

PRESS RELEASE

The Swedish Securities Markets Association contributes to increased transparency on the bond market

The Board of the Swedish Securities Markets Association has today adopted a recommendation that will lead to increased transparency on the Swedish bond market by way of self-regulation.

Transparency on the Swedish bond market has decreased since the implementation of the harmonized EU-framework under MiFID II/MiFIR. Against this background, the Swedish Securities Markets Association was in September tasked by the Swedish Financial Supervisory Authority to investigate within two months how transparency on the Swedish bond market could be improved. Against this background, the Board of the Association has today adopted a Recommendation on Bond Market Transparency (the Recommendation) which will apply from 1st July 2021.

The Recommendation provides that the industry shall towards the end of each day publish aggregate information about transactions executed on the Swedish bond market. This information will be made available to the public through one data provider.

Publication under the Recommendation shall be in addition to the publication of transactions that must be made in accordance with the mandatory EU rules set out in MiFID II/MiFIR. The Recommendation in effect means a tightening of the rules as compared to the transparency rules applied prior to the introduction of MiFID II/MiFIR on the Swedish market. This means that transparency on the Swedish bond market will increase, by way of self-regulation, both in relation to current and previous rules.

It is important that transparency requirements are balanced and that potential benefits of quickly publishing information about transactions are weighed against the potential risks with such publication. Too much transparency can make it more difficult and riskier for investment firms to execute clients' orders by using their own balance sheet, which in turn can have negative consequences for market liquidity. Deferred publication shall therefore continue to be possible for corporate bonds in certain cases. However, this possibility is limited as compared to previous transparency rules.

It is important that as many market participants as possible comply with the Recommendation in order to get to a price formation that is as good and complete as possible, and to ensure well-functioning Swedish securities markets where market participants can compete on a level playing field. There is otherwise a risk that market participants that do not adhere to the Recommendation may get an unfair competitive advantage.

The Recommendation on Bond Market Transparency adopted by the Board of the Swedish Securities Markets Association has been developed in close collaboration with the Association's members and in dialogue with relevant authorities and other industry organizations.

Urban Funered, CEO of the Swedish Securities Markets Association, comments on the Recommendation:

" We are most pleased that we can as an industry contribute, through self-regulation, to increased transparency on the Swedish bond market, as we have found that existing EU-rules have not provided sufficient transparency. We are also very pleased that we have been able to develop this self-regulation in good collaboration and dialogue with relevant authorities, industry associations and other relevant stakeholders. It is now important that all market participants active on the Swedish bond market start to apply the Recommendation on Bond Market Transparency from 1st July 2021, so that the price formation process can work as well as possible without negative effects on competition in the market."

The Swedish Securities Markets Association

The Swedish Securities Markets Association was founded on 15th December 1908. The Association represents 23 Swedish, Nordic and global banks and securities firms active on the Swedish securities markets.

The Association's overall mission is to work for sustainable and competitive Swedish securities markets. The Association's working groups discuss a wide range of topics including equity, derivatives and bond markets, investor protection issues and sustainable finance.

Please visit the Association's website: www.svenskvardepappersmarknad.se