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ICMA Regulatory Policy Newsletter

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Editor: Paul Richards

In this issue:

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Recent Market Turbulence: A Practitioner's Perspective

Foreword by Paul Hearn, BNP Paribas, Chairman of ICMA Primary Market Practices Committee

Over the past few months, most of Europe has become expert in "sub-prime", "SIVs" and "ABCP". While August may have been quiet in some ways, it was a very different quiet to normal.

Much has been written about what has happened in the US housing market and in the interbank market. In many ways it was not unexpected. Many credit strategists and some economists have been warning of excesses in the system for some years, forecasting widening credit spreads and a US housing market-driven recession. Since July, barely a day has gone by without some news as liquidity in the interbank and many other short-term markets dried up and the bond market in Europe was closed for much of August and early September.

But where does that leave us? Those who thought this was a summer problem to be quickly forgotten in September were wrong; nor is this like any of the short term hiccups we have seen during the bull market since 2002. Many are saying this is worse than 2002, 1998, 1994, 1992 or 1987. In mid-September, with the news regarding Northern Rock having just broken, there was talk of a rerun of the 1974 secondary banking crisis in the UK which few even among the more experienced market practitioners can remember.

The truth is no-one knows. There has certainly been a much needed fundamental re-pricing of credit risk. That is the good news. There has also been much more encouraging news recently. The Fed cut rates by 50 basis points on September 18. The much awaited US broker-dealer results varied from excellent to disappointing but none was disastrous. The market responded very well. Equities rallied and the new issue bond market saw many well received transactions on both sides of the Atlantic tightening significantly. Longer tenor ABCP was bought in the US and in short dates even in Europe. Term auto and lease paper was sold in the US and there was some success in syndicating a First Data LBO.

Paul Hearn, BNP Paribas, Chairman, ICMA Primary Market Practices Committee

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Recent Market Turbulence: A Practitioner's Perspective - continued

So are we back to business as usual? Economic figures will play an important role going forward. For now, the good news is that many markets are open or looking as though they might be. But it is still at a price. Strong new issue performance has not yet led to a re-tightening of new issue spreads. Investors continue to demand significant premiums. CDS continue to tighten. Arguably, that should lead to further bond spread tightening, but as yet there is little sign of a tightening in new issue spreads.

For all the improved tone, there are still plenty of hurdles to overcome before we can confidently describe this as a re-pricing upon which the market can build. Until people stop worrying about "who is holding the baby", true confidence will not return.

Without confidence, some banks may continue to struggle to fund themselves – and especially their off balance sheet vehicles – in spite of recent improvements. As these come back on balance sheet and the banks also have to provide capital for leveraged loans they cannot now sell, capital constraints could force them to pull back on lending, which will have obvious economic consequences. Then, as default rates rise, a credit squeeze could get worse, causing potentially severe global economic problems. Heavy and successful bond issuance by banks recently will have helped although it has also illustrated that they do need additional capital. We will have to wait for results from other banks in October (US money centre), November (European universals) and early next year (UK clearers) to get a further sense of where the problems lie and of their magnitude.

So the market will remain volatile. Investment grade credit markets, especially the US, will stay open at a price. High yield and ABS will take longer, how much longer depending in part on when there is more clarity and we know the extent of the collateral macroeconomic damage. The more structured part of the ABS market may take a long time. One is tempted to say it will remain closed forever but financial innovation, short memories and the inevitability of the cycle argue otherwise. Interesting times lie ahead of us.

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Recent Market Turbulence: Causes and Consequences

René Karsenti,
Executive President, ICMA

Since the recent turbulence in global financial markets began, ICMA has had an important role to play in bringing the market together – in meetings and conference calls of our committees and working groups – to discuss the appropriate response, and how we in ICMA can best help our members. We have also created opportunities to strengthen the dialogue between our members and central banks and regulators.

Our objective remains to ensure the continued smooth functioning of the markets within the context of a resilient and stable infrastructure, while limiting unnecessary regulation which could restrict innovation and efficiency in the future. As a self-regulatory organisation, we believe in the value of industry-led initiatives in response to market issues, and we continue to stress the importance of a measured approach and dialogue with central banks and regulators.

