



ICMA

International Capital Market Association

European Repo and Collateral Council General Meeting



European Repo and Collateral Council General Meeting

Welcome remarks

Andy Hill

Head of Market Practice

ICMA



European Repo and Collateral Council General Meeting

Repo market conditions and outlook

Moderator: Andy Hill, Head of Market Practice, ICMA

- Charlie Badran, Head of AXA Financing, AXA Investment Managers
- Thomas Hansen, Managing Director, Head of Short Term Markets, Banco Santander
- Arne Theia, Managing Director, UniCredit



European Repo and Collateral Council General Meeting

Fireside chat

Sebastijan Hrovatin, Deputy Head of Unit, European Commission

Godfried De Vidts, Senior Adviser, ICMA ERCC



European Repo and Collateral Council General Meeting

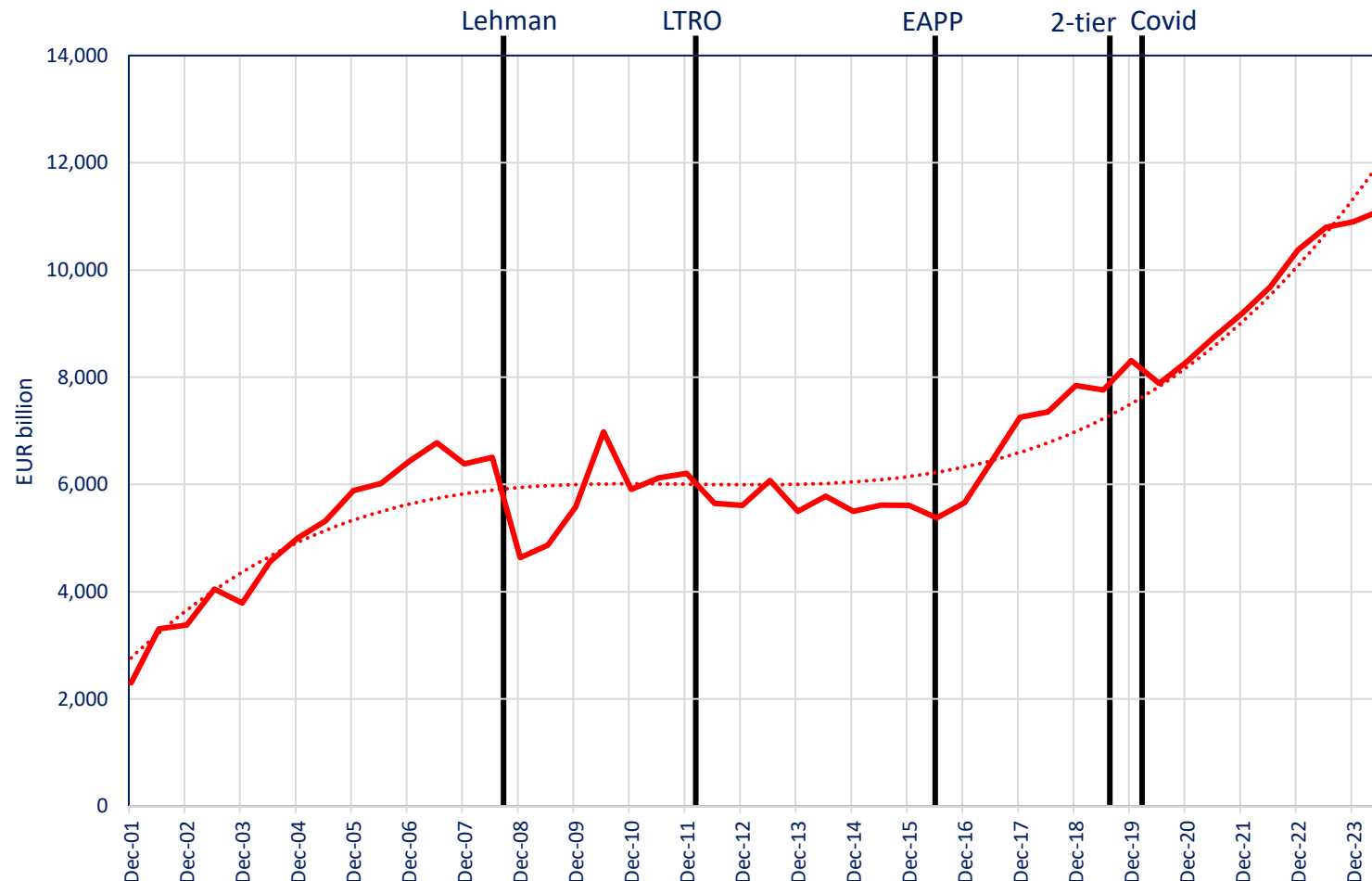
ERCC priorities and initiatives in 2024

Moderator: Alexander Westphal, ERCC Secretary, ICMA

- Richard Comotto, Senior Adviser, ICMA ERCC
- Deena Seoudy, Senior Director and Associate Counsel, ICMA
- Andy Hill, Head of Market Practice, ICMA
- Aman Gill, Associate, Market Practice and Regulatory Policy, ICMA

ICMA ERCC European repo market survey (no.47) 12 June 2024

headline number --- total outstanding positions on survey date
continued but decelerating growth



EUR 11,114.3 bn (from EUR 10,899.8 bn)

62 respondents

no central bank monetary policy repo

no adjustment for double-counting

headline number +3.0% (Dec-Jun)

