

Summary of practical initiatives by ICMA

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

Primary markets

- 1 *Primary Market Handbook and post-Brexit:* ICMA circulated and published for members and Handbook subscribers on 17 December 2020 updated standard language reflecting the end of the post-Brexit transition period. ICMA also updated the ICMA Agreement Among Managers version 1 and version 2 to include relevant recognition of bail-in clauses for the end of the post-Brexit transition period.
- 2 *Prospectuses:* ICMA responded to the UK call for evidence on the UK Listing Review on 18 December 2020. ICMA primary market members are also considering questions relating to ESG-related disclosure in prospectuses and market practice related to prospectuses for green, social and sustainability bonds. On 3 March 2021, ICMA responded to the European Commission's ESAP consultation, mainly from the perspective of prospectus information.
- 3 *Book updates:* Following Primary Market Handbook publication of a basis for book updates in the European context, ICMA published an Asian equivalent on 17 December 2020.
- 4 *New issue processes:* ICMA is intending to respond to a Hong Kong Securities and Futures Commission consultation on its potential code on bookbuilding and placing. ICMA has also been working to help underwriters to transition to a new method for recording allocation justifications in the context of MiFID II/R. On 16 March 2021, ICMA commented on the FMSB's draft standard on sharing of investor allocation information.
- 5 *Post-trade:* ICMA is working on the primary market implications of various emerging post-trade initiatives, including: the ECB AMI-SeCo Collateral Management Harmonisation Task Force consultation on corporate action harmonisation; ECB Debt Issuance Market Contact Group (DIMCG) discussions; and reforms to the ICSD syndicated closing process following CSDR implementation.

- 6 *Primary markets technology directory:* ICMA's directory covers existing and emerging technology solutions in primary markets and was initially launched in December 2018. It is reviewed regularly and the latest update was published in October 2020. The aim is to help inform ICMA members and thereby create greater transparency. The directory is available on the ICMA website.

Secondary markets

- 7 *Consolidated tape for EU bond markets:* Early in 2020, ICMA published a report into considerations surrounding the establishment of an EU consolidated tape for bond markets. This report was in response to a request from DG FISMA in the European Commission for a bespoke study assessing the feasibility of implementing a consolidated tape for EU post-trade raw bond data. On 20 January 2021, DG FISMA announced that, in conducting a further review of MiFID II/R, this would include plans to design and implement a consolidated tape for corporate bonds.
- 8 *MiFID II/R responses to ESMA:* ICMA's MiFID II/R Working Group has responded to two ESMA consultations: *Obligations to Report Transactions and Reference Data;* and *Functioning of Organised Trading Facilities (OTFs).* The latter covered a much wider scope than OTFs, including the potential forced authorisation of software and technology providers as trading venues: eg information networks.
- 9 *CSDR mandatory buy-ins:* In February 2021, ICMA submitted its response to the European Commission's targeted consultation on CSDR. ICMA's response focuses primarily on the mandatory buy-in element and argues that this should not be implemented as currently designed and scheduled before undertaking a detailed market impact analysis. ICMA also held the pen for a cross-association letter to the European Commission further outlining concerns about the current implementation schedule in light of its CSDR Review.
- 10 *CSDR buy-in agents:* ICMA has prepared a briefing note outlining the implementation challenges stemming from the CSDR requirement to appoint a buy-in agent at the start of the buy-in process. The concern is that there will not be an adequately developed market structure to support the buy-in process following go-live.

11 *ICMA Secondary Market Rules & Recommendations (SMR&Rs)*: ICMA is in the process of finalising a member consultation framework for updating its Buy-in and Sell-out Rules (part of the ICMA SMR&Rs) to align with and support implementation of the CSDR mandatory buy-in provisions. The consultation has been put on hold pending the CSDR Review.

12 *Transparency and liquidity in the European bond markets*: ICMA has published a discussion paper that explores the interaction between bond market transparency and liquidity, which builds on recent work undertaken by the ICMA Secondary Market Practices Committee and MIFID II/R Working Group.

13 *ICMA Secondary Markets Newsletter*: ICMA has launched a Secondary Markets Newsletter which provides a quick summary of ICMA's current initiatives and workstreams, pertinent news and regulatory updates affecting the secondary bond markets. It is published on a monthly basis.

14 *Bond market transparency directory*: ICMA has expanded its bond market transparency directory to include pre-trade reporting obligations, in addition to post-trade obligations, across multiple jurisdictions from Europe, the Americas and Asia-Pacific. The purpose of the mapping is to provide a consolidated view to compare both regulatory rules and best practice guidance on bond trade reporting transparency regimes, as well as details on reporting fields and exceptions.