It is, of course, much too early to draw definitive conclusions about the causes and consequences of the recent market turbulence. The purpose of this article is to consider the causes and consequences in a preliminary way, as a basis for discussion about how ICMA – in its capacity as a self-regulatory organisation – can best help our members. We would be grateful for feedback on: feedback@icmagroup.org

Causes

Evaporation of liquidity: It is clear that the immediate cause of the recent market turbulence was the evaporation of liquidity. This started with the "sub-prime" mortgage crisis in the US, but spread to other types of financial asset across the international financial system as a whole. There was a loss of confidence in the market, as a result of which commercial banks were no longer willing to take normal credit risks, even for short periods, except on onerous terms.

In that situation, the central banks were right to intervene from August 9 onwards by pumping liquidity into the system, not just overnight but for up to three months, and in some cases by expanding the range of collateral they accepted in exchange. Initially, some commercial banks hoarded liquidity (eg by investing in Treasury bills), but in time they extended sufficient liquidity to the wider market. Central bank intervention does seem to have had an effect in steadying the market; and commercial and investment banks have also helped to calm the market by giving a lead for reputational – rather than purely financial – reasons: eg by deliberately drawing on Fed funds when they did not need to do so.

The turbulence in financial markets has presented a classic case for central bank intervention on financial stability grounds. But the difference in this case has been that, with limited exceptions such as the classic bank run on Northern Rock in September, the problems have not directly affected either the behaviour of individual savers or the availability of traditional bank deposits.

Structural weaknesses: Although the evaporation of liquidity was the immediate cause of financial market turbulence, there seems to be agreement that the underlying cause was the explosion of credit growth in financial markets over the past few years, made possible by:

- access to credit in the period after September 11, 2001 on terms which it appears in retrospect were too easy for too long;
- an increasing focus on short-term returns by hedge funds and private equity;
- the disintermediation of one of the banks' classic functions (ie borrowing short and lending long) by new vehicles less well able than banks to cope with maturity and liquidity transformation;
- the securitisation of risk to non-bank investors, some of whom do not have the same degree of experience as banks in assessing it;
- too great a reliance on credit rating agencies for the valuation of complex financial instruments and their use as collateral;
- alleged conflicts of interest, both in the case of credit rating agencies and hedge funds, in the valuation of complex financial instruments to which their own remuneration is tied.

Mis-priced credit risk: As a result, there is no doubt that some credit risks were mis-priced. In particular, some asset-backed securities – with high yields but also high credit ratings – have proved not to be as sound, nor as liquid, as they appeared. While many "conduits" are very conservatively structured, some "structured investment vehicles" (SIVs) have taken on too much leverage. These vehicles are typically invested in longer term securities, but funded short term in the asset-backed commercial paper market, so they are dependent on the funding being rolled over. In the absence of liquidity, the sponsoring banks have sometimes had to fund off-balance sheet vehicles from their own balance sheets. De-leveraging has also led to forced asset sales. And two over-extended banks in Europe – IKB and Sachsen LB – have been rescued.

Lack of liquidity in money market funds: As a result of the withdrawal of liquidity, some money market funds invested in asset-backed securities had difficulty in pricing net asset values and in finding sufficient liquidity to handle redemptions.

Hedge fund losses: Some hedge fund strategies unravelled. For example, as a result of the linkages between different asset classes, hedge fund losses in the sub-prime market led to sales of liquid and profitable investments (eg large cap natural resource stocks). And in the case of "quants", computer programmes for buying and selling securities did not work in the way in which the originators intended: market movements occurred that were supposedly expected to occur only once in every 100,000 years.

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Uncertainty about where the losses lie: By spreading risks widely across the financial system as tradable assets, securitisation has helped to avoid banking crises in which very large amounts of risk are concentrated on banks' own books (as in the case of the LTCM crisis in 1998). But instead, securitisation has given rise to the criticism that the originators pay insufficient attention to the risk of default, as they immediately pass it on; and that, as the risks are widely spread, there is a lack of market transparency – nobody knows where the losses lie. In this particular episode of financial market turbulence, uncertainty about where the losses lie has itself become a source of speculation in the market. And bad news has emerged piecemeal rather than in one go.