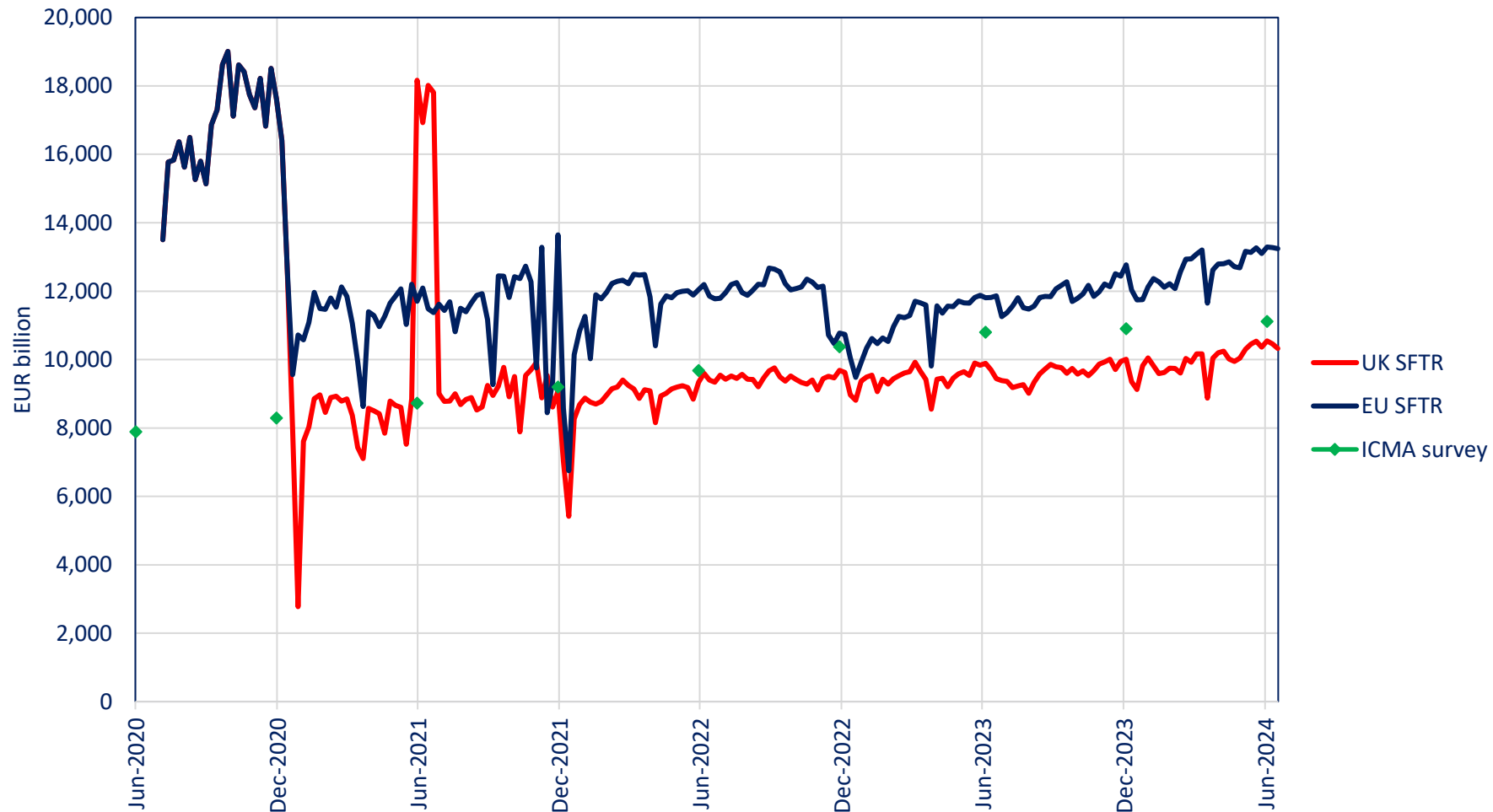
headline number +7.1% (Jun-Jun)