15 *ETP directory*: ICMA's directory of electronic trading platforms (ETPs) lists electronic trading venues, execution and order management systems (EMS/OMS) and information networks available for cash bonds. It is intended to help market participants compare the capabilities of different solutions to determine which platforms best suit their investment and/or trading strategies. The latest version was published on 16 December 2020 and is available on ICMA's website.

16 *The internationalisation of the China corporate bond market*: In January 2021, ICMA published a report that explores the growth and development of China's onshore and offshore corporate bond markets.

17 *Asian international bond markets: development and trends*: In March, ICMA published a report that examines the growth and development of the Asia cross-border corporate bond market. The report was produced in collaboration with the Hong Kong Monetary Authority, who approached ICMA with the initiative.

Repo and collateral markets

18 *ERCC elections*: On 10 February 2021, ICMA announced the results of the annual elections to the European Repo and Collateral Council (ERCC) Committee. 19 candidates were elected to form the new ERCC Committee for a term of office of approximately one year ending on the day the results of the 2022 ERCC elections are announced.

19 *Repo year-end report*: On 13 January, the ICMA ERCC published a report on the performance of the European repo market at year-end 2020, focused on the euro, sterling, US dollar and Japanese yen markets and based on market data and accounts provided by market participants (both sell-side and buy-side).

20 *GMRA and CSDR mandatory buy-ins*: ICMA is in the process of developing an Annex to the GMRA to support implementation of the CSDR mandatory buy-in provisions.

21 *SFTR implementation*: On 11 January, the fourth and final phase of SFTR reporting went live as non-financial counterparties started reporting in the EU, concluding the phased implementation process which started in July 2020. ICMA continues to maintain a log of the key reporting issues encountered by firms. This is regularly shared with ESMA and some NCAs.

22 *Updated version of ICMA's SFTR recommendations*: On 17 February, the ICMA ERCC published the sixth edition of the *ICMA Recommendations for Reporting under SFTR*. This detailed ICMA guide has been developed by the ERCC's SFTR Task Force to help members interpret the regulatory reporting framework specified by ESMA and to set out detailed complementary best practice recommendations which provide additional clarity and address ambiguities in the official guidance.

23 *SFTR public data*: ICMA continues on a weekly basis to collect, aggregate and publish the SFTR public data released by the trade repositories (TRs). On 14 January, ICMA published for the first time separate data sets for UK SFTR and EU SFTR, as a result of the end of the post-Brexit transition period which led to a split of SFTR into an EU and a UK version. The SFTR public data complements existing ICMA publications on repo, such as the semi-annual European repo survey.

24 *ECB AMI-SeCo*: The ERCC is represented on the ECB's Advisory Group on Market Infrastructure for Securities and Collateral (AMI-SeCo) and is playing an active role on its Collateral Management Harmonisation Task Force (CMH-TF).

25 *Intraday liquidity*: The ERCC Operations Group is actively considering the challenges around intraday liquidity management and has agreed a first set of best practice recommendations to address these. The

recommendations have been incorporated into the latest edition of the ERCC's *Guide to Best Practice in the European Repo Market*, which was published on 30 March.

- 26 *Settlement efficiency*: On 26 February, the ERCC held a large cross-industry workshop to discuss ways to further improve settlement efficiency in Europe. The workshop brought together a wide range of market participants, including the relevant market infrastructures. The ERCC Operations work on intraday liquidity served as a useful baseline for the discussion.
- 27 *FinTech mapping directory for repo and cash bonds*: ICMA has conducted a review of the directory, which currently lists over 170 solutions across 10 categories comprising collateral management, corporate actions, exposure agreement, intraday liquidity monitoring and reporting, matching, confirmation and allocation, and reconciliations, but also ancillary areas such as static data and SSI workflow and communication and KYC onboarding. The latest version of the directory was published in July 2020 and is available on ICMA's website.
- 28 *Repo trading technology directory*: In light of increasing electronification of repo markets, ICMA has conducted a mapping exercise of electronic trading platforms. In its latest revision, in June 2020, the scope has been extended to include all technology solutions for repo trading such as order management systems. The directory is intended to help market participants understand what execution venues and other technology solutions are available for repo trading, product scope, as well as differences in trading protocols, clearing and collateral configurations. The directory is available on ICMA's website.
- 29 *ICMA Asia-Pacific repo market report*: ICMA is preparing a report on developed and emerging repo markets in Asia-Pacific by jurisdiction, with summaries of regulatory landscape, infrastructure, market size and liquidity, and relevant law and regulation.
- 30 *ESG and repo & collateral*: ICMA is exploring the potential for ESG considerations from the perspective of the repo and collateral markets, and is working on a related discussion paper, which is due to be published shortly.
- 31 *ERCC Newsletter*: In November, ICMA launched a new monthly Repo and Collateral Newsletter with updates on the key initiatives and workstreams undertaken by the ERCC as well as other relevant repo market developments.
- 32 *ERCC General Meeting*: The ERCC held its Annual General Meeting on 30 March 2021 as a virtual livestreamed event hosted with the support of LCH SA. The event included two panel discussions on relevant repo market developments, as well as a keynote address by Fiona van Echelpoel (ECB).