Consequences

Real economy: Undoubtedly, the turbulence in financial markets will affect real growth in the international economy, but it is much too early to say how large the downside will be. That depends on whether the turbulence is limited to a (healthy) short-term market correction or the start of a prolonged downturn. Nobody yet knows for certain. However, the central banks do have the opportunity to influence the outcome by reducing interest rates if necessary, as the Fed did on September 18.

Inflation targeting: A separate question, when they set interest rates, is whether central banks should in future target asset prices as well as CPI measures of inflation. In general, when they set interest rates, central banks already take account of the impact of asset prices on inflation. But it is difficult to hit two different targets simultaneously.

Moral hazard: Although central banks were clearly right to pump liquidity into the market in response to financial market turbulence, the difficulty they face now is how to maintain confidence in the system as a whole without giving the impression that they will always bail out individual institutions, and so encourage imprudent risk-taking in future.

Systemic risk: The financial crisis has also raised the related question about where the dividing line should be drawn between financial institutions that pose potential risks for the financial system as a whole, on the one hand, and financial institutions that central banks can allow to become insolvent without posing such risks, on the other. And if certain non-bank financial institutions pose systemic risks, should they be supervised more lightly than banks?

Capital constraints on banks: Banks have assets on their books that they would normally wish to sell but have not been able to do so. In some cases, they also risk having to take back – onto their own balance sheets – off-balance sheet vehicles they have created. As a result, banks are likely to become increasingly capital constrained, unless they can raise more capital. In addition, the flight to safety means that borrowers and investors may choose to make more use of large bank balance sheets in future, rather than relying on disintermediation.

New issues: It is clearly going to take time for parts of the new issue market to recover. The market has become much more cautious and much less highly leveraged. Risk is being re-priced. This will have an impact on the quantity of new issues, with less supply as M&A and private equity activity has decreased; and less demand as hedge funds become less active. And there will also be an impact on quality, as arranging banks become much more conservative in their assessment of creditworthiness, and issues with weaker covenants become more difficult to sell to investors.

Market transparency: As nobody knows where the losses lie, there is pressure for exposures to be more transparent. However, in cases in which financial information is not already publicly available, making exposures more transparent is not straightforward, particularly when the exposures are to complex vehicles involving derivatives. There may be no alternative to waiting for the regular financial results of the financial institutions concerned. And financial results for the third quarter are already starting to appear. Even when the results are bad, publishing them reduces the uncertainty.

Valuation of financial instruments: How should financial instruments and collateral be valued when there is no liquidity? This is a particular problem when the valuation depends on the credit rating provided by a rating agency, which does not capture the effect of liquidity on pricing.

Rating agencies: There are already political calls to reconsider whether rating agencies should be regulated. Rating agencies allegedly have conflicts of interest, as they are paid by the firms they rate under the "issuer pays" structure, and in particular they are paid for awarding high credit ratings to collateralised debt obligations, which they themselves have helped to structure. Some of these have turned out to be more risky than their ratings suggested. There are two other related issues. The first is whether ratings are too "granular": is a rating spectrum from AAA to BBB, which is designed to capture default risk, adequate for capturing other aspects of risk, such as liquidity risk? The second is whether bank capital standards should be based on ratings in their current form.

Basel II and MiFID: It is not clear whether Basel II and MiFID, if they had come into effect earlier, would have made a significant difference either in preventing financial market turbulence or in resolving the problems that have emerged, though they would have led to greater disclosure and Basel II does focus on the management of liquidity. One particular problem is that the treatment of collateral under Basel II may need to be rethought. The question is whether Basel II gives excessively generous terms to collateralised instruments and covered bonds (eg in relation to unsecured interbank lines). And if the authorities need to rethink elements of Basel II in relation to the banking sector, this may also have implications for Solvency II in the insurance sector.