guaranteed/indemnified/sponsored repo = 4.2%

ICMA ERCC European repo market survey (no.47) 12 June 2024

SFTR --- total outstanding positions at end-week

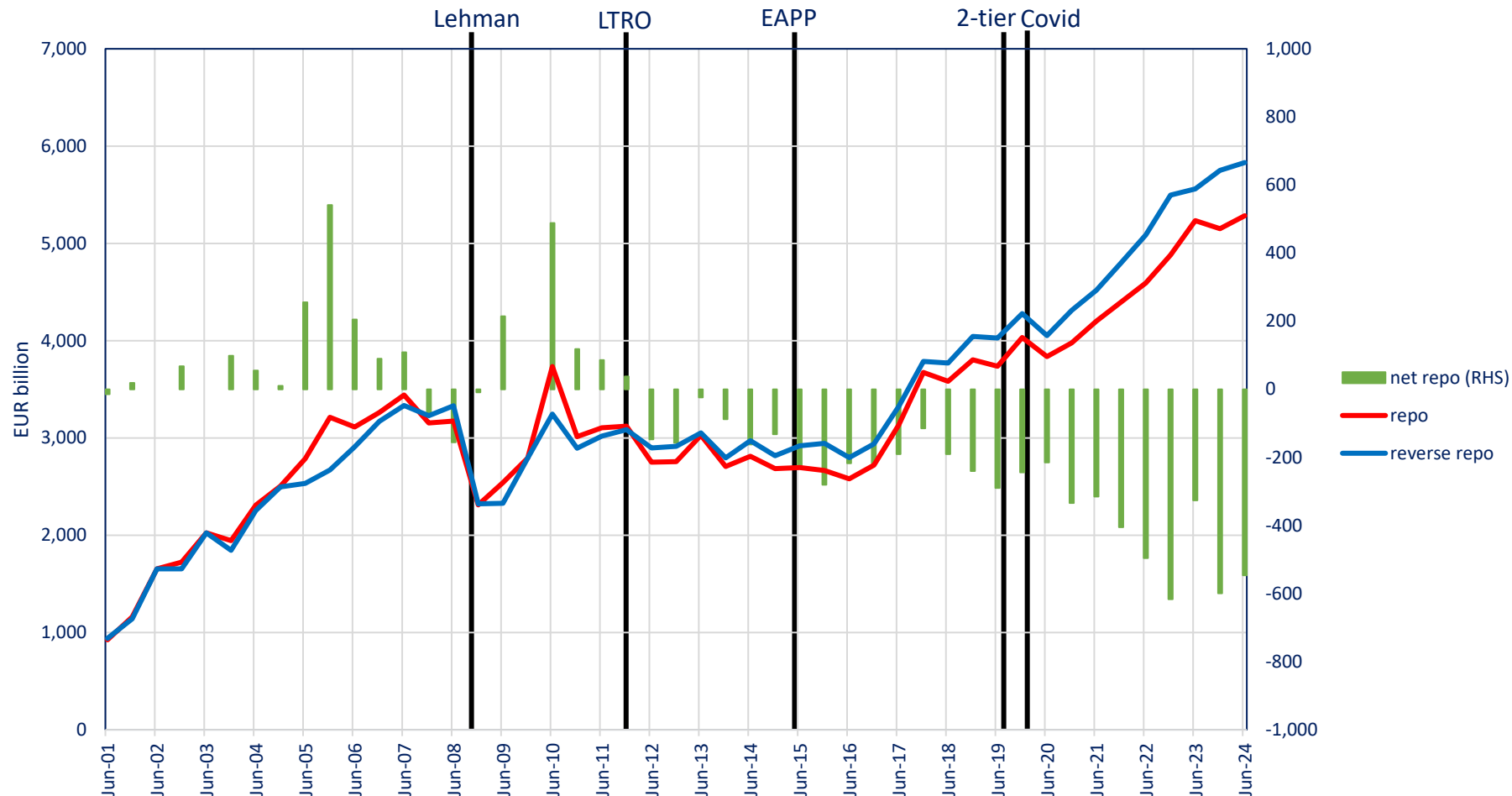
SFTR appears to be growing faster than survey but...



ICMA ERCC European repo market survey (no.47) 12 June 2024

gross & net repo flows

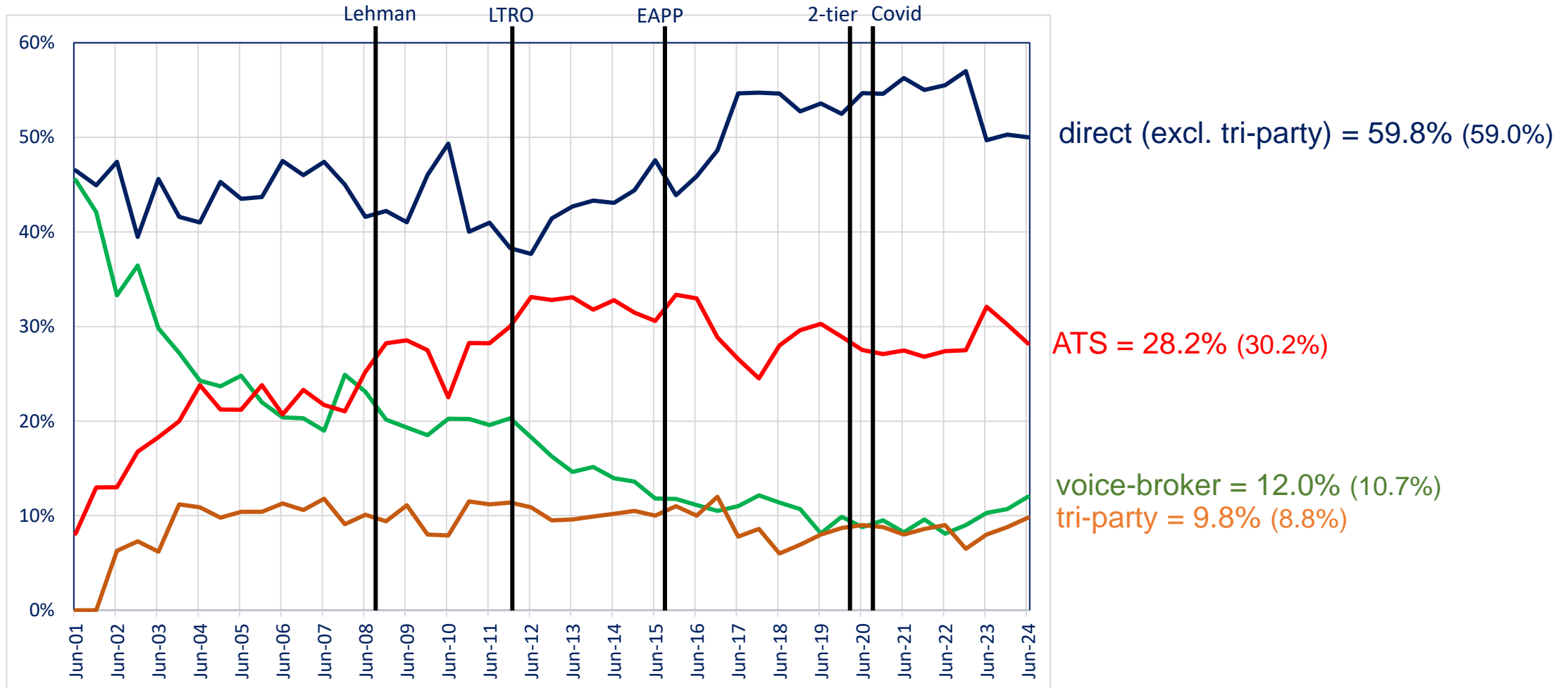
has QE growth in reverse repo by sample started to trend down?



