

DEBT ISSUANCE MARKET CONTACT GROUP

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Summary of the discussion

6th Meeting of the Debt Issuance Market Contact Group (DIMCG) – 15 April 2021

1. Welcoming remarks

The Chairperson introduced the agenda of the meeting and clarified that the focus of the meeting is to discuss the first draft of the DIMCG advisory report outline and the Pillar 2 harmonisation activities.

2. DIMCG advisory report process

The ECB team presented a high-level plan for the drafting of the DIMCG advisory report with the aim to finalise it by the end of September 2021. The ECB team will prepare the draft report based on the DIMCG discussions and workshops and will be presented to the DIMCG meetings for discussion and review. The discussion on the drafts may take place during the plenary meetings and/or via written procedures to facilitate a more agile process.

3. Pillar 2: harmonisation

3.1 Work on harmonisation

The ECB team presented a new topic - ISIN Allocation – as this topic was raised as a potential target for harmonisation during DIMCG survey on Pillar 1. Although based on the global ISIN standard, the application processes applied by some National Numbering Agencies for ISIN allocation may differ across markets and across asset-classes in part driven by complying with applicable regulatory requirements. The DIMCG members also discussed the pros and cons of a designated ISIN pre-fix for a potential single template / model for pan-European EUR-denominated high-quality debt issuance. The DIMCG agreed to pursue further discussion on this topic in a dedicated separate session.

The ECB reported on the workshops dedicated to book building and allocation and to documentation and global note held on 8 April and 12 April 2021, respectively. Regarding book building and allocation, there is a broad consensus amongst the DIMCG members that Investor Identification and classification is key in the allocation process. The discussion also touched upon the use of a single/common vs multiple platforms, and the prospects of using open data standards. Regarding documentation and global note, the DIMCG members acknowledged the burden associated to reading, extracting and inserting data from documents in proprietary systems and in the handling of physical global notes. The members discussed on the reasons behind the usage of the so called Global Note issuance model. Some DIMCG members expressed an interest for a new, more European law oriented, Global Note model.

Follow-up actions:

- The ECB team will organise a separate session on ISIN pre-fix and common template for pan-European issuance.
- DIMCG participants are invited to provide further feedback via written procedure on the harmonisation aspects of document / global note management and bookbuilding / allocation by 23 April 2021.

3.2 Advisory Report outline

The DIMCG will discuss the outline for the Pillar 2 section of the advisory report during its next meeting.

4. Pillar 1: issue/opportunity**4.1 Advisory Report outline**

The ECB team presented a high-level outline for the Pillar 1 of the DIMCG advisory report, based primarily on the input provided by the DIMCG members. Among others, the DIMCG members commented on the need to clarify the initial case study of the DIMCG initial stock taking exercise, i.e. plain vanilla debt instrument issued by an International Financial Institution and the need to take into account the 2019 ECB market consultation results, where possible and relevant.

Follow-up actions:

- DIMCG participants are invited to provide feedback via written procedure on the report outline for Pillar 1 by 29 April 2021.

5. Pillar 3: existing initiatives**5.1 Advisory Report outline**

The ECB team presented the outline of the advisory report for pillar 3 is structured in two main topics: the relevant elements used by the DIMCG to look into existing or planned private and public initiatives and how to document general outcome of this discussion.

5.2 Issuance initiatives

Based on a public ICMA repository, the DIMCG participants discussed a how to structure the discussion on initiatives which are relevant for the identified processes within the two issuance models (auctions and syndication). It was clarified that the mandate of the DIMCG is not to evaluate commercial initiatives neither to choose the champion(s) for the European debt Issuance market. The focus of the work is more on the impact that current market developments may have on harmonisation, interoperability, European coverage and governance.

Follow-up actions:

- The ECB team in close collaboration with some DIMCG participants to prepare an updated version of the relevant material.