

## ICMA CSDR-Secondary Market Technical Working Group

### Inaugural call

#### Meeting note from April 11 2019

*Participating firms:* AXA IM; BlackRock, Danske Bank; Goldman Sachs; ING; JP Morgan; Unicredit; Westpac

**The inaugural call of the new TWG was intended to determine initial scope as well as the structure of the Group.**

#### Scope

- Potential areas of focus suggested prior to the first call included: (i) access to trading venues for EU27/UK entities (bonds and repo); (ii) MiFID II data implications; (iii) implications for cleared bond markets; and (iv) specific repo related issues.
- It was noted that AFME is also running a markets Brexit working group and that this may be covering a number of key areas of ICMA member interest, such as counterparty repapering. It was agreed that ICMA would reach out to the relevant contacts at AFME to ensure that both associations are not duplicating efforts and remain coordinated.
- It was suggested that there is a lot of flux with respect to banks moving euro trading operations from the UK to the EU27, being driven partly by the uncertainty about when/if Brexit and the loss of passporting will occur, and that it was difficult to keep track of if/when trading books were moving. A centralized directory of where banks are locating their euro trading (which entity) for various products, and when, would be helpful.
- Some felt that this would be challenging to maintain with the risk that it would be highly unreliable. It was argued that it was very much up to firms to communicate bilaterally with their clients and counterparties to keep them informed.
- It was noted, however, that trying to find the right contact at firms for Brexit related matters could be difficult, and that there was no consistency in terms of which business groups within firms managed Brexit transition issues. A directory of ICMA member Brexit contacts for bonds and repo would be helpful.

- It was further suggested that a centralized directory of fixed income systematic internalisers (SIs) post-Brexit would also be of great value as SI designations would likely be split between UK and EU27 entities. However, it was broadly agreed that this should be a longer-term project, and probably best conducted post-Brexit.
- With respect to transitioning to EU27 located trading venues, the issue was raised that there seemed to be a number of problems and delays due to the complexity of onboarding/eboarding. This led to concerns regarding liquidity on venues and whether there was enough critical mass of liquidity providers. It was suggested that it might be helpful to hear updates from trading venues on what are their Brexit plans, how transitioning and onboarding is progressing, any challenges, and what support they could use from members? This could be done in a member forum, with trading venues invited to present and take Q&A (similar to events held by the ETC).
- It was further suggested that this could also be useful from the perspective of CCP transitioning, particularly with respect to the repo market, and that a similar forum for CCPs could be of interest.
- In terms of specific buy-side interests, members raised the issues of the trading obligation with respect to both equities and derivatives. It was noted that this was very much outside the remit of ICMA and was most likely being addressed by AFME and ISDA respectively, but ICMA would reach out to both associations to confirm this and to identify the relevant contacts.

### **Structure**

- Based on the discussion regarding scope, and the proposed potential 'deliverables' raised, it was felt that there was no need at this stage to create specific task forces or to schedule regular meetings or calls. Rather it would be better to focus on the initial asks and see how the group evolves organically in terms of follow-up requests and work.
- It was agreed that for now the TWG would provide a window for member firms to raise important Brexit related issues related to bond and repo markets, as they arose, with a view to ICMA and its members taking these issues onboard.

### **Action points**

- ICMA to follow-up with AFME and ISDA on their Brexit workstreams to avoid duplication of scope and effort and to ensure that efforts are coordinated.
- ICMA to reach out to members to compile a directory of firms' relevant Brexit contacts for bonds and repo.
- If enough interest, ICMA to organize a member forum for trading venues to present and update on Brexit plans.
- Again, depending on member interest, ICMA to organize a similar Brexit forum for CCPs.