ICMA ERCC European repo market survey (no.47) 12 June 2024

trading analysis

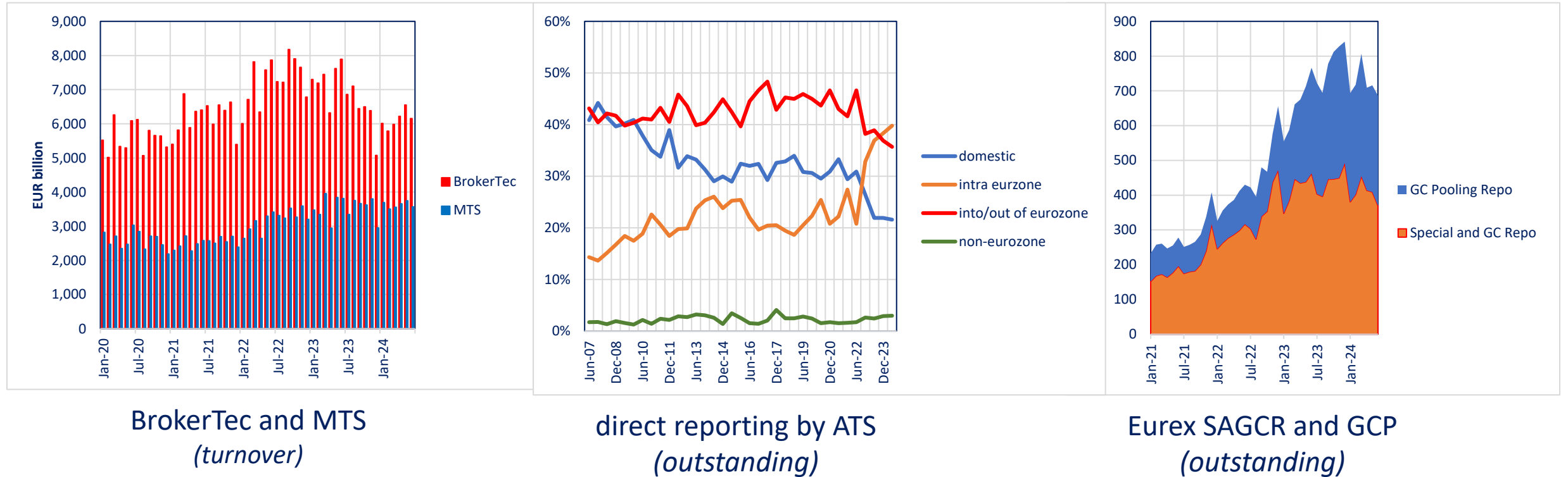
direct repo dropped, ATS fell back, but triparty and brokered recovered



