

Industry Best Practices

Industry Best Practices for Implementation of Post-trade Transparency for Bonds

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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. We advocate stable, competitive, sustainable European financial markets that support economic growth and benefit society.

AFME is the European member of the Global Financial Markets Association (GFMA) 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) in Asia.

AFME is registered on the EU Transparency Register, registration number 65110063986-76. We summarise below our high-level response to the consultation, which is followed by answers to the individual questions raised.

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It is intended that the following best practice recommendations be applicable to both EU and UK jurisdictions.

It is further intended that this be a 'live' document and, as such, may, from time to time, be amended to reflect changes in market Best Practice recommendations and / or changes in regulatory guidance.

We also define the following term for clarity:

- **'Determiner'**: Entities that determine bond groups and categories based on instrument reference data and credit ratings.

1. Use of Credit Ratings

Determination of Investment Grade (IG) vs High Yield (HY):

- **IG Rating**: As per accepted market practice, a security is deemed to have an IG rating if it is rated BBB- / Baa3 (or equivalent) or higher.
- **HY Rating**: Conversely, a security is deemed to have a HY rating if it is rated BB+ / Ba1 (or equivalent) or lower.

Security vs Issuer Level Ratings:

- **UK**: The credit rating allocated to specific individual securities should be used rather than issuer-level ratings.
- **EU**: The credit rating allocated to specific individual securities should be used rather than issuer-level ratings. Only if no bond level rating is available, the determiner should refer instead to the issuer-level rating. Due care and attention should be taken with regard to the seniority of the bond in question in the capital structure of the issuer when referencing such issuer-level ratings.*

No Rating Available:

- **UK**: In cases where the security is not rated by any of the rating agencies used by the Determiner for the purpose of transparency reporting, the security should be deemed to be HY.
- **EU**: In cases where neither the security nor the issuer is rated by any of the rating agencies used by the Determiner for the purpose of transparency reporting, the Determiner should make reference to the security in question's other characteristics, such as its coupon at issuance or its yield, and consistent with a firm's internal classification or practices, such as a security being traded on the "high-yield desk".*

Single Rating Available:

- If using more than one credit rating agency for the purpose of transparency reporting, and if there is only one rating available, then that single rating should be used.

Multiple Ratings Available / Split Ratings:

- If using more than one credit rating agency for the purpose of transparency reporting, and if one or more of the rating agencies used by the Determiner has a HY rating, then the rating determination of the security should be deemed to be HY.

2. Sources of Credit Rating and Security Reference Data

Determiners may:

- reference one or several credit rating agencies**
- source security reference data from any source they reasonably deem to be fit for the purpose

3. Coverage of Credit Rating and Security Reference Data

Determiners should:

- source credit ratings from any source(s) that, achieve coverage of a large majority of securities in which they report trades**
- refresh these datasets on a regular basis to ensure all credit rating and security reference data is fully current and up to date

* This reflects guidance provided in ESMA's Manual on pre-trade and post-trade transparency under MiFID II / MiFIR, as updated on 10th October 2025. AFME is engaging with ESMA, first to facilitate the European Union authorities' simplification objective and to secure proportionate, cost-benefit driven guidance, and then to determine how this guidance might be best implemented operationally to achieve consistent application methodologies and outputs.

** In the EU jurisdiction only, any credit rating agency(ies) used by the Determiner for the purpose of transparency reporting must be currently authorised under ESMA's Credit Rating Agencies Regulation.



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