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SEC Holds First Meeting of its Fixed Income Market Structure Advisory Committee.

The Securities and Exchange Commission held its first Fixed Income Market Structure Advisory Committee (FIMSAC) meeting on Thursday, January 11. The meeting was the first official activity for new SEC commissioners Hester Peirce and Robert Jackson, who were sworn in that morning.

The 23-member FIMSAC group, which was announced in November, includes several significant players, including three BDA members. Among the panelists was Kevin McPartland, head of market structure and technology research at Greenwich Associates, a key BDA partner.

The commissioners and panel members touched on concerns about the bond markets generally but focused this first discussion primarily on liquidity in the corporate bond market. SEC Chairman Jay Clayton did note that the municipal market is “large and vital” and has experienced significant growth in recent years. He called munis critical for U.S. infrastructure.

Bond dealers have expressed worry that regulations designed to keep banks solvent in the wake of the 2007-2008 financial crisis have de-incentivized banks to be buyers of bonds. On the municipal side, this has been a key factor in the industry’s push to classify munis as high-quality liquid assets for purposes of federal banking rules.

FIMSAC is chaired by Michael Heaney, non-executive director at Legal & General Investment Management America, and includes many corporate bond and muni experts. Some market participants have speculated that the committee could eventually lead to more efforts to harmonize muni and corporate bond rule.

Bond Dealers of America

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