ICMA ERCC European repo market survey (no.47) 12 June 2024

trading analysis

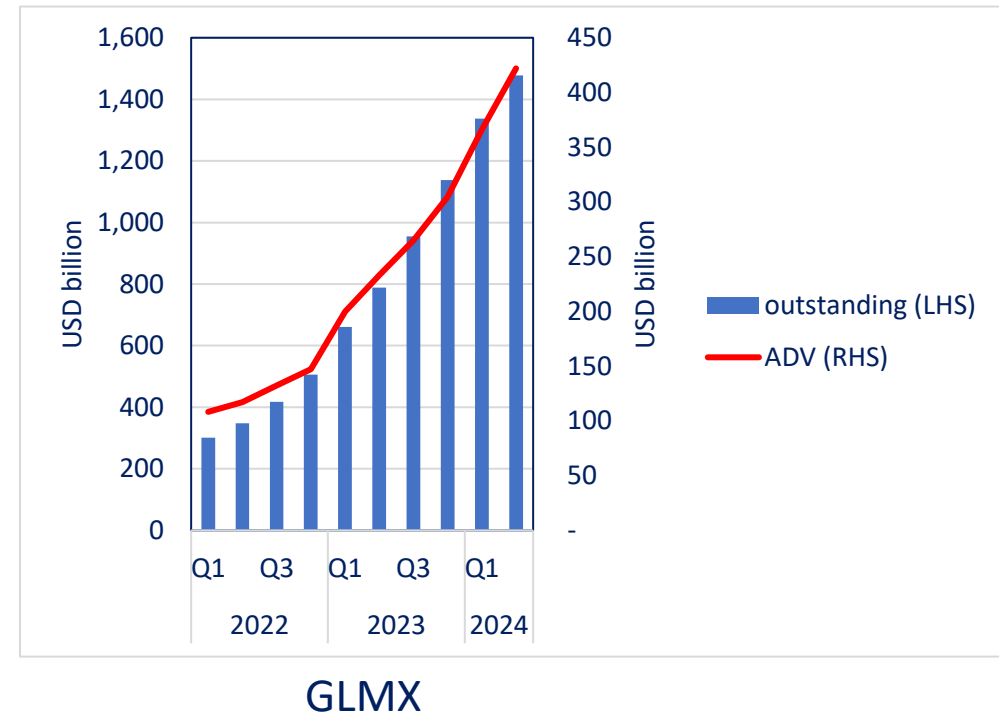
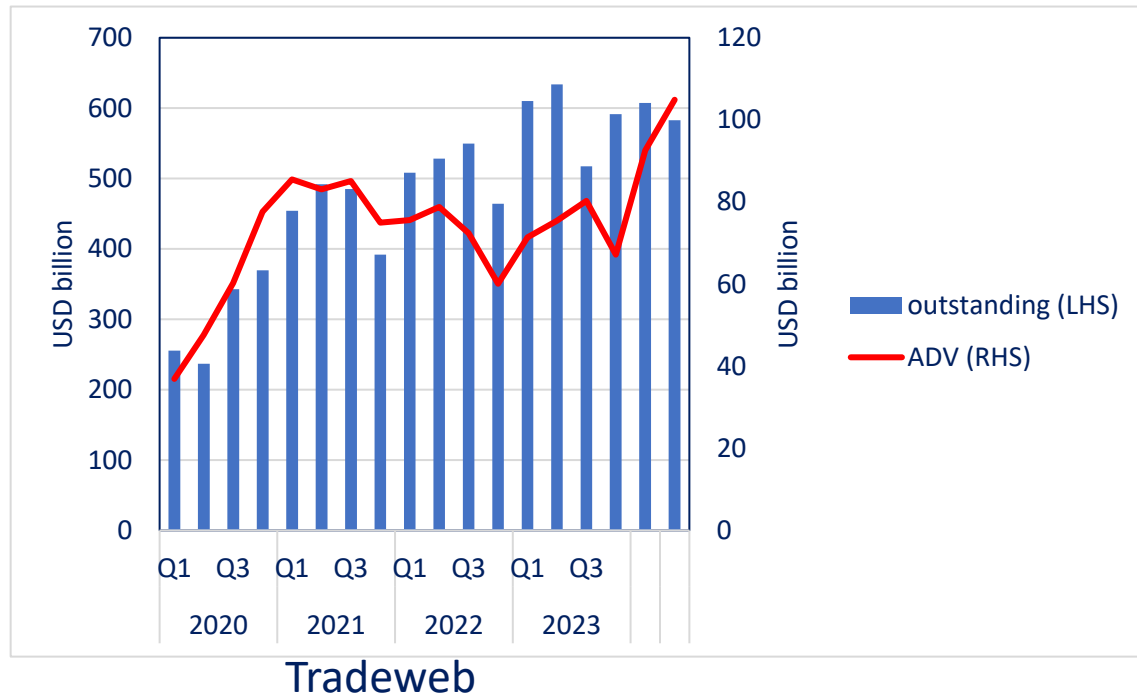
spike in ATS in December 2023



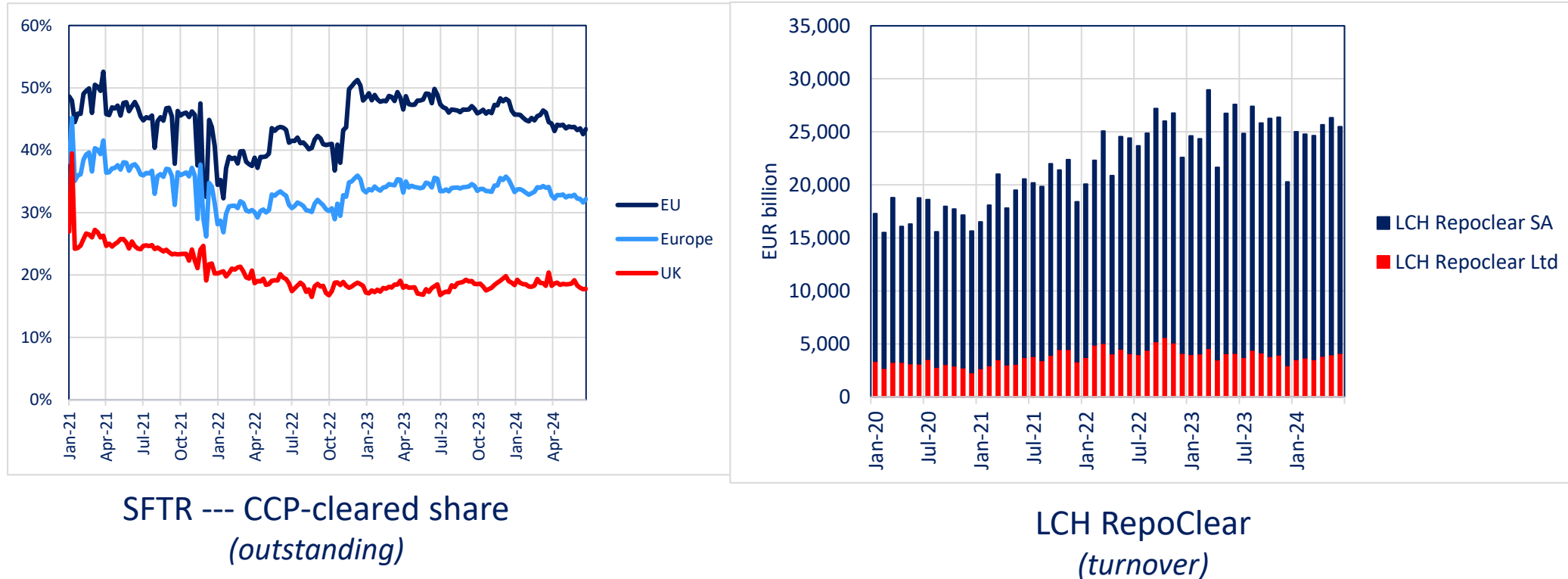
ICMA ERCC European repo market survey (no.47) 12 June 2024

