



ICMA Secondary Market Practices Committee

Terms of Reference

February 2018

Context

At the meeting of the Secondary Market Practices Committee (SMPC or 'the Committee') on October 14th 2014, under the Chairmanship of Mr. Asif Godall (Global Head of Traded Credit, HSBC), it was agreed that the Committee would be reformatted, its mandate and scope more clearly defined, and its membership reviewed, to reflect better the trading-related interests and market practices of the European corporate bond secondary markets.

At the meeting of the Committee on February 6th 2018, chaired by Sonali Das Theisen (Citigroup Global Markets) and Yann Couellan (BNP Paribas AM), it was agreed that the remit of the SMPC, in keeping with the ICMA Secondary Market Rules and Recommendations ('the ICMA Rule Book'), should cover all international securities (primarily, though not exclusively government, agency, supranational, and corporate bonds). The ICMA Rule Book defines an international security as: *a security intended to be traded on an international, cross-border basis (i.e. between parties in different countries) and capable of settlement through an international central securities depository or equivalent*.¹

Mission

The SMPC seeks to be the representative body of the international, cross-border secondary bond markets through addressing practical issues directly relevant to market practitioners; standardizing market best practice; disseminating relevant market information; and promoting the best interests of an efficient and liquid market.

Scope and functions

The SMPC is focused on the international, cross-border secondary bond markets. Its four key functions are:

- 1) Agreeing best practice for the international cross-border secondary bond markets.
- 2) Maintaining and developing the ICMA Rules and Recommendations for the secondary market ('the ICMA Rule Book') to ensure that they remain relevant and consistent with best market practice and regulatory requirements.

¹ ICMA SMR&Rs, Rule 2.2

- 3) Leading initiatives to improve international bond secondary market liquidity and efficiency.
- 4) Providing a forum for discussing the likely impact of relevant regulation on secondary market practices, and for consolidating input and feedback in the regulatory consultation process.

The SMPC may address issues arising in all international, cross-border securities markets, as defined in the ICMA Rule Book.

While primarily focused on cash bond markets, the SMPC, will cooperate with other relevant associations, whether formally or informally, to extend its scope to non-bond securities (such as derivatives) that are directly relevant to the functioning, efficiency, and liquidity of the international bond markets.

Membership

Members of the SMPC shall be appointed by the ICMA Executive Committee and may be representatives of member firms (including associate members) and other persons with expertise in the international capital markets.²

In light of the SMPC's scope and functions its membership shall comprise a balanced cross-section of relevant market professionals with expertise, including senior fixed income traders, both sell-side (broker-dealers) and buy-side (execution desks), and senior fixed income market infrastructure experts.

Member firms active in the secondary bond markets may nominate professionals having the required expertise, and such professionals may nominate themselves directly, for appointment as members of the SMPC by Executive Committee.

The SMPC may also invite guests and observers to attend meetings.

Meetings

The SMPC aims to meet four times per calendar year, and the meetings are hosted by volunteering member firms or by ICMA. The SMPC will aim to hold at least one meeting outside of the UK (in another European financial centre) per year, based on the advice of SMPC Co-chairs and members.

Members are encouraged to attend these meetings in person and are expected to attend at least three meetings per annum. The Co-chairs or the secretary can call ad hoc meetings or conference calls at any time to discuss key issues, rather than wait for scheduled meetings.

² ICMA Bylaw 1705

Co-chairs of the SMPC

The SMPC will be chaired by two co-chairs, who will be selected from its members, representing one sell-side member firm and one buy-side member firm. Members of the SMPC are asked to propose appropriate candidates for the position of co-chair, once the position is open, subject to agreement by the SMPC members, and endorsement by the ICMA Executive Committee. Co-chairs are expected to serve for a minimum of one year. There is no maximum term for which a co-chair can serve.

The co-chairs will be responsible for chairing SMPC meetings and calls, and providing guidance on the agenda and overall focus of the SMPC and its sub-groups. Co-chairs are expected to attend at least 3 meetings per year in person, and consideration will be given to their availability when scheduling meetings.

Under ICMA by-laws, the SMPC is a sub-committee of the ICMA Market Practices Committee, established by the Executive Committee.

SMPC sub-groups

A number of sub-groups ('Working Groups' or 'Councils') will operate under the remit and guidance of the SMPC, and will be responsible for reporting to the SMPC on a regular basis. Working Groups may be temporary, in response to ad hoc issues (such as a regulatory consultation), or they can be more permanent and focused on ongoing issues or themes relevant to the remit of the SMPC. The structure and objectives of the sub-groups are subject to SMPC approval.

Interaction with other ICMA committees and external trades associations

On market-level issues, it is anticipated that some SMPC work-streams will overlap with or complement those of other ICMA committees or fora, including the Asset Manager and Investors Council (AMIC), the European Repo and Collateral Committee (ERCC), and the Primary Market Practices Committee (PMPC). At an operational level, there is significant scope for work-streams to overlap with or complement those of the ERCC Operations Group. The secretary of the SMPC will coordinate closely with the secretaries of the relevant committees and working groups to this effect.

In some instances, and where it is more beneficial, and with the endorsement of the ICMA Executive Committee, the SMPC will work closely with other trades associations or industry representative bodies, in particular with AFME and ISDA. These arrangements may be formal or informal, as appropriate. AFME retains observer status for SMPC meetings (with ICMA having observer status on relevant AFME Committees and Working Groups), with observer status being extended to other trade associations or representative bodies where relevant.

Andy Hill
ICMA, Secretary to the SMPC
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