
Press Release

Buy and sell side unite on joint AFME/IA proposals for a future UK post-trade transparency model for corporate and sovereign bonds

13 March 2024

As part of their respective responses to the Financial Conduct Authority's recent [consultation on improving transparency for bond and derivatives markets](#), the Association for Financial Markets in Europe (AFME) and the Investment Association (IA) have reached a significant agreement on a [proposal](#) for future UK post-trade transparency model for corporate and sovereign bonds.

AFME and IA members have worked closely together over several months to jointly develop a framework that builds upon current FCA proposals and provides an optimal solution for the structure of the revised post-trade transparency regime in the UK.

Each of the two currently proposed FCA models in CP 23/32 have their strengths but the associations believe that neither represents the optimal structure. The AFME/IA proposed model takes the best elements from each of the FCA models and combines them into a hybrid framework.

The associations believe this hybrid approach is better suited to the twin objectives of optimising timely transparency, as well as facilitating the adequate protection of investors and liquidity providers from the very real risks associated with overly prompt dissemination of sensitive information for very large trades. The associations' joint belief is that this hybrid model does not represent a radical departure from the FCA's options, but will lead to an overall better outcome than either of the FCA models individually.

The joint proposal was informed and supported by extensive analysis of existing post-trade data, provided by FINBOURNE Technology, which was instrumental in the process of establishing the proposal.

Victoria Webster, Managing Director of Fixed Income at AFME, said: *"Establishing the correct balance on a revised framework for the bond transparency regime is a difficult task, particularly given the often opposing views from different parts of the industry. Therefore, achieving alignment between our associations is a significant, and somewhat unique achievement, since it represents a coming together of the buy and sell side and, as such, we hope it will provide valuable input to the FCA's decision making on the future UK post-trade transparency framework."*

Galina Dimitrova, Director for Investment and Capital Markets at the IA, said: *"Having worked together with AFME, we're pleased to put forward this joint proposal on a framework for bond post-trade transparency, which balances the needs of the buy and sell side. This hybrid approach will offer timely transparency, while protecting investors and liquidity providers when executing very large trades."*

AFME and the IA's proposals on post-trade deferrals in respect of bonds and instrument scoping are fully endorsed by UK Finance members.

The hybrid model includes two large in scale (LIS) thresholds and specific caps on the transaction volume that is published after a 4 week deferral (i.e. a mix between the two FCA models), and also replaces FCA Model 1's middle tier of deferrals (price reported at 15 minutes and volume reported on T+3), with the reporting of price and volume at T+2.

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AFME and the IA look forward to engaging with the FCA on this important development in the coming weeks.

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Notes:

1. 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
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