trading analysis

robust growth in D2C RFQ platforms

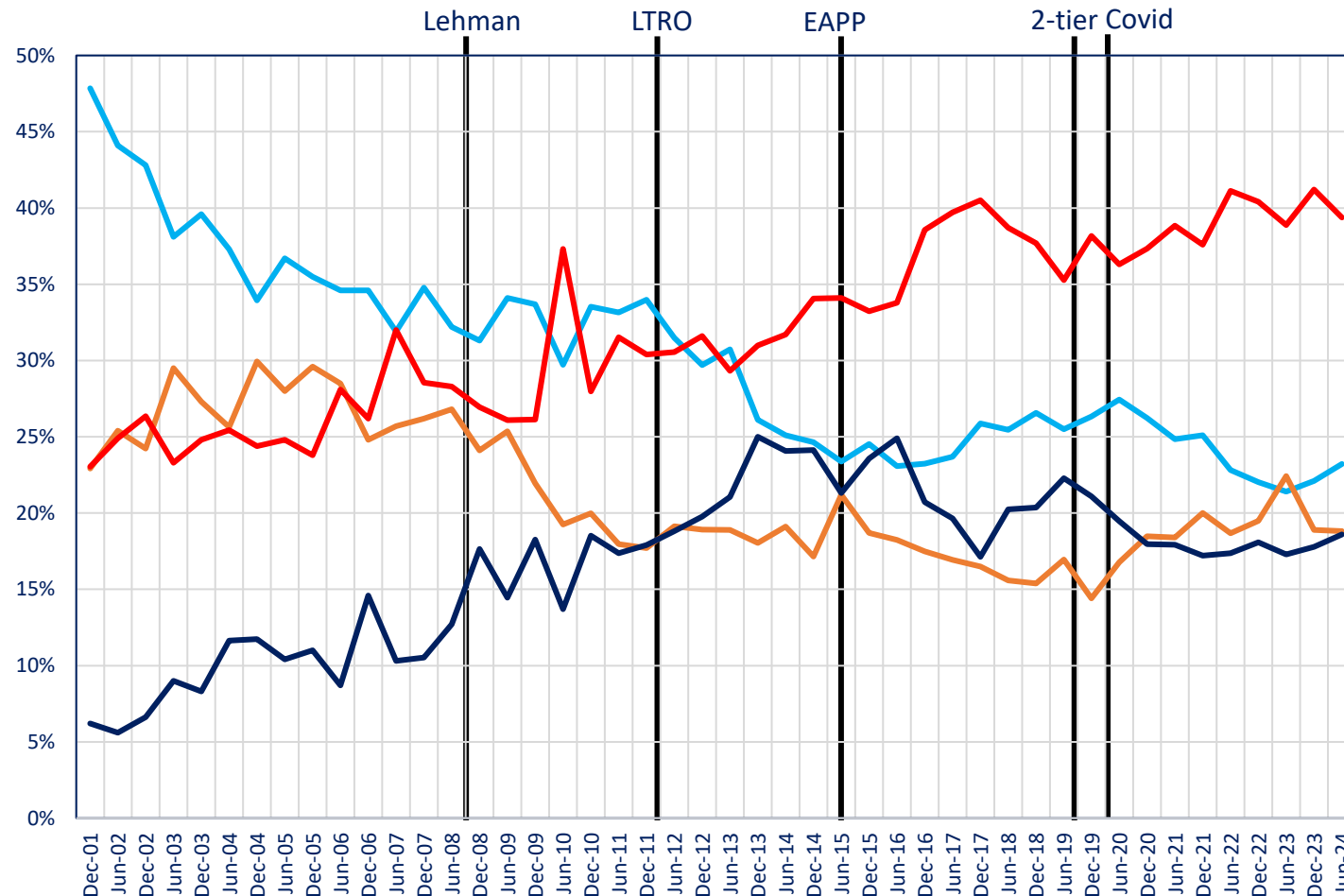


CCP-clearing dwindling share



ICMA ERCC European repo market survey (no.47) 12 June 2024

geographical analysis are shares stabilizing?



