



# News Release

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## 'JMPF' Trade Groups Finalise EU Principles for Price-Sensitive Credit Information

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**ISDA**



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**London, May 9, 2005** – Five trade associations today jointly released the final version of their principles and recommendations regarding the handling of “non-public price-sensitive information” in the EU credit markets. This follows completion of a public comment period that started in January 2005 and coincides with the process of implementing the Market Abuse Directive across the European Union.

The trade groups formed the European Working Group of the ‘Joint Market Practices Forum’ (JMPF) in 2004, for the purpose of drawing up a European Supplement to the ‘Statement of Principles and Recommendations Regarding the Handling of Material Nonpublic Information by Credit Market Participants’, issued in October 2003 for the North American marketplace. “Non-public, price-sensitive information”, as referred to in the Market Abuse Directive, is information not available to the public, which would be likely to be used as the basis for investment decisions.

In the interests of promoting fair and competitive markets, in which the misuse of material non-public information is not tolerated, the Statement of Principles recommends that credit market participants take reasonable steps to ensure they have the appropriate information controls and related policies and procedures to guard against the inappropriate dissemination and use of such information. The EU Supplement concludes that the October 2003 recommendations should generally be appropriate for credit market participants subject to EU laws.

While each firm should tailor its policies and procedures to the unique structure and circumstances of its credit portfolio management activities, the Statement of Principles recommends that such policies be written, formalised and reviewed and approved by senior management. Specifically, the Statement of Principles recommends that market participants’ information controls incorporate the following elements:

- ? An independent compliance function;
- ? Functional and physical separation of departments;
- ? Procedures for monitoring and handling communications across information walls;
- ? Record keeping arrangements, including records of certain communications across information walls;
- ? Restricted lists, watch lists and dealing reviews;
- ? Education and training requirements;
- ? Coordination with the firm’s other procedures.

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The Associations have individually adopted these recommendations and are issuing them on a joint basis to inform market participants of the continuing efforts to manage these issues in an appropriate fashion. The recommendations have been circulated broadly to the Associations' members and have been posted to their respective Web sites.

The European Working Group of the Forum is a collaborative effort of The Bond Market Association, The International Association of Credit Portfolio Managers, The International Swaps and Derivatives Association, the Loan Market Association, and the London Investment Banking Association.

The **Bond Market Association** represents securities firms and banks that underwrite, trade and sell debt securities and other financial products globally. The BMA, the International Securities Market Association, and the International Primary Market Association have announced that they intend to integrate their European based activities into the International Capital Market Association (ICMA) and establish a global partnership between The BMA and ICMA. The **International Association of Credit Portfolio Managers** is a professional association dedicated to the advancement of credit portfolio management. The **International Swaps and Derivatives Association** is the global trade association representing leading participants in the privately negotiated derivatives industry. The **Loan Market Association** represents financial institutions, law firms and other participants active in the European syndicated loan market. The **London Investment Banking Association** is the principal trade association in the United Kingdom for firms which are active in the investment banking and securities industry.

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