

International Organization of Securities Commissions (IOSCO)
Calle Oquendo 12
28006 Madrid
Spain

(Submitted by e-mail in MS Word format to consultation-02-2018@iosco.org)

29 March 2018

Dear Sirs,

IOSCO Consultation Report - Conflicts of interest and associated conduct risks during the equity capital raising process (CR02/2018)

The International Capital Market Association (ICMA)¹ is submitting this public comment on the consultation report on conflicts of interest and associated conduct risks during the equity capital raising process (the “**Consultation Report**”).

Representing a broad range of capital market interests including banks, asset managers, exchanges, central banks, law firms and other professional advisers, ICMA’s market conventions and standards have been the pillars of the international debt market for almost 50 years. See: www.icmagroup.org.

ICMA is submitting this public comment in relation to its primary market constituency that lead-manages syndicated debt securities issues throughout Europe. This constituency deliberates principally through ICMA’s Primary Market Practices Committee², which gathers the heads and senior members of the syndicate desks of 51 ICMA member banks, and ICMA’s Legal and Documentation Committee³, which gathers the heads and senior members of the legal transaction management teams of 21 ICMA member banks, in each case active in lead-managing syndicated debt securities issues in Europe.

We set out our public comment in the Annex to this letter and would be pleased to discuss it with you at your convenience.

Yours faithfully,



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¹ European Transparency Register #0223480577-59

² <http://www.icmagroup.org/About-ICMA/icma-councils-and-committees/Primary-Market-Practices-Sub-committee/>.

³ <http://www.icmagroup.org/About-ICMA/icma-councils-and-committees/Legal-and-Documentation-Sub-committee/>.

Annex

1. The Consultation Report covers various conflict of interest aspects and also addresses allocation policies/decisions. Though the scope of the Consultation Report is equity capital raising and not debt, the Consultation Report states that this is just a first stage and that a *“second phase will consider conflicts of interest and associated conduct risks during the debt capital raising process.”*
2. In this last respect, IOSCO may already wish to note the extensive debt-related material in the public domain arising from recent official reviews on these topics – notably arising from the (i) EU’s preparation for MiFID II, (ii) the UK’s Fair and Effective Markets Review (FEMR), (iii) the UK FCA’s Wholesale sector competition review and Investment and corporate banking market study, and (iv) subsequent FICC Market Standards Board (FMSB) standards work.
3. The various ICMA responses to the above, narrating the dynamics of how debt capital raising is allocated, and priced to market, for issuer clients, are:
 - (a) 2011 [MiFID Level 1 consultation](#) (see especially paragraph 55-56 and 63);
 - (b) 2014 [Fair and Effective Markets Review](#) (see Q7);
 - (c) 2014 [MiFID Level 2 consultation](#) (see especially Q.58 paras 7, 9, 28/29 and 33);
 - (d) 2014 [FCA Wholesale sector competition review](#);
 - (e) 2016 [FCA Investment and corporate banking market study Interim report](#) (and an article on the Final report was included at pp.27-28 of the [ICMA 2017Q1 Quarterly Report](#));
 - (f) 2017 [FMSB NI standard](#); and
 - (g) 2018 [FMSB RMT standard](#).
4. There is also the [ICMA Primary Market Handbook](#) and notably its Recommendations R3.1A and R5.9 and Appendix A12, paragraphs 13-18. ICMA would be glad to provide complimentary log-in details on request.
5. Lastly, in terms of historic interest, there is the 2004 [Guidance on Policies and Procedures for Managing Conflicts of Interest in the Context of Allocation and Pricing of Securities Offerings](#), relating to the pre-MiFID period, by several organisations including IPMA (one of ICMA’s predecessor organisations). (See especially paragraphs 4.1-4.3 and 6.1.)