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## LANDMARK SHARE-DEALING CODE GOES LIVE

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### **PRESS RELEASE**

22 March 2017

- The Investment Association and the Association for Financial Markets in Europe's 'Indications of Interest' code of conduct is now live on trading terminals for investors across Europe
- A filtering system has also been launched allowing asset managers to identify brokers using the framework
- The code will enable investment managers to gauge more accurately where they can find market liquidity to get the best price for their clients

Today marks a milestone in the relationship between the investment and broking industries, with the completion of a new code of conduct for the communication of 'Indications of Interest' (IOIs). IOIs are used by brokers to express their willingness to buy or sell shares at a given price.

The code is the result of a collaboration between the Investment Association (IA), which represents investment managers, and the Association for Financial Markets in Europe (AFME), the trade body that represents banks and brokers.

Phase one of the process was completed in 2015 where the code drew a distinction between two kinds of IOIs: 'C:1 Client Natural' and 'P:1 Potential'. 'Client Natural' refers to orders that can be satisfied immediately, without market impact and 'Potential' refers to those that may not yet be firm and may involve market impact.

The Associations have now updated the classification model by adding in a complementary IOI category to the Client class to offer investment managers the opportunity to see orders that can be filled in their entirety and those that can be proportionally met.

This framework will play an important part in ensuring that 'block trades', where shares are bought or sold by investment managers in large size, can be carried out with a more predictable market impact meaning better client returns.

In addition to adding greater granularity to the Client IOIs class, a filtering tool is also now live on trading terminals, including Bloomberg to ensure that investment managers can see the orders most appropriate to them. This filtering tool will allow managers to distinguish

between IOIs that are backed by a client position and those that reflect a position held or wanted internally by a broker (referred to as 'House Interest').



Chris Cummings, Chief Executive of the IA, said:

"The investment industry is embracing the fin-tech revolution and today's launch of the new framework is another step by the industry to use technology effectively to the benefit of its clients.

"The code unites both the buy and the sell side and will allow investors to shut out market noise and see where real market liquidity lies to get the best price, and therefore returns for their clients."

Simon Lewis, Chief Executive of AFME, said:

"It is encouraging that there was such a strong consensus between the investment managers and brokers for a simplified approach that goes beyond regulatory requirements. The framework agreed by the AFME and IA members represents a well-coordinated and well-timed industry effort and will aid participants in European equity markets in the discovery of real liquidity."

The Investment Association and AFME IOI Framework can be viewed in full [here](#)

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**Notes to editors:**

AFME and the IA have defined 6 distinct categories that align better with sell-side underlying liquidity, which the new IOI framework is broken down into 2 main classes:

- **Client Interest**
  - C:1 Client Block (client block order in hand)
  - C:2 Client Working (client working order in hand)
  - P:1 Potential interest ("In Touch With" IOIs where there is reasonable expectation of interest from a specific client)
- **House Interest**

- H:1 Unwind (unwinding of existing inventory which may include client facilitation, risk or CRB)
- H:2 Position Wanted (any proactive hedging activity that does not include unwind of existing inventory)
- H:3 Market Making (proactive liquidity provision/non-natural risk trading)
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### **About The Investment Association**

- The Investment Association is the trade body that represents UK investment managers, whose 200 members collectively manage over £5.7 trillion on behalf of clients.
- Our purpose is to ensure investment managers are in the best possible position to:
  - Build people’s resilience to financial adversity
  - Help people achieve their financial aspirations
  - Enable people to maintain a decent standard of living as they grow older
  - Contribute to economic growth through the efficient allocation of capital
- The money our members manage is in a wide variety of investment vehicles including authorised investment funds, pension funds and stocks & shares ISAs.
- The UK is the second largest investment management centre in the world, after the US and manages 37% of all the assets managed in Europe.
- More information can be viewed on our [website](#).

### **About the Association for Financial Markets in Europe (AFME)**

AFME (Association for Financial Markets in Europe) promotes fair, orderly, and efficient European wholesale capital markets and provides leadership in advancing the interests of all market participants. AFME represents a broad array of European and global participants in the wholesale financial markets. Its members comprise pan-EU and global banks as well as key regional banks, brokers, law firms, investors and other financial market participants. AFME participates in a global alliance with the Securities Industry and Financial Markets Association (SIFMA) in the US, and the Asia Securities Industry and Financial Markets Association (ASIFMA) through the GFMA (Global Financial Markets Association). For more information please visit the AFME website: [www.afme.eu](http://www.afme.eu)

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