

ICMA Secondary Market Initiatives 2016

February 2016

Andy Hill

Structure and work-streams

❑ **Secondary Market Practices Committee**

- Market liquidity and quality

- MiFID II/R
 - MiFID II/R Working Group

- CSDR & Buy-ins
 - CSDR/Buy-ins Working Group

- Electronic Trading
 - Electronic Trading Working Group
 - Platform Working Group

Secondary Market Practices Committee ('SMPC')

*“The ICMA Secondary Market Practices Committee is an **open forum for sell-side and buy-side member firms active in the European investment grade corporate bond secondary market**. Through open dialogue and engagement, as well as through its subsidiary working groups and work-streams, it seeks to be the representative body of the European corporate bond secondary market: 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.**”*

Secondary Market Practices Committee

- ❑ Open forum for sell-side and buy-side member firms
- ❑ Focus on pan-European IG corporate bond markets
- ❑ Meets four times a year
- ❑ Provides focus for ICMA secondary market initiatives, work-streams, and Working Groups
- ❑ Key functions:
 - Agreeing best practice for the corporate bond secondary market.
 - 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.
 - Leading initiatives to improve corporate bond secondary market liquidity and efficiency.
 - 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.

Secondary Market Practices Committee

- ❑ Research, studies, and white papers
 - **The current state and future evolution of the investment grade corporate bond secondary market: perspectives from the market** (2014)
 - Projected follow-up paper on corporate bond market and liquidity Q2 2016

- ❑ Engagement with policy makers and regulators
 - Meetings with EC, ESMA, BoE, ECB, IOSCO, et al.
 - DG FISMA CMU representative invited to SMPC meeting on February 4th 2016

- ❑ Consultation responses
 - Fair and Effective Market Review (January 2015)
 - CMU Action Plan Green Paper (May 2015)
 - Call for Evidence (January 2016)

Secondary Market Practices Committee

☐ Active members include:

- Banca IMI
- BlackRock
- Citi (co-chair)
- Daiwa
- Deutsche Bank
- EIB
- Goldman Sachs
- JP Morgan
- KBC AM
- Lloyds Banking Group
- Mizuho
- Morgan Stanley
- Nomura
- Nordea Investment
- Schroders

MiFID II/R Working Group

- Focus primarily on (with respect to bonds):
 - Pre-and post-trade transparency; including liquidity calibrations, waivers and deferrals, and the systematic internaliser regime
 - Best execution requirements
 - Implications for securities financing transactions

- Produce briefing notes, presentations, and 'Q&As' related to key details and potential implications of the regulation

- Works with various regulatory bodies (Commission, ESMA, FCA) on issues of advocacy and points of clarification

- Responses to relevant consultations (ESMA, FCA)

- Held workshop in January 2016 to identify key issues for focus of:
 - Clarification in the Level 3
 - Further advocacy work related to the finalization of the Level 2

CSDR/ Buy-in Working Group

- ❑ Advocacy work related to CSDR settlement discipline (in particular mandatory buy-ins)
 - Meetings with ESMA and the EC
 - Responses to consultation papers
 - Impact Study (February 2015)
 - Influenced Level 2 RTS (trader level, maximum extension period, asymmetry of payments)
 - Pushed for a delay in implementation

- ❑ Review of ICMA Buy-in Rules
 - More flexibility
 - Consistent with CSDR
 - Allow for buy-in auction

