

Capacity building across international markets – ICMA’s approach



by **Allan Malvar**

With more economies turning to market-based finance, regulators and policymakers are facing a common set of challenges. ICMA’s capacity-building work with authorities worldwide highlights recurring themes and where targeted support can make a meaningful difference.

Over the past year, ICMA has significantly expanded its capacity-building activities, engaging with securities regulators, ministries of finance, central banks and other public authorities in the financial centres of both developed and emerging markets, such as Brussels, Cairo, Manila, Kuala Lumpur, Jakarta and Riyadh. From technical work on repo and collateral frameworks to broader engagements on corporate bond market development, one message is clear: demand for practical, implementation-focused support is rising across all regions. Across these engagements, ICMA’s internationally recognised standard documentation and best practices, including the Global Master Repurchase Agreement (GMRA), the Primary Market Handbook, and the Secondary Market Rules and Recommendations, provide authoritative reference points for policymakers seeking to align domestic practices with global standards.

While each jurisdiction has its own institutional structure and market context, regulators consistently return to a common set of priority themes. These themes do not replicate the content of any one workshop; instead, they reflect the broader needs and questions that public-sector participants have raised throughout our engagements.

Market architecture: getting the building blocks right

Across both developed and emerging markets, authorities increasingly view capital market development as a strategic priority. But a recurring question is how to sequence reforms and what a well-functioning market should look like in practice.

Regulators often ask for help in mapping the essential building blocks of a resilient market – trading conventions, settlement models, collateral practices, disclosure frameworks, and risk

management tools – and understanding how these pieces fit together.

This is especially true where policymakers are seeking to reduce reliance on bank financing and move towards more market-based sources of funding, including for long-term infrastructure and sustainable investment.

Legal certainty as the foundation of liquidity

Another recurring theme is the need to modernise and clarify the legal underpinnings of markets. Authorities frequently highlight challenges such as:

- outdated or fragmented securities and insolvency laws
- uncertainty around netting, collateral and close-out
- limited experience with international master agreements
- overlapping mandates across multiple regulators

The common consensus is that, without legal certainty, it is difficult to attract a broad investor base or build confidence among intermediaries.

ICMA’s experience shows that legal certainty and liquidity go hand in hand. A clear, enforceable legal framework is a prerequisite for robust repo, derivatives and corporate bond markets and regulators are increasingly seeking peer examples, case studies and comparative insights to inform domestic reform.

Operational capacity and post-trade resilience

Many authorities have already put high-level rules in place, but see operational bottlenecks as a constraint on market development. Common questions include:

- How should settlement failures be managed?
- What are the implications of corporate actions for collateral and financing trades?
- What role should margining and collateral play in stress conditions?

- What post-trade data is needed to monitor risks effectively?

These issues are not merely procedural. Weak post-trade processes can magnify shocks, disrupt funding markets, and undermine confidence.

As a result, operational topics, once viewed as the domain of market infrastructure players, are now central to regulatory capacity building.

Coordination across the public sector

A further, often under-recognised challenge is inter-agency coordination. In many jurisdictions, responsibility for capital markets is shared between the ministry of finance, central bank, securities regulator, and sometimes market infrastructure providers.

Authorities frequently point to:

- differing priorities and risk appetites between agencies
- limited mechanisms for joint strategy setting
- overlapping or unclear mandates
- difficulties in sustaining momentum across electoral or leadership cycles

In this context, capacity-building is increasingly valued not just for technical content, but as a neutral forum in which different public institutions can align on terminology, objectives and sequencing of reforms.

Liquidity and market depth: a universal concern

Whether the focus is on government bonds or corporate bonds or repo, the question of how to build and sustain liquidity is raised in almost every engagement.

Regulators and policymakers are keen to explore:

- how to broaden the investor base sustainably
- the design of market-making frameworks
- transparency policies that support price discovery without deterring activity
- the interaction between cash markets and related hedging or financing markets

There is strong interest in understanding what has worked in comparable jurisdictions especially where legal, structural or demographic characteristics are similar.

New risks and new technologies

Regulators are also grappling with evolving risk profiles at a time when technological change is accelerating. Many supervisors are looking to strengthen their analytical capabilities and supervisory tools and are seeking practical input on how digitalisation is reshaping market structure.

Recent capacity-building work has therefore addressed key questions around:

- Digitalisation and automation in fixed income markets, including the drivers of electronic trading, data-driven workflows and the evolving vendor landscape.
- Digital (DLT-based) bonds, tokenisation and digital money, and what these developments mean for issuance models, securities financing and emerging “cash-on-chain” solutions such as wholesale CBDC, tokenised bank liabilities and stablecoins.
- AI and machine learning applications, particularly their use in liquidity management, pricing and trading, and the associated supervisory challenges.
- Data needs for effective surveillance and risk monitoring, and the role of standards, taxonomies and legal frameworks in supporting operational resilience and interoperability.
- Electronic platforms in secondary trading and repo, and how authorities can encourage innovation without fragmenting liquidity.

Taken together, this work supports regulators in assessing where digitalisation can enhance market functioning, where the risks and limitations lie, and how to prioritise supervisory resources.

Building human capital for the long term

Underlying all these themes is a fundamental issue: human capital. Many regulators and ministries face resource constraints, competition for skilled staff, and increasing complexity in the markets they oversee.

Capacity-building is therefore not simply about one-off workshops. It is part of a broader effort to build enduring institutional knowledge, foster communities of practice among regulators and create channels for ongoing dialogue between the official and private sectors

Looking ahead

As more economies seek to deepen capital markets, diversify funding sources and support sustainable development, the need for credible, evidence-based and technically grounded capacity building will continue to grow.

ICMA remains committed to working with regulators, governments and international organisations to strengthen the foundations of resilient markets and to ensuring that public authorities worldwide have the tools and insights needed to guide their markets through an increasingly complex financial landscape.



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