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Bond Market Transparency

Under Article 65 of MiFID, the European Commission is required to report about whether to propose that the regulation of market transparency for equities under MiFID should be extended to bonds. In our response to the call for evidence on bond market transparency, we argued that there is no market failure in the European bond markets and therefore no case for regulatory intervention, but that we should consult our members about a market-led alternative to regulation.

In April we initiated this consultation process by issuing a questionnaire to members on ICMA proposals on bond market transparency. We received 92 responses, including almost all the very largest securities firms in Europe and a wide selection of firms representing the different ICMA regions.

A clear majority of respondents, including a clear majority of the very large securities firms, agreed with the proposition that: "ICMA should resist regulatory intervention and propose satisfactory market-led alternatives providing that such proposals are responsive to members' concerns and the concerns of the wider market; and are designed to improve the quality of the market".

Our assessment of the responses to the ICMA bond market transparency questionnaire is available on the ICMA website. To follow up this assessment, we established a Bond Market Transparency Working Group to examine the options for market-led alternatives to regulation in more detail with a view to reaching a consensus on the form which a market-led initiative should take. The Working Group reached a consensus at a series of meetings in June and July on a market-led initiative to help retail investors.

ICMA's proposals, as formulated in our Bond Market Transparency Working Group, are set out in the Box. They were presented in outline by Richard Britton at the Commission's open hearing on bond market transparency in Brussels on September 11, and we submitted them in final form to the Commission on September 24. After further consultations, the Commission is due to publish its own report and recommendations in the first quarter of next year.

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European Financial Services Industry Standard of Good Practice on Bond Market Transparency for Retail Investors[1]

Introduction

There is a consensus in the European financial services industry that competition ensures that the appropriate level of pre- and post-trade price transparency is already available to wholesale participants in the bond markets, but that retail investors might benefit from easier access to price transparency[2].

ICMA has therefore developed a voluntary European Financial Services Industry Standard of Good Practice on Bond Market Transparency for Retail Investors (the "Standard") to provide easier access to price transparency for retail investors by improving the quantity and accessibility of price and liquidity information available to retail investors about liquid and highly rated bonds[3].

This Box describes the objectives of the Standard and its technical specifications. ICMA's proposals for enabling those market participants who report to ICMA to comply with the Standard are set out on the ICMA website.

Objectives of the Standard

The Standard has been developed to meet the following objectives:

- To provide retail investors with easier access to information on the prices and liquidity of bonds with a high credit quality and large issue size.
- To ensure that: the price and liquidity information provided to retail investors is fair, clear and not misleading; and retail investors have access to suitable educational material to assist them in making informed investment decisions.
- To maintain the competitiveness of the European financial services industry by ensuring that the Standard, which is voluntary, does not impose new reporting requirements on the industry.

The Standard does not affect market participants in those EU jurisdictions (eg Denmark and Italy) where reporting requirements already exist which meet local needs.

Technical Specifications

It is for market participants to choose whether they wish to comply with the Standard, as compliance is voluntary. If they choose to comply, they are encouraged to meet the following technical specifications as a minimum[4]:

