

# Press release

News from the International Capital Market Association (ICMA)

Talacker 29, P.O. Box, CH-8022, Zurich  
[www.icmagroup.org](http://www.icmagroup.org)

Please see foot of release for contact details

ICMA/2009/09  
Thursday, September 3, 2009  
Release: immediate

## **Survey shows volumes in European repo market stabilising.**

(London, UK) The European Repo Council of the International Capital Market Association (ICMA) today released the results of its 17<sup>th</sup> semi-annual survey of the European repo market. The survey, a snapshot of the volume of repo trades outstanding on a single day in June 2009, based on returns received from 61 financial institutions, sets the baseline figure for market size at EUR 4,868 billion, representing a small increase of 5.1% on the figure of EUR 4,633 billion for the previous survey in December and an annual decline, adjusted for changes in the survey sample, of 20% from the June 2008 figure of EUR 6,504 billion.

The overall figure points to activity in the repo market stabilising in the wake of the Lehman's collapse almost a year ago and the subsequent deleveraging by banks. However, underlying the aggregate figures showing a modest recovery in the sector, the survey paints a mixed picture, with individual institutions in very different situations, a number of whom are still deleveraging by substantial amounts, while others are demonstrating a greater appetite for risk. Mergers between institutions continue to be a factor in limiting the capacity of the repo market for growth.

As an indicator of lessons learned in the crisis, the share of undocumented buy/sell-backs in the survey fell to only 3.9% of the sample, indicating the greater importance that is being placed on documentation such as the Global Master Repurchase Agreement (GMRA) since the Lehman's collapse.

Commenting on the figures, Godfried De Vidts, Chairman of ICMA's European Repo Council (ERC) said: "The European repo market has demonstrated its inherent stability in difficult times in spite of a fragmented settlement infrastructure, in contrast to the repo market in the US where gaps in the infrastructure have contributed to greater fragility. The current survey suggests that volumes in the repo market have stabilised following the shock of Lehman's collapse last year, although growth continues to be limited by the banks' requirement for financing. We anticipate that as central banks scale down their efforts in support of the financial market we will see increased activity in wholesale

repo. In line with the EU Commission work on clearing and settlement, many improvements can still be made to provide a better infrastructure for the product. The ERC continues to focus on the development of financing tools in co-operation with the triparty agents and CCPs in Europe that should result in a better use of resources."

-ENDS-

#### **Notes for editors**

##### **1. Copies of the ERC survey**

A copy of the 17<sup>th</sup> ICMA ERC European Repo Survey can be downloaded from ICMA's website at: [www.icmagroup.org](http://www.icmagroup.org)

##### **2. International Capital Market Association (ICMA)**

ICMA is the self-regulatory organisation representing the financial institutions active in the international capital market worldwide. ICMA's members are located in 46 countries across the globe, including all the world's main financial centres. ICMA's market conventions and standards have been the pillars of the international debt market for over 40 years, providing the self regulatory framework of rules governing market practice which have facilitated the orderly functioning and growth of the market. ICMA actively promotes the efficiency and cost effectiveness of the capital markets by bringing together market participants including regulatory authorities and governments. See: [www.icmagroup.org](http://www.icmagroup.org)

##### **2. ICMA Communications**

Allan Malvar	Margaret Wilkinson
+44 20 7517 3236	+44 20 7517 3237
+44 7738 696 451	+44 7931 100 499
<a href="mailto:allan.malvar@icmagroup.org">allan.malvar@icmagroup.org</a>	<a href="mailto:margaret.wilkinson@icmagroup.org">margaret.wilkinson@icmagroup.org</a>