Short-term markets

- 33 *ICMA Commercial Paper Committee*: In March, ICMA reconstituted its ECP Committee to include the broader commercial paper market, including financial and corporate issuers, dealers, investors and infrastructures. This initiative follows an ICMA workshop, *The Commercial Paper Market Reimagined*, which was held in November 2020. The ICMA Commercial Paper and Certificates of Deposit Committee (CPC) intends to publish a white paper in the coming months that will map the current structure of the market and provide recommendations for market development.

Sustainable finance

- 34 *Release of the Climate Transition Finance Handbook*: To support the growth of climate transition finance, the GBP Executive Committee launched in December 2020 clear guidelines on the disclosures that should be made by issuers on their climate change strategy when raising funds in debt capital markets. The new [Climate Transition Finance Handbook](#) clarifies the information that should be made publicly available to investors in connection with the GBP, SBP, SBG or SLBP.
- 35 *ICMA's response to SFC consultation paper on climate risks*: On 30 October 2020, the Hong Kong SFC launched a [consultation](#) on proposed requirements for fund managers to take climate-related risks into consideration in their investment and risk management processes and make appropriate disclosures. Supportive of SFC's approach to introduce regulatory requirements for fund managers, ICMA [responded](#) to the consultation on 15 January 2021. The response highlights some challenges faced by fund managers, including climate risk modelling and lack of reliable issuer-level data, and recommends synchronising the effective date of reporting requirements for issuers and fund managers.
- 36 *Release of the SLBP Q&A document*: The GBP Executive Committee published on 17 February [new Q&As for sustainability-linked bonds](#). These are designed to promote understanding of this important new financial instrument and its place in an issuer's overall sustainability strategy, as well as to encourage development in this rapidly evolving new market.
- 37 *ICMA's note on the ESAs' final recommendations for the RTS of the SFDR*: ICMA issued a [note](#) following the publication of the ESAs' [final recommendations](#) for the regulatory technical standards (RTS) of the Sustainable Finance Disclosure Regulation (SFDR) in February 2021. The note explains the next steps regarding the decision-making process and points out implementation challenges which members and policy makers may want to consider.

38 *Taxonomy consultation by the Green Finance Industry Taskforce in Singapore*: Convened by the Monetary Authority of Singapore to accelerate the development of green finance, the GFIT published a consultation paper on [Identifying a Green Taxonomy and Relevant Standards for Singapore](#) and ASEAN. On 11 March, ICMA submitted a [response](#) on behalf of the Sustainable Finance Committee, also reflecting views of ICMA regional members and the GBP Executive Committee.

Asset management

39 *AMIC podcasts*: ICMA has continued to stream a series of monthly podcasts in which Robert Parker, Chair of the ICMA Asset Management and Investors Council (AMIC), has reviewed market events in the context of the COVID-19 pandemic, with a specific focus on central bank policy measures, economic data and the impact on investors. AMIC has also recorded a podcast with Philippe Waechter, Chief Economist at Ostrum Asset Management, on his outlook on the economy in 2021 in the context of the COVID-19 pandemic.

40 *AMIC event on the lessons from the COVID-19 crisis from a fund liquidity perspective*: ICMA hosted a virtual webinar with Steffen Kern, ESMA, on COVID-19 and the lessons from a fund liquidity perspective. He discussed ESMA's key findings during the market crisis, risks to consider in the coming year and the policy lessons learned.

41 *AMIC response to the European Commission consultation on the review of the Alternative Investment Fund Managers Directive (AIFMD)*: In its response to the Commission, AMIC argues in favour of legislative stability, given (i) the findings of the recent COVID-19 crisis that there was no suspension in the case of 174 AIFs scrutinised by ESMA in its report to ESRB; and (ii) the recent complementary measures already adopted at EU level (eg liquidity stress-testing guidelines and cross-border distribution of funds package), which are yet to be fully implemented and assessed. AMIC calls on the Commission to focus on vehicles which, with changes, could foster growth in European capital markets rather than those which have been successful in encouraging the EU's competitiveness and attractiveness.

