# DIMCG framework to explore initiatives in the area of debt issuance

**EUROPEAN CENTRAL BANK**
EUROSYSTEM

George Kalogeropoulos

# DIMCG work structure

- **Pillar 1:** what is the issue, if any, in the area of European debt issuance;

- **Pillar 2:** potential harmonisation topics;

- **Pillar 3: existing and/or planned initiatives in the area of debt issuance**

# DIMCG Terms of Reference

- ECB website: **https://www.ecb.europa.eu/paym/intro/news/ecb.mipnews200417_annex1.en.pdf**

- "*The objective of the group is to identify issues that preclude further improvements in* **efficiency and integration in the area of debt issuance and initial distribution (i.e. covering the full transaction chain from pre-issuance to post-trade)** *and to investigate how these issues may be addressed.*"

- "*The DIMCG shall also explore how any* **potential harmonisation activities could be supported by private or public infrastructure initiatives** *in the area of debt issuance and initial distribution services.*"

# Pillar 3 analysis

- The objective is not to assess/evaluate existing or planned market initiatives but rather to **discuss and take note of them in a structured way**

- …also to analyse how to bring the outcome of this discussion in the **DIMCG Advisory Report by September 2021**
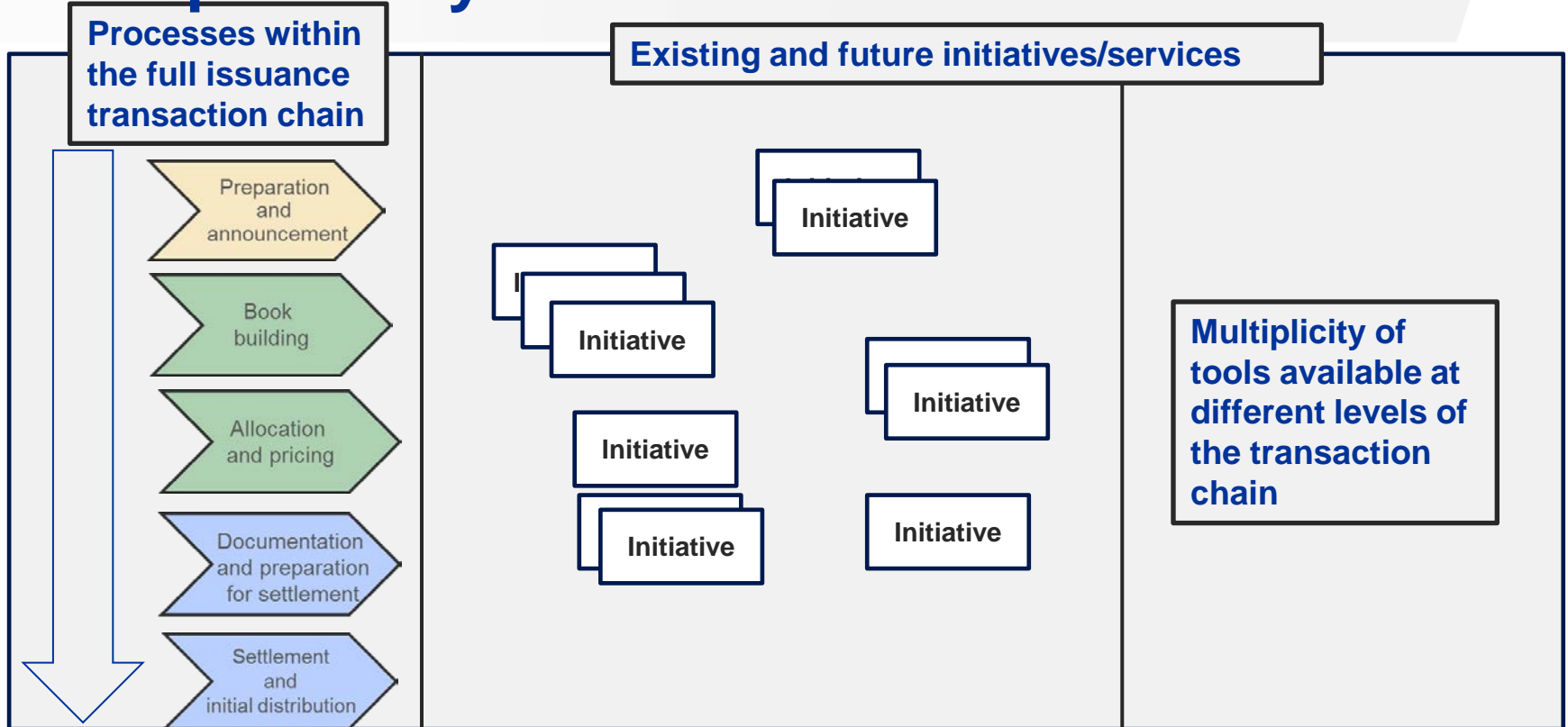
# What are the relevant elements?

If European Integration and **harmonisation/standardisation across the full transaction chain is the goal**, then the following elements / questions can be considered as relevant:

1. **Coverage: full transaction chain and interoperability**
2. **Harmonisation: across national markets**
3. **Pan-European coverage – level playing field**
4. **European governance**

# 1. Coverage: full transaction chain and interoperability

- **Vertical coverage:** Does the initiative(s) cover the full transaction chain, i.e. across several pre-issuance processes and does it cover the post-trade (and final distribution) aspects?

- **Horizontal coverage:** Straight Through Processing (STP) Interoperability across multiple initiatives? Is there any market-wide interoperability framework and/or connectivity across the multiple (existing or planned) initiatives?

# 1. Coverage: full transaction chain and interoperability

**Processes within the full issuance transaction chain**

**Existing and future initiatives/services**

- Preparation and announcement
- Book building
- Allocation and pricing
- Documentation and preparation for settlement
- Settlement and initial distribution

Initiative

Initiative

Initiative

Initiative

Initiative

Initiative

Initiative

**Multiplicity of tools available at different levels of the transaction chain**

# 2. Harmonisation across EU

- How do existing/planned initiatives support harmonisation and standardisation?
  - via their **implementation solution/design**?
  - via an accompanied **EU wide harmonisation agenda**?
  - Other?

- Does this harmonisation agenda cover the **full transaction chain**?

- Is harmonisation supported by adequate and multilateral **governance arrangements which facilitate mobilisation of public and private entities** across markets and EU Member States?

# 3. Pan European coverage - level playing field

- Does the initiative address the needs of the **EU financial market as a whole** (rather than a specific geographical area or cluster of market actors?)

  - including/covering all EU national markets?

  - does it provide equal access and level playing field across market actors in the different member states? Is there a level playing field access to different stakeholders? i.e. issuers, investors, intermediaries and CSDs independently of their location?

# 4. European governance

- What are the governance arrangements of the initiative?
- Is a **European governance** relevant here?
  - What does European governance exactly mean?
  - Are EU issuers and investors part of the governance arrangements?
- Is access to (and ownership of) issuers', investors', intermediaries' data important/relevant?
  - Are these issuance data sensitive and for whom?
  - What are the applicable laws/regulations to manage these data?
- How are these considerations relate to the geopolitical challenges the EU is currently facing?
  - See recent EC communication on **openness, strength and resilience of Europe's economic and financial system**
    https://ec.europa.eu/commission/presscorner/detail/en/ip_21_108

# Thank you for the attention

www.ecb.europa.eu/paym

ECB: market infrastructure and payments

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