

DEBT ISSUANCE MARKET CONTACT GROUP

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Summary of the discussion

2nd Meeting of the Debt Issuance Market Contact Group (DIMCG) – 03 November 2020

1. Welcoming remarks

The Chairperson welcomed the members of the DIMCG and clarified the agenda of the meeting. He introduced Herbert Barth as new DIMCG representative for the European Stability Mechanism (ESM), replacing Siegfried Ruhl.

2. Discussion on Pillar I – Description of the current issuance process

The ECB team recalled the goal of the Pillar I work stream which is to identify and potentially quantify costs, risks and inefficiencies as well as opportunities regarding debt issuance in the EU. The starting point for this investigation shall be the case study of a plain vanilla bond issued in EUR by an issuer with a European objective, usually referred to as IFIs (International Financial Institutions). This was considered on the basis of having a lean, structured and focused initial case study to work with, as well as in the context of supporting the wider EU policies of Capital Market Union (CMU) and the International Role of the Euro (IRE). It is expected that many of the findings from the initial case study could be relevant for other debt issuance cases study that the DIMCG may decide to also consider going forward.

In order to meet the above objective, the ECB team will launch a DIMCG survey which will be structured along the different processes of the pre-issuance, trade completion and post trade layer of the transaction chain. Both syndication and auction will be covered in the questionnaire.

The DIMCG participants provided valuable comments both on the description as well as the questions themselves. The ECB team took note of the comments in view of providing a revised version to the DIMCG members via a written procedure during the coming days.

3. Pillar II – Harmonisation

The ECB team presented the overall framework that has been followed so far in similar market wide harmonisation activities. These activities, covering the TARGET2-Securities harmonisation agenda and the Single Collateral Management Rulebook for Europe (SCoRE), have been supported by the Eurosystem and coordinated with the market.

It was clarified that any future harmonisation work, i.e. potentially to be established after the DIMCG timeline, would require a clearly established framework, and in particular a formal governance

arrangement as well as an agreed methodology for definition, endorsement, monitoring and implementation.

4. Contributions from DIMCG members

Representatives from the ESM, BNG and KfW presented a proposal for identifying characteristics of an optimal solution for future European debt issuance and distribution, starting from “a blank sheet of paper”. DIMCG members welcomed the mind map of the proposed approach and invited the ECB team to consider it as a complementary element feeding the three DIMCG Pillars (issue identification, harmonisation and solutions).