament	LIBOR	London Interbank Offered Rate	TLAC	Total Loss-Absorbing Capacity
ERCC	ICMA European Repo and Collateral Council	LTRO	Longer-Term Refinancing Operation	TMA	Trade matching and affirmation
ESAP	European single access point	LMT	Liquidity management tool	TONA	Tokyo Overnight Average rate
ESAs	European Supervisory Authorities	MAR	Market Abuse Regulation	TR	Trade repository
		MENA	Middle East and North Africa	TSC	Treasury Select Committee
				VNAV	Variable net asset value



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