

# Summary of practical initiatives by ICMA

The practical initiatives on which ICMA has been engaged over the past quarter with, and on behalf of members, include the following:

## Primary markets

- 1 *Issuers:* The Public Sector Issuer Forum is meeting at the World Bank in Washington on 12 October to discuss cybersecurity and LIBOR replacement, among other issues. The Corporate Issuer Forum and the Financial Institution Forum met in London on 21 September and 4 October respectively.
- 2 *Prospectus Regulation:* With the support of the ICMA Legal & Documentation Committee and leading international law firms, ICMA responded to the ESMA consultation paper on Level 2 measures on the Prospectus Regulation by the 28 September deadline.
- 3 *MiFID II/R implementation in primary markets:* ICMA continues to work with members in the ICMA Primary Market Practices Committee and the Legal & Documentation Committee, the Asia Bond Syndicate Forum and Asia Legal & Documentation Forum, on the implications for the primary markets of the forthcoming MiFID II/R regime (for product governance, justification for allocations, and inducements) and PRIIPs regime.
- 4 *Future of LIBOR:* Following the statement by the FCA on 27 July that banks will only be obliged to contribute to LIBOR until the end of 2021, ICMA is working with members, international law firms and other trade associations on the implications. ICMA held a conference call for members on the future of LIBOR on 7 September, led by Catherine Wade and Ruari Ewing: 430 members joined the conference call.
- 7 *MiFID II/R implementation in the secondary markets:* ICMA is holding a series of workshops for members this autumn. They began in Stockholm on 6 September, and continued in Brussels on 4 October, Luxembourg on 5 October and Paris on 6 October. Further workshops are planned in Madrid on 19 October, Frankfurt on 26 October and Milan on 27 October. ICMA has also held workshops in Hong Kong and Singapore. The workshops focus on the implementation of MiFID II/R and the implications for fixed income trading.
- 8 *Single name CDS study:* Jointly with ISDA, ICMA will be conducting a study into the state and evolution of the European single name credit default swap market.
- 9 *Asian corporate bond liquidity study:* ICMA has been researching the state and evolution of the Asian corporate bond markets, as an extension of its work on the European markets, with plans for a separate report to be published in early 2018.
- 10 *ICMA Secondary Market Rules & Recommendations:* ICMA is reviewing the impact of MiFID II/R on its Secondary Market Rules & Recommendations.
- 11 *European investment grade bond market data:* Historical data on bond market trading activity, split between financials and non-financials, in both euro and sterling, can now be accessed on the ICMA website.
- 12 *ETP Mapping Directory:* The ICMA Electronic Trading Platform (ETP) Mapping Directory, which has recently been updated, provides a single source of information on over 30 infrastructure providers and is available on the ICMA website.

## Secondary markets

- 5 *European Commission Expert Group on Corporate Bond Market Liquidity:* ICMA is represented by Andy Hill on the European Commission High Level Expert Group on Corporate Bond Market Liquidity. The Expert Group is finalising its recommendations this autumn. The European Commission's consultants on corporate bond market liquidity made a presentation to ICMA's Secondary Market Practices Committee at its meeting on 18 September.
- 6 *IOSCO:* ICMA is responding to the IOSCO consultation on corporate bond market transparency by the deadline of 16 October, and is in contact with IOSCO about ICMA's research on corporate bond market liquidity (or lack of liquidity) in stressed market conditions. ICMA also participated in a panel on MiFID II/R at the Affiliate Members Consultative Committee (AMCC) of IOSCO in Mumbai on 25 September.
- 13 *ICMA credit repo study:* ICMA has published a new research study, *The European Credit Repo Market: The Cornerstone of Corporate Bond Market Liquidity*. The study was prepared by Andy Hill as a joint initiative of the ICMA European Repo and Collateral Council (ERCC) and ICMA Secondary Market Practices Committee.
- 14 *Collateral pledge structures:* ICMA is working with members to explore a few cases where the use of collateral pledges may help boost the extent and efficiency of market activity. This may lead to work on incremental market standard documentation.
- 15 *MiFID II/R and the repo market:* ICMA is continuing to work on clarifying the extent to which repos and other securities financing transactions (SFTs) are in scope of MiFID II/R. It has been confirmed that pre- and post-trade transparency, most transaction reporting and some of the critical best execution requirements under RTS 27 will not apply to SFTs.

