

ICMA Secondary Market Practices Committee

Terms of Reference

December 4th 2015

Context

At the meeting of the SMPC ('the Committee') on October 14th 2014, under the Chairmanship of Mr. Asif Godall (Global Head of Traded Credit, HSBC), it was agreed that the Committee would be reformatted, its mandate and scope more clearly defined, and its membership reviewed, to better reflect the trading-related interests and market practices of the European corporate bond secondary markets.

Mission

The SMPC seeks to be the representative body of the European corporate bond secondary market through addressing practical issues directly relevant to market practitioners; standardizing market best practice; disseminating relevant market information; and promoting the best interests of an efficient and liquid market.

Scope and functions

The SMPC is a trading committee focused on the European corporate bond secondary market. Its four key functions are:

- 1) Agreeing best practice for the corporate bond secondary market.
- 2) Maintaining and developing the ICMA Rules and Recommendations for the secondary market ('The ICMA Rule Book') to ensure that they remain relevant and consistent with regulatory requirements.
- 3) Leading initiatives to improve corporate bond secondary market liquidity and efficiency.
- 4) Providing a forum for discussing the likely impact of relevant regulation on secondary market practices, and for consolidating input and feedback in the regulatory consultation process.

Membership

The SMPC is composed of core members and auxiliary members. The core members are senior European corporate bond traders from member firms, including both sell-side (broker-dealers) and buy-side (execution desks). Core membership is limited to one representative from each member firm.

Auxiliary members are market experts from member firms who participate in relevant sub-committee Working Groups. These include operational experts and representatives of infrastructure and other services providers. There is no restriction on the number of auxiliary members from an individual member firm.

Structure and meetings

The SMPC aims to meet a minimum of 4 times per calendar year, and the meetings are hosted by volunteering member firms. Core members are encouraged to attend these meetings in person and are expected to attend at least 3 meetings per annum. The Chair or the secretary can call ad hoc meetings or conference calls at any time to discuss key issues, rather than wait for scheduled meetings. Similarly, the leaders of Working Groups can call meetings or conference calls for Working Group members at any time.

Governance

For the time being, the representative of any member firm can nominate themselves as either core or auxiliary members of the SMPC, subject to the membership criteria and restrictions noted above, and to participate in relevant Committee and Working Group meetings. For now, the participation and structure of the Committee and Working Groups will remain relatively informal, although Committee level decisions are restricted to core members, under the guidance of the Chair.

At a future point a formal constitution will be drawn up to outline the procedures for core membership, members' responsibilities, the decision making process, and the election and re-election of the Chair.

Interaction with other ICMA committees and external trades associations

On market-level issues, it is anticipated that some SMPC work-streams will overlap with or complement those of the Asset Management and Investors Council (AMIC) and the European Repo and Collateral Council (ERCC) and Committee. At an operational level, there is significant scope for work-streams to overlap with or complement those of the ERCC Operations Group. The secretary of the SMPC will coordinate closely with the secretaries of the relevant committees and working groups to this effect.

In some instances, and where it is more beneficial, the SMPC will work closely with other trades associations or industry representative bodies, in particular with AFME. AFME has observer status for SMPC meetings, while ICMA has observer status on AFME's Credit Board and Post-Trade Executive Committee.