

MEMO# 30956

November 21, 2017

European Commission Publishes Reports with Recommendations on Corporate Bond Markets in Europe

[30956]

November 21, 2017 TO: Equity Markets Advisory Committee

Fixed-Income Advisory Committee

ICI Global Regulated Funds Committee

ICI Global Trading & Markets Committee RE: European Commission Publishes Reports with Recommendations on Corporate Bond Markets in Europe

The European Commission's (EC) expert group on corporate bond markets^[1] published on 20 November 2017 two reports to foster the development of corporate bond markets in Europe.

The expert group was created mid-2016, with a view to advise the Commission on its review of liquidity in European corporate bond markets, in the context of the Action Plan on Building a Capital Markets Union. The group was briefed to identify actions (market-based or policy-led) that contribute to a better functioning of these markets - as a source of funding and investment opportunities - in the context of the new financial landscape.

ICI Global was pleased to participate as a member of the expert group.

The two reports include a "Headline Report^[2]" which provides 22 recommendations to improve the European corporate bond markets. The Analytical report provides more detail background and in-depth discussion about those recommendations.^[3] The recommendations pursue six objectives:

1. making issuance easier for companies;
2. increasing access and options for investors;
3. ensuring the efficiency of intermediation and trading activities;
4. fostering the development of new forms of trading and improving the post-trade environment;
5. ensuring an appropriate level of information and transparency; and
6. improving the supervisory and policy framework.

Alongside these two reports, the EC has published a separate external study on the drivers of corporate bond market liquidity produced by Risk Control Limited, an independent firm of

quantitative risk specialists in the EU.

Next Steps:

These recommendations will be discussed at a public hearing in Brussels on 24 November 2017.

As part of its ongoing work on the Capital Markets Union, the EC will follow up on some recommendations (the ones which are consensual) and gather views from a broader audience through a public consultation in early 2018 to determine the actions to put in place regarding the other recommendations. This will provide input for a Communication (action plan) on corporate bonds in the autumn of 2018.

Please direct any feedback to Patrice Bergé-Vincent by email (patrice@iciglobal.org) or telephone (direct: +44 (0)20 7961 0833; mobile: +44 (0)7795 514 841), or to Shelly Antoniewicz, Senior Economist, (primary author of the analytical report's Chapter 2 - Demand Side) - (email: shelly@ici.org); telephone: +1 202-326-5910).

Patrice Berge-Vincent
Managing Director, Europe

Shelly Antoniewicz
Senior Economist

endnotes

[1] European Commission Expert Group Corporate Bond Market Liquidity:
<http://ec.europa.eu/transparency/regexpert/index.cfm?do=groupDetail.groupDetail&groupID=3429&NewSearch=1&NewSearch=1>

[2] Report from the Commission Expert Group on Corporate Bonds, November 2017:
Improving European Corporate Bond Markets
https://ec.europa.eu/info/sites/info/files/171120-corporate-bonds-report_en.pdf

[3] Analytical report supporting the main report from the Commission Expert Group on Corporate Bonds November 2017:
https://ec.europa.eu/info/sites/info/files/171120-corporate-bonds-analytical-report_en.pdf