MEDIA RELEASE

International Organization of Securities Commissions
Organisation internationale des commissions de valeurs
Organização Internacional das Comissões de Valores
Organización Internacional de Comisiones de Valores
المنظمة الدولية لهيئات الأوراق المالية

IOSCO/MR/05/2017

Madrid, 7 March, 2017

IOSCO finds little evidence of declining secondary corporate bond market liquidity

A report published today by the Board of the International Organization of Securities Commissions (IOSCO) has found no substantial evidence showing that liquidity in the secondary corporate bond markets between 2004 and 2015 has deteriorated markedly from historic norms for non-crisis periods.

The report, titled *Examination of Liquidity of the Secondary Corporate Bond Markets*, presents a data-driven analysis of secondary corporate bond markets during 2004 and 2015, with a specific focus on liquidity. It provides a global view of corporate bond market development within the broader economic and financial context.

IOSCO´s report reveals that there have been meaningful changes to the characteristics and structure of corporate bond markets, caused by new technology, the growth of electronic trading venues, and changes in execution models and dealer inventory levels. The report's findings confirm that corporate bond markets remain fragmented among national and regional OTC markets, and differ substantially across jurisdictions.

The conclusions in the report are based on a detailed analysis of various liquidity metrics, survey results from industry and regulators, industry roundtables, and a review of academic, government and other research articles. IOSCO also considered the responses to its consultation report, published in August 2016.

A dearth of useful data

The primary challenge facing IOSCO during its fact-finding work was a lack of useful data on the trading of corporate bonds on the secondary market in different jurisdictions, largely because most bonds are traded through decentralized, dealer-intermediated OTC markets. IOSCO found it particularly challenging to analyze information due to data gaps and differences in collection methods and the scope, quality and consistency of data across different jurisdictions.

The study also reinforced IOSCO's view that regulators should have access to timely, accurate and detailed information on secondary bond markets to be able to assess adequately changes in these markets, monitor trends in trading, and respond accordingly. This data may be obtained through various means, including regulatory reporting requirements and public transparency to facilitate analysis of the corporate bond market. For this reason, the IOSCO Board has decided to update its 2004 report on regulatory reporting and transparency in the corporate bond markets. The purpose of this project will be a detailed examination of transparency regimes and regulatory requirements in place in IOSCO member jurisdictions.

NOTES TO THE EDITORS

1. IOSCO is the leading international policy forum for securities regulators and is recognized as the global standard setter for securities regulation. The organization's membership regulates more than 95% of the world's securities markets in more than 115 jurisdictions and it continues to expand.

2. The IOSCO Board is the governing and standard-setting body of the International Organization of Securities Commissions (IOSCO), and is made up of 34 securities regulators. Ashley Alder, the Chief Executive Officer of the Securities and Futures Commission (SFC) of Hong Kong, is the Chair of the IOSCO Board. The members of the IOSCO Board are the securities regulatory authorities of Argentina, Australia, Belgium, Brazil, China, Egypt, France, Germany, Hong Kong, India, Indonesia, Ireland, Italy, Jamaica, Japan, Kenya, Malaysia, Mexico, Nigeria, Ontario, Pakistan, Peru, Quebec, Saudi Arabia, Singapore, South Korea, Spain, Sweden, Switzerland, the Netherlands, Turkey, the United Kingdom, and the United States of America.

MEDIA RELEASE

International Organization of Securities Commissions
Organisation internationale des commissions de valeurs
Organização Internacional das Comissões de Valores
Organización Internacional de Comisiones de Valores
المنظمة الدولية لهيئات الأوراق المالية

3. The Growth and Emerging Markets Committee is the largest Committee within IOSCO, representing close to 80 per cent of the IOSCO membership, including 11 of the G20 members. Ranjit Ajit Singh, Chairman of the Securities Commission Malaysia and Vice Chair of the IOSCO Board, is the Chair of the GEM Committee. The Committee brings members from growth and emerging markets together and communicates members' views and facilitates their contribution across IOSCO and at other global regulatory discussions. The GEM Committee's strategic priorities are focused, among others, on risks and vulnerabilities assessments, policy and development work affecting emerging markets, and regulatory capacity building.

4. IOSCO aims through its permanent structures:

   - to cooperate in developing, implementing and promoting adherence to internationally recognized and consistent standards of regulation, oversight and enforcement in order to protect investors, maintain fair, efficient and transparent markets, and seek to address systemic risks;
   - to enhance investor protection and promote investor confidence in the integrity of securities markets, through strengthened information exchange and cooperation in enforcement against misconduct and in supervision of markets and market intermediaries; and
   - to exchange information at both global and regional levels on their respective experiences in order to assist the development of markets, strengthen market infrastructure and implement appropriate regulation.

MEDIA ENQUIRIES

Carlta Vitzthum	+ 34 91 787 0419
Outside office hours	+ 34 697 449 639
Email:	carlta@iosco.org
Website:	www.iosco.org

Follow IOSCO on Twitter here