- *Reporting Arrangements:* Market participants (or trade associations or others acting on their behalf) willing to comply with the Standard should post on their websites the existence or establishment of "Reporting Arrangements" for the receipt and publication of post-trade price information consistent with the Standard[5].
- *Scope:* Selected bonds meeting all of the following criteria should be covered:
  - o Bond type: straight bonds, floating rate notes and convertibles.
  - o Issuer type: sovereigns, sub-sovereigns, corporates, and financials.
  - o Maturity: one year's remaining life or more.
  - o Minimum issue size: €1 billion (or currency equivalent).
  - o Minimum current credit rating: A- and above.
  - o Trade size: between €15,000 and €1 million (or other currency equivalent).
  - o Currency: bonds denominated in currencies which can be settled within the EU.
- *Content:* In the case of each bond covered, the following information should be published:
  - o High, low and median[6] trade prices and average closing bid and offer quotes; and
  - o Monthly trade volume and average daily number of trades.
- *Timeliness:* Information should be published at the following times:
  - o High, low and median[6] trade prices and the average closing bid and offer quotes for each bond covered should be published at the end of the trading day.
  - o Average daily volume and number of trades with a one month delay (e.g. June data should be published at the beginning of August).
- *Accessibility:* All published information should be available for any retail investor to view via one or more prominent websites.
- *Charging:* All published information should be available to retail investors at a transparent and reasonable cost or free of charge.
- *Language:* All information should be published in the local language or in English.
- *Explanatory text:* Alongside price and liquidity information, Reporting Arrangements should, where legally permissible, publish text explaining that:
  - o The Standard is limited to large investment grade bond issues rated A- or above. In this context, the explanatory text should: warn investors that, unless they have sufficient funds to create a diversified portfolio, they should consider restricting investment to higher-quality and liquid bonds; and highlight the tendency for liquidity to diminish after the new issue period.
  - o The Standard sets a minimum trade size because retail bond trade prices (in contrast to equity trade prices) may include a sales charge or mark-up, making it more difficult for retail investors to compare the trade with others based on price alone.
  - o The Standard sets a maximum trade size because the publication of very large trades may enable the dealer to be identified by competitors, exposing the dealer to unacceptable risk and therefore damaging market liquidity.
- *Educational material:* Reporting Arrangements should publish, or provide a website link to, suitable educational material on investing in bonds[7], including information on: bond types; the risks attached to bonds; the impact of interest rate moves on bonds; the lifecycle of a bond; the calculation of bond income; buying/selling bonds; and the role of dealers, fiscal and paying agents, custodians and depositaries.

The provisions of the Standard should be subject to review by Reporting Arrangements after 12 months in operation.

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[1] *The Standard, its technical specifications and ICMA's proposal how to comply with the Standard are provided for information only and are not and should not be considered as advice or a recommendation to buy or sell any financial product. Any person who is considering buying or selling any financial product should seek appropriate investment, financial, tax and legal advice.*

[2] *This would give them a better understanding of the range and liquidity of highly rated bonds available; it would also give them greater confidence as to the current level of prices; and it would improve their ability to judge in broad terms whether execution has been fair.*

[3] *There are limits to the potential benefits of increased price transparency. Given that transparency is only one of many factors impacting on the level of retail participation in bond markets, easier access to price transparency will not necessarily increase retail investment in bonds. Issue size and credit rating are likely to impact liquidity but do not guarantee it. Also, price transparency cannot be expected to provide investors with protection from buying bonds unsuitable to their needs or which fail to repay because of fraud or other reasons for default. It would not have prevented retail losses suffered in eg the Parmalat and Argentina defaults.*

[4] *ICMA proposes to comply with the Standard by meeting these technical specifications. Retail investors do not currently have access to ICMA's price service.*

[5] *ICMA proposes to use its existing Reporting Arrangements to enable those market participants who choose to report to ICMA to comply with the Standard.*

[6] *Defined as the middle price in the distribution of that day's trade prices. If there is an even number of trades, it will be the average of the middle two prices.*

[7] *For example, SIFMA's retail investor education website, www.investinginbonds.com, tailored to retail investors in the European bond market.*

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Other Regulatory Policy News

MiFID Implementation

MiFID is due to be implemented at the beginning of November 2007. We have discussed issues relating to MiFID implementation in previous editions of the ICMA Newsletter. Further information can be obtained from the European Commission website and the CESR website, including on best execution, and also from the websites of national regulators, such as the FSA.

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Assessing the Transparency Directive

We have submitted an extensive response to the CESR call for evidence on possible Level 3 work in the areas covered by the Transparency Directive. We welcome CESR`s initiative. Using specific examples, we demonstrate in our response that implementation of the Transparency Directive has given rise to a number of significant concerns among market participants. These stem from a variety of factors, including lack of detail or clarity in some of the provisions of the Directive, problems with the availability of the national implementing rules and guidance on their application or their staggered implementation and inconsistent application.

Our two working groups, one focusing on the major shareholding notifications regime and the other on the new rules relating to periodic financial reporting, continue to monitor the implementation and application of the Transparency Directive across Europe. We would be interested to hear about your own experience, and would welcome any suggestions for topics which should be discussed by market participants or raised with European or national authorities.

