



ICMSA Newsletter – December 2009

Message from the ICMSA Chairman, Graham Cox

“In 2009 the Management Committee has revised the structure and profile of the association. The changes implemented provide a new and stronger basis for our work. I look forward to continued success in 2010 and thank all members for their contribution to the work of our sub-committees and related Working Groups which have been particularly active this year. Highlights of the achievement of those group are set out below. In many areas ICMSA is now recognized as the voice of the market. We hope that our increased visibility and new profile will also be reflected in our new redesigned website which will be operational early in 2010.

Membership

The main focus for ICMSA this year has been to revise the existing structure of the association, making changes to the Constitution and Articles in recognition of our changing role and the varied range of expertise enjoyed through our broader membership base, and to enable us to operate more effectively. The last major review had taken place in 2004 when the IPAA with 9 members made a decision to widen the remit of the association, change the name and admit associate members. In 2009 with 27 ICMSA members (14 full and 13 associate) all contributing to the work of the association the need to distinguish between two levels of membership is no longer necessary, and for 2010 all members will have equal status in the association.

Market Initiatives

The ICMSA made formal written representation to the US Ways & Means committee re the proposed Foreign Account Tax Compliance Act 2009.

We acted in conjunction with the major Trade Associations involved within the International capital Markets in expressing our grave concerns relative to the proposed Bill which would have very serious negative implications for the future operation of the Market should it be enacted in its current form. The focus of our representation was on Section 102 of the Bill dealing with the proposed repeal of the foreign Targeted Bearer Bond Exception.

Publications - ICMSA published the following in late 2008 and 2009

- 8 December 2008 ICMSA Announcement with respect to Government Guaranteed Debt
- 28 April 2009 ICMSA Recommendation with respect to requirements for Payment Business Days
- 10 November 2009 ICMSA Tax Relief Procedure for Lebanon
- 16 November 2009 ICMSA Recommendation with respect to requirements for Record Dates



Working with other Associations and Market Groups

International Securities Market Advisory Group (ISMAG)

ICMSA members continue to actively participate in ISMAG's projects to set standards to improve market efficiency. Regular updates as to progress made are given at the Operating Practices sub-committee meetings.

European Financial Markets Federation (EFMF)

The association continues to attend the EFMF's regular meetings as an observer. The EFMF continues to work on issues affecting the European securities industry relating to clearing, settlement and the current post trading debate in Europe.

International Capital Markets Association) ICMA

ICMSA has a close working relationship with ICMA, with regular joint meetings at which matters of mutual concern are discussed and next steps agreed. ICMSA members have attended ICMA's Annual General Meeting, Nordic Capital Markets Forum (at which Graham Cox spoke on a panel discussion) and Primary Market Forum.

Summary of Committee Activities, accomplishments in 2009, projects for 2010

The project driven work of the association continues through the sub-committees and, for specific projects, working groups.

The **Operating Practices** sub-committee, under the chairmanship of the Bank of New York Mellon, has successfully concluded its Business Day and Record Date project (through a working group) with the publication of the final one of two market recommendations. In addition to the projects detailed below, the sub-committee continues to review and comment on any developments regarding ECB Standard 3 i.e. the changes to the processing of registered Eurobonds in order for them to be eligible for use as collateral within the Euro System.

Ongoing Projects for 2010

- To monitor the ECB's proposed new SPV reporting requirements in the Euro area and consider any new operational processes required
- To monitor the planned US Foreign Account Tax Compliance Act 2009 with its proposals to repeal the TEFRA regime and strengthen FFI and QI reporting obligations. This will be done jointly with the Global Tax sub-committee



In addition to the projects listed below the **Trustee** sub-committee, (previously under the chairmanship of Deutsche Bank) now under the chairmanship of Citibank, is monitoring developments regarding:

The ISDA Protocol

Rating Agencies, with respect to Confirmations (RACs) and requests for pre-enforcement limitations on Trustee fees

The ISMAG extraordinary meeting and consent solicitation templates

In the spirit of wider market co-operation the sub-committee now regularly invites representation from TACT and ESF. It also continues to invite to its meetings guests from organisations that interact with trustee, with the last guest being Sandra Quirk from Standard & Poors.

Ongoing Projects for 2010

- Refining manifest/proven error in the Trust Deed
- Streamlining noteholder meeting provisions; this is being undertaken by a Working Group

Earlier in the year in response to market demand, the **Money Market Instruments** sub-committee, under the chairmanship of Euroclear SA/NV worked closely with ICMA to create a methodology by which market participants could quickly and accurately identify which banks' debt issues were supported by government guarantees. It did so as detailed in the Announcement with respect to Government Guaranteed Debt.

Ongoing Projects for 2010

- EPIM for ECP (improve usage)
- EPIM for MTNs (rolling out in first quarter 2010)
- EPIM for MTNs (Internet interface) - rolling out in first quarter 2010
- Monitoring the evolution of STEP
- Adapting EPIM to include New Safekeeping Structure (NSS) requirements

The **Global Tax** sub-committee, under the chairmanship of Clearstream Banking, continues to document tax guidelines and procedures with the recent publication with respect to Lebanon. In addition it monitors, and where appropriate proposes operational responses to the increasing number of new withholding tax regimes.

Ongoing Projects for 2010

- Impact of the US Foreign Account Tax Compliance Act 2009
- Impact of EU Court of Justice decision on UK Stamp Duty Reserve Act
- Impact of proposed revised Savings Tax EU Directive
- Indonesian & Taiwanese Eurobond withholding tax