X-border to/from non-eurozone = 39.4% (41.2%)

domestic = 23.2% (22.1%)

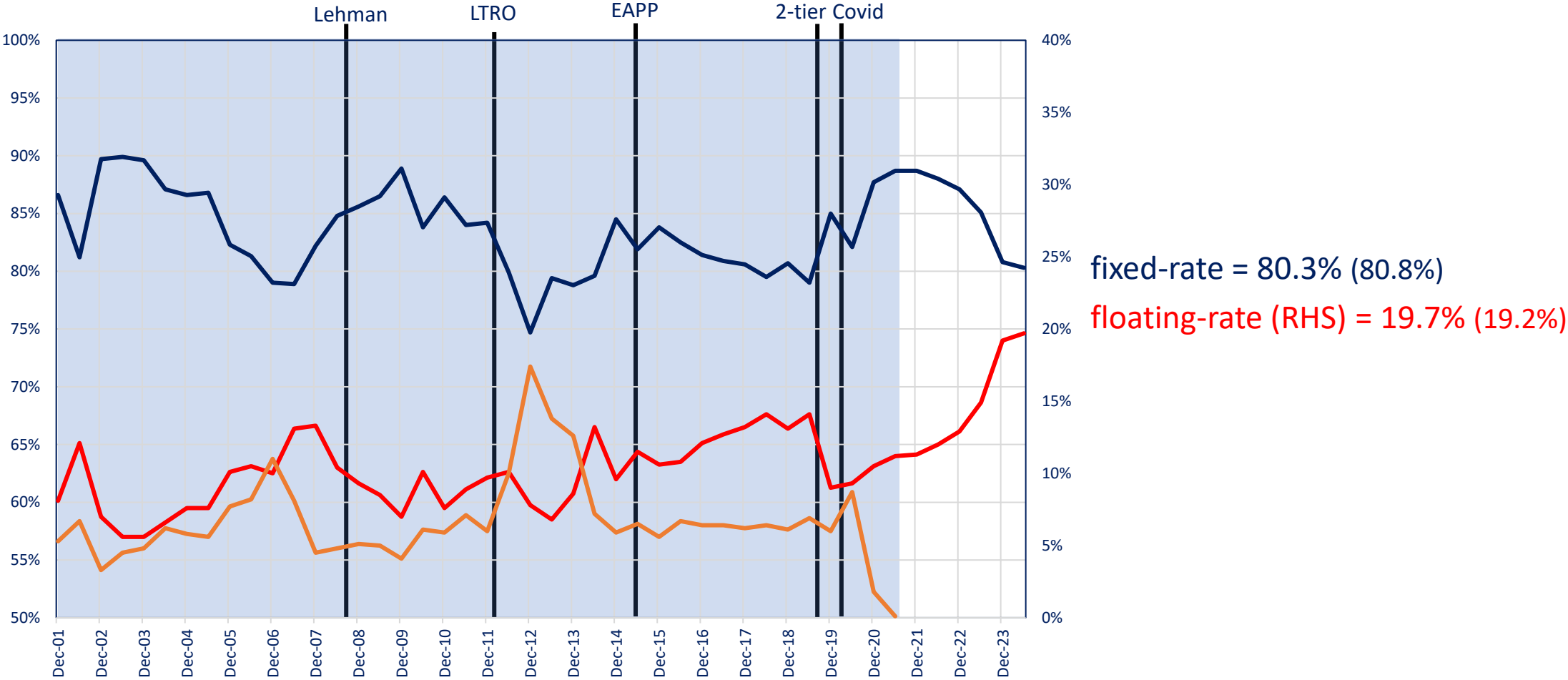
X-border to/from eurozone = 18.8% (18.9%)

anonymous = 18.6% (17.8%)