- 16 *SFTR implementation*: ICMA is continuing to help members to implement the Securities Financing Transaction Regulation (SFTR), and is promoting members' involvement in a bilateral reconciliation exercise to identify the most critical reporting elements requiring further industry work.
- 17 *Post-trade*: With the support of its ERCC Committee and its Operations Group, ICMA is working to respond to the European Commission consultation on post-trade. This reflects the conclusions of the European Post-Trade Forum, in which the ERCC has been represented.
- 18 *ECB AMI-SeCo*: The ERCC is represented on the ECB's recently formed Advisory Group on Market Infrastructure for Securities and Collateral (AMI-SeCo). Among other things, this group is taking forward work on collateral management harmonisation which was initiated in the forerunner COGESI group. ICMA is actively involved.
- 19 *Repo and the real economy*: The ERCC is planning to hold its next biannual General Meeting in Brussels on 14 November. Discussions will highlight the importance of repo for the real economy. Speakers include Benoit Coeuré from the Executive Board of the ECB, Mahmood Pradhan from the IMF, Jochen Metzger from the Bundesbank and Steffen Kern from ESMA.

### Asset management

- 20 *AMIC Excom*: The Executive Committee of the ICMA Asset Management and Investors Council (AMIC) met at AXA in Paris on 27 September, and exchanged views with Benoit de Juvigny, Chief Executive of the Autorité des marchés financiers (AMF).
- 21 *Leverage and asset management*: Jointly with EFAMA, the AMIC has published a report on fund leverage as a contribution to the continuing debate (eg between the FSB and IOSCO) on systemic risk and asset management. The report analyses how leverage is used and how the European legislative framework regulates leverage, and makes recommendations to improve the monitoring and analysis of leverage risk.
- 22 *ETFs*: The AMIC has responded to the Central Bank of Ireland consultation on exchange-traded funds (ETFs), and focused on the potential for systemic risk from ETFs and the impact of ETFs on corporate bond market liquidity.
- 23 *Liquidity risk management*: On 18 September, the AMIC responded to the IOSCO consultation on liquidity risk management, welcoming IOSCO proposals for revisions to its 2013 liquidity risk guidelines, but suggesting improvements in fund level stress tests. ICMA participated in a panel on liquidity risk management at the IOSCO-AMCC meeting in Mumbai on 25 September.
- 24 *MiFID II/R research unbundling*: Following agreement with the AMIC Executive Committee, ICMA is conducting a fixed income-focused survey for asset managers on the implementation of the MiFID II/R proposals on research unbundling.

### Capital market products

- 25 *European Commission Expert Group on Sustainable Finance*: ICMA is represented by Nicholas Pfaff as an observer on the European Commission High Level Expert Group on Sustainable Finance.
- 26 *Green finance in Asia*: ICMA has provided feedback to the Green Finance Committee, under the auspices of the People's Bank of China, on the development of Chinese green bond policy; made recommendations to the ASEAN Capital Markets Forum on south-east Asian securities regulation related to green finance; and commented on a Hong Kong green bond policy paper drafted by Our Hong Kong Foundation, a Government-related think tank.
- 27 *Award for Social Bond Principles*: The Social Bond Principles, voluntary guidelines that recommend transparency and disclosure for bonds raising funds for social projects, have received the award for the most important innovation in 2017 for the SRI bond market from Global Capital.
- 28 *Infrastructure finance*: Jointly with AFME, ICMA (represented by Katie Kelly) published a report on *European Infrastructure Finance: A Stock-take*. The report analyses current infrastructure financing, investment and relative initiatives, and assesses how to advance and encourage further private sector finance for infrastructure projects.

### Other issues

- 29 *Brexit*: ICMA has continued to keep in contact on Brexit with the UK, the euro area and the EU authorities, and to discuss with members - both in the UK and the EU27 - through ICMA Market Practice and Regulatory Policy Committees how it can best help the international capital markets to prepare.

### Other meetings with central banks and regulators

- 30 *DG FISMA*: The ICMA Regulatory Policy Committee exchanged views with Niall Bohan of the European Commission (DG FISMA) on Capital Markets Union and related issues at its meeting in Brussels on 21 September.
- 31 *Official groups*: ICMA continues to be represented, through Martin Scheck, on the ECB Bond Market Contact Group; through René Karsenti, on the ESMA Securities and Markets Stakeholder Group; and through Godfried De Vidts on the ECB Macroprudential Policies and Financial Stability Contact Group, and on the Consultative Working Group to ESMA's Secondary Markets Standing Committee.