42 *AMIC response to the European Commission consultation on the review of the European Long-Term Investment Fund (ELTIF) Regulatory Framework*: AMIC welcomed this review and encouraged the EU to take a bold approach given that no more than 28 ELTIFs have been launched since 2015. Among AMIC members who oversee asset classes that could be eligible to ELTIFs, only three members have launched ELTIFs (nine in total). AMIC believes the need for investment into long-term assets has increased and that ELTIFs could be instrumental for

investment into small and medium-sized companies and infrastructure, including sustainable projects/assets.

43 *AMIC workshop on ESG disclosures for securitised assets*: The lack of ESG transparency for securitised assets has been identified as a key issue by some AMIC members at a time when clients are increasingly conscious about their ESG footprint and as regulators set new transparency requirements for the buy side. AMIC hosted a workshop to discuss most relevant KPIs by types of asset in order to meet asset owners' preferences and ensure that the EU framework will be relevant for assets across the globe. AMIC is currently preparing a statement as a call to action for regulators and relevant market participants to consider prioritising ESG disclosures for securitised assets.

44 *ICMA response to the IOSCO ETF survey*: AMIC and secondary market ICMA colleagues held a joint workshop on ETFs to prepare their response to the IOSCO ETF survey. ICMA members consider that, during the COVID-19 crisis, ETFs behaved as expected and acted as an important price discovery tool. Thanks to their "second layer" of liquidity, bond ETFs were able to integrate information more quickly than underlying bond markets and gave a clearer picture on what was going on in the market.

FinTech in capital markets

45 *CDM for repo and bonds*: ICMA and the newly formed Steering Committee began the initial CDM modelling phase for repo and bonds at the start of March. The first phase will be focusing on standard fixed-term repo transactions, including trade execution, clearing and settlement (and outright bond transactions). The duration of the initial phase is 18 weeks, including a showcase event to demonstrate implementation of the CDM and its benefits in June/July.

46 *FinTech Advisory Committee (FinAC)*: ICMA's FinAC reconvened in its new composition on 28 January 2021. Seven new members were invited to join the Committee and three firms replaced their Committee representatives. The aim of the Committee's expansion was to ensure regional diversity as well as consistent engagement across ICMA's various constituencies and to complement the Committee's subject matter expertise. Strategic priorities for 2021 are twofold: (i) promote common data standards to enable process automation along the securities lifecycle, and (ii) tokenisation of bonds and digital currency, understanding the implications for market practice and adoption challenges. The second meeting of ICMA's FinAC took place on 26 March, focusing on electrification in the Chinese interbank bond market, central bank digital currency initiatives in Asia, and ESG data harmonisation.

- 47 *ECB FinTech Task Force*: ICMA, through the ERCC Operations Group, continues to be represented on the ECB's FinTech Task Force, a sub-group of the AMI-Pay and AMI-SeCo. ICMA has contributed, for example, to the mapping exercise of DLT solutions, as well as to the report on *The Use of DLT in Post-Trade Processes*.
- 48 *IOSCO FinTech Network*: ICMA continues to participate in the IOSCO FinTech Network. However, membership of the new Decentralised Finance (DeFi) workstream is limited to regulators only. ICMA expects to participate through AMCC stakeholder engagement.
- 48 *FinTech meetings with regulators*: On 28 January, ICMA held a virtual meeting with the SEC to exchange views on FinTech, discuss objectives of the IOSCO FinTech Network's new DeFi workstream which is led by the SEC, and ICMA's potential contributions going forward.
- 49 *ICMA virtual roundtable on data standards in primary markets*: ICMA held an invitation-only roundtable on 7 December 2020, bringing together relevant vendor firms, representatives from ICMA's primary market constituencies as well as ICMA's Market Infrastructure Advisory Group (MIAG). The purpose of the roundtable was to identify obstacles to STP and gaps in terms of data standards, explore the need for harmonisation, and discuss to what extent ICMA templates can be leveraged. A key take-away from the roundtable was that a "common data dictionary" or common language would lay the foundation for interoperability, facilitate onboarding and communication, whilst promoting competition. ICMA is considering next steps.
- 50 *ICMA virtual roundtable on FinTech and sustainable bond markets*: ICMA held an invitation-only roundtable on 2 December 2020, bringing together a group of selected market stakeholder representatives from ICMA's broad membership, including issuers, investors, underwriters and technology/data providers. The objective was to gain perspectives on how technology can be leveraged to further sustainability in bond markets, explore key trends and drivers, but also challenges and opportunities. An article was published in the ICMA Quarterly Report Q1 2021.
- 51 *DLT regulatory directory*: ICMA has updated its DLT regulatory directory with several new regulatory and legislative developments, national blockchain initiatives, publications and consultation papers. The directory was initially published in December 2019 and seeks to provide a non-exhaustive overview of developments in selected jurisdictions across Europe, North America, and Asia-Pacific.
- 52 *FinTech Newsletter*: ICMA's FinTech Newsletter, launched in June 2020, provides a quick summary of ICMA's cross-cutting technology initiatives across its key market areas. It also provides insights into regulatory updates, consultation papers, news and other publications, and upcoming meetings and events. It is published on a 4-6 weekly basis.
- 53 *FinTech regulatory roadmap*: ICMA has updated its FinTech regulatory roadmap, a compilation of key regulatory, legislative and innovation initiatives relevant to debt capital markets at global, EU and national level.
- 54 *FinTech and sustainable finance library*: ICMA has compiled a non-exhaustive list of recent publications on FinTech and sustainable finance, with a focus on bond markets. The library intends to complement other ICMA members' resources and help inform broader discussions on this topic. The library aims to highlight the current views from academic, market, and official sector studies on the potential of FinTech to further sustainable debt capital markets.

