

**MEMO# 30289**

October 3, 2016

# **ICI Global Submits Comment Letter on IOSCO Consultation Report Examining Liquidity of the Secondary Corporate Bond Markets**

[30289]

October 3, 2016

TO: EQUITY MARKETS ADVISORY COMMITTEE No. 37-16  
FIXED-INCOME ADVISORY COMMITTEE No. 33-16  
ICI GLOBAL TRADING & MARKETS COMMITTEE No. 45-16  
INTERNATIONAL MEMBERS No. 18-16  
SECURITIES OPERATIONS ADVISORY COMMITTEE RE: ICI GLOBAL SUBMITS COMMENT  
LETTER ON IOSCO CONSULTATION REPORT EXAMINING LIQUIDITY OF THE SECONDARY  
CORPORATE BOND MARKETS

ICI Global has submitted a comment letter in response to a consultation report published by the Board of the International Organization of Securities Commissions (“IOSCO”) on the liquidity of the secondary corporate bond markets.[\[1\]](#) IOSCO found meaningful changes to the characteristics and structure of the secondary corporate bond markets, but it did not find substantial evidence of material deterioration of liquidity in those markets. After examining a number of different metrics, IOSCO found mixed evidence of changes in liquidity.

ICI Global’s letter commends IOSCO for conducting an analysis of liquidity in the secondary markets for corporate bonds. We explain that the corporate bond markets are undergoing significant structural transformations caused in part by regulatory reform in the aftermath of the financial crisis as well as by changing economics and technology. The letter encourages IOSCO to continue studying the corporate bond markets as they continue to evolve and as new and more data become available outside the United States.

In Part I of our letter, we discuss the recent significant structural changes to the US corporate bond markets. Part II describes our analysis, which is consistent with IOSCO’s findings that commonly-used metrics show a mixed picture of liquidity of the US corporate bond markets. In Part III, we present data on the nature and extent of funds’ participation in the US corporate bond markets. Part IV supports regulators obtaining accurate, comprehensive, and usable data about the corporate bond markets.

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George M. Gilbert  
Counsel

[Attachment](#)

**endnotes**

[1] See ICI Memorandum No. 30138 (Aug. 17, 2016), *available at* <https://www.iciglobal.org/iciglobal/pubs/memos/memo30138>; *see also* IOSCO, *Examination of Liquidity of the Secondary Corporate Bond Markets, Consultation Report*, (August 2016), *available at* <https://www.iosco.org/library/pubdocs/pdf/IOSCOPD537.pdf> (“Consultation Report”).

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