

## Transparency in commercial paper

As reported in the [Quarterly Report Q1 2023](#), a survey on the need for transparency in commercial paper (CP) markets was conducted by ICMA, the anonymised results of which have now been made available to the ICMA Commercial Paper and Certificates of Deposit Committee (CPC). The survey was driven by discussions within the ICMA Commercial Paper Transparency Taskforce (the Taskforce), taking into account potential regulatory discussions relating to transparency across CP markets.

The survey elicited good quality, substantive inputs. In terms of summary findings, the emerging consensus themes include the fact that transparency of CP is generally considered to be adequate given data availability *on individual market bases*, such as on the Banque de France's website for NEU CP and the ECB's website for STEP-labelled CP. This data, which is available free of charge, is also supplemented by private providers (who may also provide data from other markets). So generally, although from different sources, data is not considered to be particularly difficult to find, although its quality can differ in terms of reference points and consistency.

But even still, some suggest that using all available sources, the whole of the market is not covered, that it is difficult to assess if there has been double-counting of transactions, or whether there is simply data missing. Added to this is the fact that reliable and consistent data is not always available or is more patchy in some domestic CP markets, such as in the Spanish, UK, Italian, German and Belgian CP markets. Additionally, it is considered important that the cost of subscribing to private data providers should not be a potential barrier to access for any market stakeholders.

The difference in reference points, consistency in existing data sources, potential cost of accessing data from private sources and the patchy reporting in certain markets inevitably leads to challenges with comparability of CP, and a lack of common reliable aggregator of the various markets. More aggregation would allow a holistic picture to emerge across markets, and could accommodate the development of generic curves which would help potential new issuers assess their own relevant level of issuance (mindful however that it may be possible to identify single issuers if curves are based on, for instance, a particular industry, geographical region and credit rating).

Elsewhere, the survey respondents largely considered that more transparency on primary issuance would not necessarily help to catalyse activity in the secondary market. In fact, it was suggested that this should not even be an ambition because CP tends to be issued on a buy and hold basis, rather than actively traded (although liquidity is deep enough to accommodate trading, if required). That said, transparency and availability of easy-to-use data could lead to positive effects on the volumes of the primary issuance and, as a consequence, possibly on the secondary market.

Finally, the survey respondents considered that pricing transparency could be useful as a measure for improving the valuation process, strengthening price formation and discovery for primary issuances. However, a detrimental consequence for issuers could be misinterpretation of funding intentions, thereby exacerbating funding sensitivities, particularly in times of stress. In turn, this could drive issuers away from accessing the CP market and towards other markets (such as private placements) which may be less attractive from a pricing perspective in normal market conditions but could be less harmful in times of stress, as information is less widely shared.

In conclusion, the main message from the survey is that there may be a need for existing, accessible data to be harmonised across different CP markets in terms of reference points and consistency (but not including pricing data), which could then lead to easier aggregation and possibly, publication of curves if feasible. But the question that ICMA is seeking to explore further with members is whether, given the existing availability of data in some areas, and its limited potential to effect secondary market activity, the market is actually suffering from such a lack of consistent information that a market-wide exercise to harmonise CP data would make enough of a difference to be merited (including as to cost), and the relevant benefits of including pricing data within the remit of any such exercise.



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