- ❑ Aged-Fails Auction Initiative

- ❑ Buy-in Auction Initiative

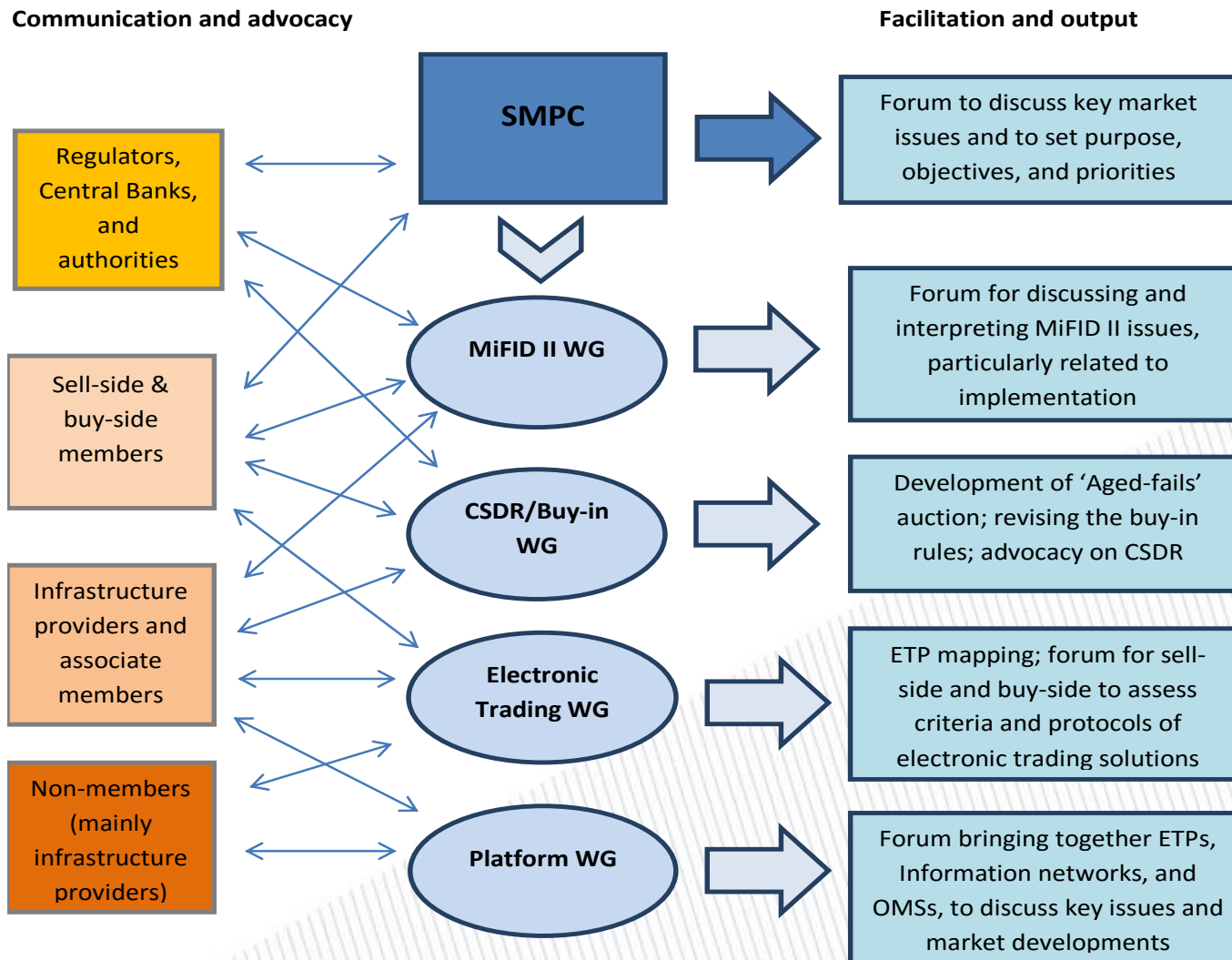
Electronic Trading

- ❑ Electronic Trading Working Group (ETWG)
 - Sell-side and buy-side firms active in fixed income trading
 - Focus is on establishing critical features required for successful fixed income trading platforms and electronic trading solutions
 - Over Q1 will host presentations by various platforms, followed by Q&A

- ❑ Platform Working Group
 - Forum for electronic trading platforms and electronic solutions
 - Will present to and interact with ETWG members
 - Focus on key issues facing platforms (regulatory and market evolution)

- ❑ Electronic Trading Platform Mapping
 - Live directory of European fixed income electronic trading platforms and functionality (on ICMA website)

ICMA Secondary Market Structure and Work-Streams



Contacts

SMPC, CSDR/Buy-ins, general

Andy Hill

Senior Director

andy.hill@icmagroup.org

+44(0)20 7213 0335

MiFID II/R, Electronic Trading Working Group, Platform Working Group

Elizabeth Callaghan

Director

liz.callaghan@icmagroup.org

+44(0)20 7213 0313

Post-trade

Alexander Westphal

Associate

alexander.westphal@icmagroup.org

+44(0)20 7213 0333

Website: <http://www.icmagroup.org/Regulatory-Policy-and-Market-Practice/Secondary-Markets/>