

DEBT ISSUANCE MARKET CONTACT GROUP

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Summary

7th Meeting of the Debt Issuance Market Contact Group (DIMCG) – 12 May 2021

1. Welcoming remarks

The Chairperson introduced the agenda of the meeting and clarified that the focus of the meeting is i) to agree on the outline of the DIMCG advisory report in order to start the drafting work and ii) to complete the analysis on the remaining Pillar 2 (harmonisation) topics.

2. Pillar 1: issue/opportunity

2.1 Advisory Report outline

The ECB team presented an updated version of the outline for the Pillar 1 section of the advisory report based on the comments received via written procedure. The ECB team informed the DIMCG participants that no objections were received on the proposed outline and that most of the wording suggestions received were taken on board. Furthermore, the DIMCG participants agreed on the following high-level considerations for the Pillar 1 section:

- The risks identified in the DIMCG survey should be reflected considering both the low likelihood and potentially high impact, where relevant;
- Although there could be an acknowledgment on the Fintech initiatives currently under investigation, the report should focus on identifying inefficiencies in the debt issuance process today independently of the underlying technologies which could be used, e.g. centralised or decentralised databases (DLT). The ECB also informed that the Advisory Group for Market Infrastructures on Securities and Collateral (AMI – SeCo)¹ has already published a report on DLT usage in the securities lifecycle and harmonisation, focusing on the post trade aspects;²

Follow-up actions:

- The ECB team to present the first draft of the Pillar 1 text to be discussed in the next DIMCG meeting.

¹ <https://www.ecb.europa.eu/paym/groups/ami/html/index.en.html>

² <https://www.ecb.europa.eu/paym/intro/publications/pdf/ecb.miptopical190111.en.pdf> and https://www.ecb.europa.eu/paym/groups/ami/shared/pdf/201709_dlt_impact_on_harmonisation_and_integration.pdf

3. Pillar 2: harmonisation

3.1 Work on harmonisation

The ECB reported on the workshop triggered by the discussion on ISIN prefixes in the previous DIMCG meeting and the wider interest showed by a number of DIMCG members to consider an option for bundling a number of future harmonisation objectives into a EU debt issuance framework/label. The ECB team clarified that this optional model / label / template could bundle and reflect the adherence to common practices on some areas that are already part of the DIMCG Pillar 2 topics under investigation. Any future development in this area should be supported by the relevant -, not yet agreed or existent – governance arrangement.

The optional character of such framework was underlined by most DIMCG participants and further clarity would be required on the exact scope of issuers that would be interested to use it (always optionally). Some members expressed the view that such development was long due and is even more relevant today in the current environment of EU debt issuance in order to support a truly European “label” while also contributing to the wider objective of EU financial integration and the international role of the Euro. Other DIMCG members raised concerns on the potential fragmentation risks entailed on an additional issuance framework while others highlighted the potential negative externalities that such initiative could have on assets classes/issuers which may not choose to use it.

There was a broad consensus that a potential optional combination of harmonisation elements under a single label could be explored, while preserving the option for the market stakeholders to use the relevant harmonisation outcomes also outside / independently from the label.

Follow-up actions:

- The ECB team to reflect the different elements in the proposed text to the next DIMCG meeting.

3.2 Advisory Report outline

The ECB team presented to DIMCG members a draft outline for the Pillar 2 of the DIMCG advisory report, collecting the first views from the DIMCG members. The members were also asked to comment on the key messages of each harmonisation topic that were drawn from the DIMCG meetings and separate dedicated workshops and constitute the basis for starting draft the report. The DIMCG members were informed that a written procedure will follow where the members can provide further comments and express their views on the outline of Pillar 2. It was also highlighted that it is important to reflect on the future governance of the harmonisation activities / areas and it was concluded that a workshop should be held to define the key messages to convey in the DIMCG report regarding the governance topic.

Follow-up actions:

- The ECB team will organise a separate session to take place before the DIMCG June meeting on the governance options that could support further harmonisation in the future.
- DIMCG participants are invited to comment via written procedure on the Pillar 2 report outline by 26 May 2021.

4. Pillar 3: existing initiatives

4.1 Advisory Report outline

The DIMCG participants agreed that the final report will not include any type of individual assessment of named commercial initiatives in the area of debt issuance but a high-level summary of how the existing landscape supports harmonisation and the relevant elements already discussed in the previous meetings.

The ECB team invited those DIMCG participants who were interested to provide some additional considerations on this workstream to reach out bilaterally to the DIMCG secretariat in the next days.