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Progress towards Accounting Equivalence

We continue to be involved in the debate about equivalence between the EU-adopted IFRS and non-European accounting standards. In this area, there have recently been a number of important developments. Following CESR`s advice, the Commission has published a draft Regulation defining the concept of accounting equivalence, setting out the procedure for determining the equivalence of a particular set of standards and extending the transitional period for acceptance in the EU of non-equivalent but converging standards.

In our comment letter, we welcomed the proposal but highlighted several important concerns which should be addressed before the Regulation is finalised. They relate to the very concept of accounting equivalence which, under the current proposal, could severely reduce chances of a genuinely equivalent set of non-European accounting standards to be declared equivalent.

The Securities and Exchange Commission (SEC) is considering whether to allow non-US issuers to use IFRS in their initial and on-going regulatory filings in the US. We have been in contact with the European Commission, which has submitted a response on behalf of the EU and whose position we have endorsed in our response. While welcoming the SEC`s initiative, we share the European Commission's concerns that the proposed rules apply only to IFRS as originally adopted by the IASB, and not to IFRS as adopted by the EU. This means that most European issuers would not be able to take advantage of the new rules and would need to continue to reconcile their accounts with the US GAAP.

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ESME's Reports on the Prospectus and Market Abuse Directives

The European Securities Markets Experts group (ESME) was set up last year to advise the European Commission on the application of the various securities directives. Recently, it has published two reports, which assess the operation so far of the Prospectus and Market Abuse Directives. Both reports raise a number of important points and will represent a key input into the review of both Directives by the Commission in 2008. We plan to participate fully in the review. It will present a unique opportunity to address the various challenges posed by both Directives in practice and further improve the European regulatory framework in these areas.

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CESR's Work on the Market Abuse Directive

CESR has published its second set of guidance on the operation of the Market Abuse Directive. The guidance covers important aspects of the regime such as: the definition of inside information; the circumstances in which it is legitimate to delay disclosure of inside information; the circumstances in which a client's pending order constitutes inside information; and mutual recognition of lists of insiders. We are pleased that most of the comments we made on the draft of the guidelines have been taken into account.

Separately, CESR published its formal work programme in this area for the next two years and indicated other issues that it will address in the feedback statement accompanying its guidance. A number of issues that have historically been of concern to our members, such as stabilisation or bond buy-backs, are now on CESR`s agenda.

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Publication of Retail Structured Product Principles

Together with four other trade associations, we have published a set of non-binding principles relating to retail structured products. They focus particularly on the management of the relationship between providers and distributors from the perspective of firms performing either function. The principles seek to address issues that financial services firms have in practice found helpful to consider when delivering structured products to retail investors. They are intended to be sufficiently broad in their applicability to provide a reference framework for retail structured products markets globally. We welcome feedback on the application of the principles in practice.

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Publication of Guidance on "Retail Cascades"

We have published a guidance note relating to the FSA's proposed approach to the inclusion in prospectuses of certain information concerning "retail cascades", a method of retail distribution of debt securities (announced in the July issue of its List! Newsletter). The guidance note summarises our understanding of the nature of the retail cascade referred to in the FSA announcement and sets out some suggested language for inclusion in prospectuses to satisfy the requirement set out in the FSA announcement.

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Commission Consultation on State Guarantees

The European Commission is consulting on a new notice on the application of the EC state aid regime to state guarantees. This consultation is relevant to bond market participants as a number of issuers benefit from such guarantees, whether they are provided specifically for a particular transaction or generally for the obligations of such an issuer.

For some time, we have been concerned that the existing notice does not adequately deal with the impact which incompatibility of a state guarantee with the EC state aid regime may have on bond investors. In addition, the draft of the new notice makes several proposals which would be difficult to comply with – or which are not consistent with existing market practice. In our response to the Commission, we address these points and make suggestions for a possible way forward.

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European Repo

The ERC Council has held its regular autumn General Meeting in Luxembourg, hosted by Clearstream. All presentations given and the meeting minutes can be found in the ERC web area of the ICMA website.