Transition from LIBOR to risk-free rates

- 55 *Official sector sponsored working groups*: ICMA continues to participate in the Working Group on Sterling Risk-Free Reference Rates (and to chair the Bond Market Sub-Group), the Working Group on Euro Risk-Free Rates (as an observer) and the National Working Group on Swiss Franc Reference Rates. ICMA is also in regular contact with the ARRC FRN Group in the US and national working groups in Asia. ICMA participated in the FSB Official Sector Steering Group meeting with trade associations on 19 February.
- 56 *Tough legacy proposals*: On 18 January, ICMA responded to the UK FCA consultation on proposed policy with respect to the exercise of the FCA's powers under the proposed new Article 23D of the UK Benchmarks Regulation. ICMA also responded on 15 March to HM Treasury's consultation on supporting the wind-down of critical benchmarks. ICMA has continued to engage with various official sector contacts and members in relation to the "tough legacy" proposals put forward by authorities in the US, the EU and the UK.
- 57 *Communication with members*: ICMA published a webinar and podcast on the global transition from LIBOR to risk-free rates in the bond market on 5 February; and continues to keep members up to date on its work on the transition to risk-free rates via a [dedicated webpage](#), the ICMA Quarterly Report, regular ICMA committee and working group meetings and e-mails to the ICMA Benchmark Group.

- 58 *Reserve Bank of Australia (RBA) consultation on BBSW fallbacks*: The RBA will require new securities that reference BBSW, the leading benchmark in the Australian markets, to include fallback provisions to be eligible collateral for repo with the RBA. ICMA consulted key members and met the RBA bilaterally on 9 March to discuss industry experience with LIBOR fallbacks and repo eligibility criteria.
- 59 *ICMA Bloomberg Guide to Tough Legacy Bonds in Asia-Pacific*: ICMA and Bloomberg are planning jointly to produce a guide in May covering current exposures in LIBOR-referenced FRNs across the Asia-Pacific region, including high-level analysis of issuer type, currency, governing law and applicable fallbacks.
- 60 *Coordination with other trade associations*: ICMA continues to participate in regular calls of the Joint Trade Association LIBOR Working Party established by the LMA, as well as regular calls of the APAC Benchmark Working Group established jointly by ICMA, ASIFMA, ISDA and APLMA.

Other meetings with central banks and regulators

- 61 *ICMA Regulatory Policy Committee (RPC)*: Tom Duggan and Fayyaz Muneer, HM Treasury, joined the virtual meeting of RPC on 11 March for a discussion with members.
- 62 *Other official groups in Europe*: ICMA continues to be represented, through Martin Scheck, on the ECB Bond Market Contact Group and on the ESMA Securities and Markets Stakeholder Group; through Nicholas Pfaff on the European Commission Platform on Sustainable Finance; through Lee Goss on the ECB Debt Issuance Market Contact Group (DIMCG); through Charlotte Bellamy on the Consultative Working Group on ESMA's Corporate Finance Committee; and through Gabriel Callsen on the ECB AMI-Pay AMI-SeCo Joint Task Force on Innovation and FinTech (FinTech-TF).