

Is There a Bond Market Liquidity Crisis?

The Wall Street Journal **reported** today on a growing debate in investment circles: Has bond market liquidity deteriorated since the financial crisis?

Now, according to the report, the International Organization of Securities Commission is trying to address the issue. IOSCO surveyed about 100 banks, asset managers, trading platforms and regulators from August to October, according to people familiar with the work, asking questions about corporate-bond-market conditions before and after the crisis. In addition, Iosco also held two industry roundtables earlier this year in Frankfurt and Toronto on the subject.

The work could lay the foundation for future proposals on ways to improve global bond-market structure, the people said, and the commission is expected to review the survey responses at a meeting in Brazil this week.

AII recently addressed this issue with its own article “**Understanding What Bond Market Liquidity Means for Your Portfolio.**” The article examines the general concept of liquidity, how it applies to the bond market, the factors that affect bond market liquidity and how the concept of liquidity applies to your investment in money market funds, mutual funds and exchange-traded funds (ETFs).

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