

## ICMA FinTech Advisory Committee

In light of the pace of technological change, the ICMA Board decided in 2019 to expand the remit of the Board Sub-Group on Technology, tap into the expertise of ICMA's broad membership, and provide guidance on ICMA's work through the creation of the FinTech Advisory Committee (FinAC).

The FinTech Advisory Committee held its inaugural meeting on 21 January 2020 followed by its second (virtual) meeting on 24 March 2020. It is chaired by Armin Peter, Global Head of Syndicate at UBS and previously chair of the ICMA Board Sub-Group on Technology, and brings together front office, middle/back office, legal and technology expertise across ICMA's core areas, representing corporate and public sector issuers, investors, banks, market infrastructures and law firms.

In line with ICMA's mission statement to promote resilient and well-functioning international debt capital markets, the purpose of the ICMA FinTech Advisory Committee is to provide guidance on ICMA's engagement on FinTech across primary, secondary, repo and collateral markets, as well as sustainable finance.

Since the financial crisis in 2008, ever-increasing regulatory reporting requirements have been implemented successively, which has led to an inconsistent data approach (eg for MiFID II/R, followed by SFTR). Short lead times have resulted in suboptimal technical implementation. Furthermore, there is a need for a common language for communication within the industry to break down siloes.

From a primary market perspective, process standardization remains a key requirement to enable straight-through-processing (STP). Current pain points include the ISIN allocation for new issues, the provision of LEIs (for example, at fund or entity level), and information gaps in term sheets despite standardization efforts. Investor allocations remain highly manual due to an inconsistent categorization of investors (as asset managers or insurers, for instance). Sourcing data from historical prospectuses poses challenges in the absence of a central repository.

In secondary markets, the accessibility and availability of post-trade data published by Approved Publication Arrangements (APAs) remain challenging. Investments in direct connectivity between market participants are increasing and will require standardisation, for example, of communication standards for pricing. Axe distribution also requires standards, which has been addressed by ICMA's Electronic Trading Council (ETC).

From a repo and collateral perspective, the reporting regime under the Securities Financing Transactions (SFT) Regulation (delayed by ESMA until July 2020 in light of COVID-19),

requires a large number of data points to be matched between counterparties. Implementation has been operations-driven with little focus on legal aspects.

From a legal perspective, there are different solutions to automate the creation of legal documentation. However, one of the challenges is that documentation is often based on previous transactions or different programmes. While implementation of legal technology such as mark-up language is simple from an IT perspective, the challenge is adoption.

The FinTech Advisory Committee focused in its first two meetings on STP, common standards for data and lifecycle events, messaging protocols as well as standardisation initiatives within each of ICMA's pillars. Further information will be made available in due course on ICMA's [FinTech Hub](#).

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