ICMA has also released the results of its 13th semi-annual survey of the European repo market. The survey, which is effectively a snapshot of the volume of repo trades outstanding on a single day in June, before the current market difficulties took hold, sets the baseline figure for market size at €6,775 billion, a 15% increase, year on year from June 2006. The larger part of this growth was registered during the second half of 2006, with growth flattening in the first half of 2007 probably reflecting market expectations of rising official interest rates. To participate in further surveys, please contact reposurvey@icmagroup.org

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STEP

Following ICMA's bilateral meeting with the ECB on September 3, the participants from our ECP Committee at that meeting have responded to the ECB's invitation to suggest ways of improving the Short-Term European Paper initiative (STEP). These proposals are expected to be discussed in the STEP Market Committee.

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TARGET2 Securities

Following a series of consultations by the ECB this summer on the technical specification of the TARGET2 Securities project, the Advisory Group is expected to sign off the remaining technical proposals later this autumn. In parallel, work will continue in the legal and economics workstreams as well as on the design of an improved and streamlined governance structure for the next phases of the project. The full user requirement documents are expected to be published for three months of consultation in December or January, and the Governing Council Decision whether to proceed with the development and implementation phase is now not expected before mid-2008. See the comprehensive and newly structured T2S website.

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Code of Conduct for Clearing & Settlement

In our joint report with three other trade associations, we have broadly endorsed the Access and Interoperability Guideline devised by the market infrastructure providers to fulfil the second stage of the code. The associations repeated their request to public sector authorities to remove in a timely manner the Giovannini barriers within their remit and called on infrastructure providers to establish a detailed list of such barriers and also to work towards their abolition. The next meeting of the Code Monitoring Group is expected to have an introductory discussion on the extension of the principles of the Code to bonds.

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ICMA Events

Member Seminars

We are continuing to hold seminars with our members in all our regions to make them fully aware of the issues that the Association is addressing in the capital markets, the various benefits of membership and how members may best use its services. For details of dates and locations please see the ICMA website.

SIBA-ICMA Seminar

Jointly with the Singapore Investment Banking Association (SIBA), we are running a seminar on October 24 in Singapore on best practice for debt issuance as exemplified in ICMA's own Handbook. For further information and a full programme please contact: chris.omalley@icmagroup.org

ICMA Primary Market Forum

ICMA's first Primary Market Forum will take place on Monday, November 12, 2007 in London. This forum – the opening event in a series of planned workshops – will provide a comprehensive review of the key issues facing the international primary markets. The event is open to all primary market professionals, and presents an opportunity to identify, analyse, debate and share good market practice. In the first session, market participants will discuss the impact of recent turbulence in financial markets. The second session will focus on the difficult legal implications of selling to retail investors across Europe. Full details and an agenda are available on the ICMA website.

JSDA-ICMA Japan Securities Summit

The Japan Securities Summit, a joint initiative between the Japanese Securities Dealers Association (JSDA) and ICMA, is to be held in London on January 21-22, 2008. The conference aims to brief market professionals and investors on the revival of the Japanese economy, the new framework of the Japanese securities market as an effective trading venue and the attractiveness of Japan as an investment choice. A distinguished array of expert speakers from both the Japanese and the European securities industries, relevant authorities and high-level academic institutions will give their insights on this subject. Further details are available from the ICMA website.

News on all the events ICMA organises, participates in or supports is available from www.icmagroup.org

ICMA Executive Education

ICMA's courses for financial market professionals have recently received recognition from the CFA Institute. ICMA's International Fixed Income and Derivatives (IFID) Certificate and its Primary Market Certificate (PMC) can both be counted as Continuing Professional Development (CPD) hours for holders of the CFA charter, the globally acknowledged qualification for the investment community.

Places are still available on the following courses, register through the ICMA website at www.icmagroup.org

International Fixed Income and Derivatives (IFID) Certificate Programme
October 21-27, 2007
Budapest, Hungary

Primary Market Certificate (PMC)
November 19-23, 2007
London, United Kingdom

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