ICMA ERCC European repo market survey (no.47) 12 June 2024

rate analysis

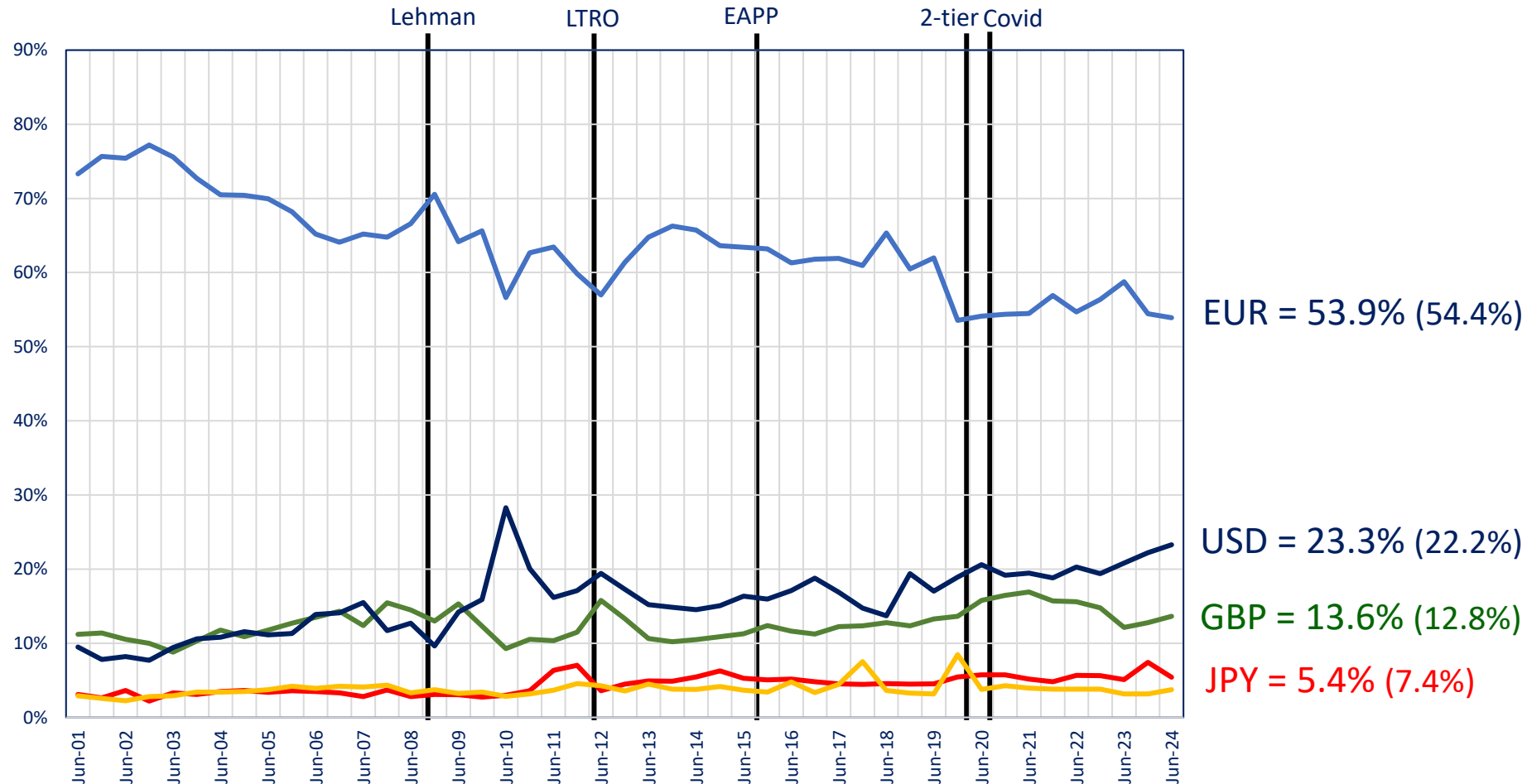
floating-rate repo peaked



ICMA ERCC European repo market survey (no.47) 12 June 2024

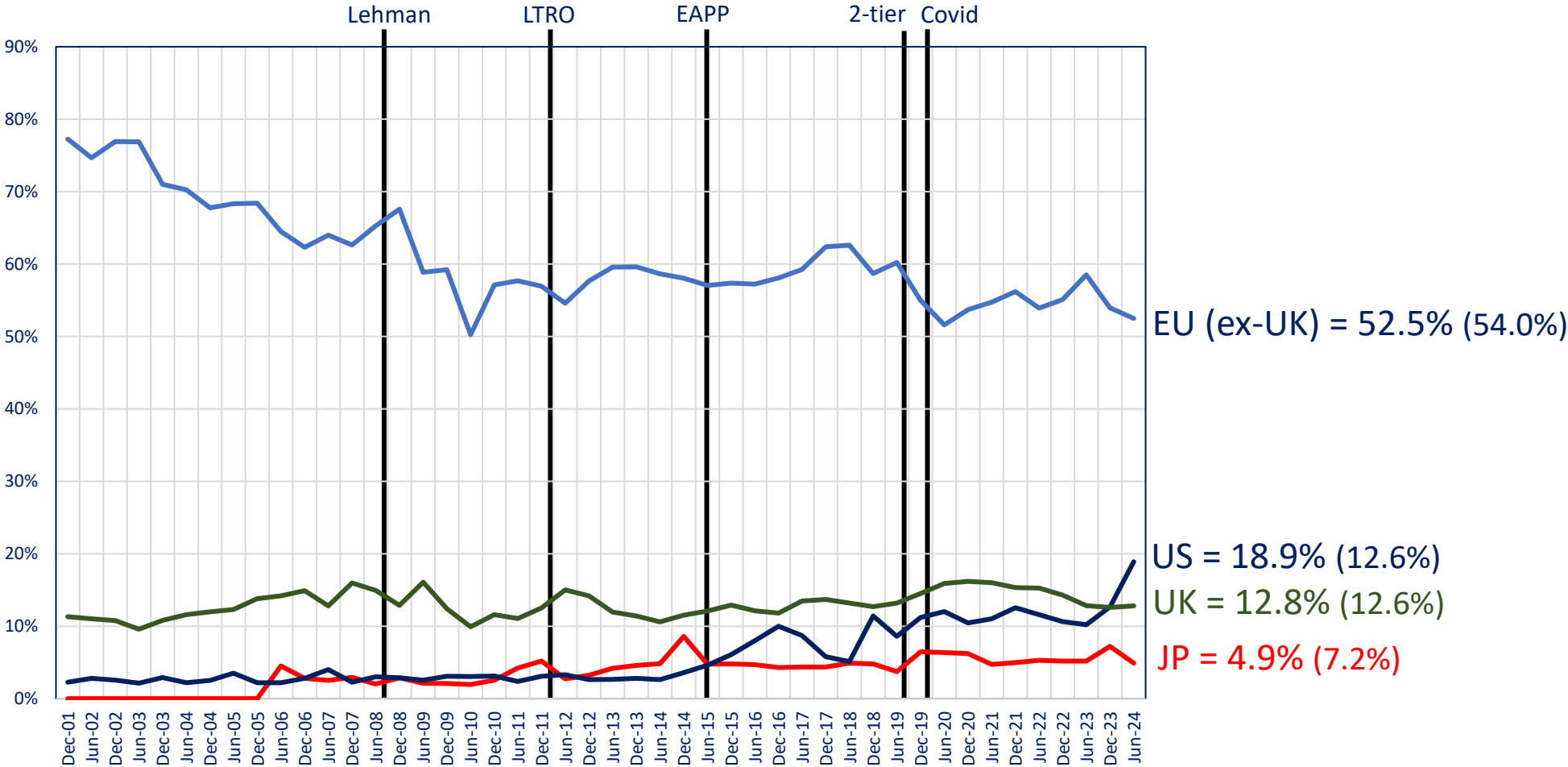
cash currency analysis

more USD, EUR steady, GBP back



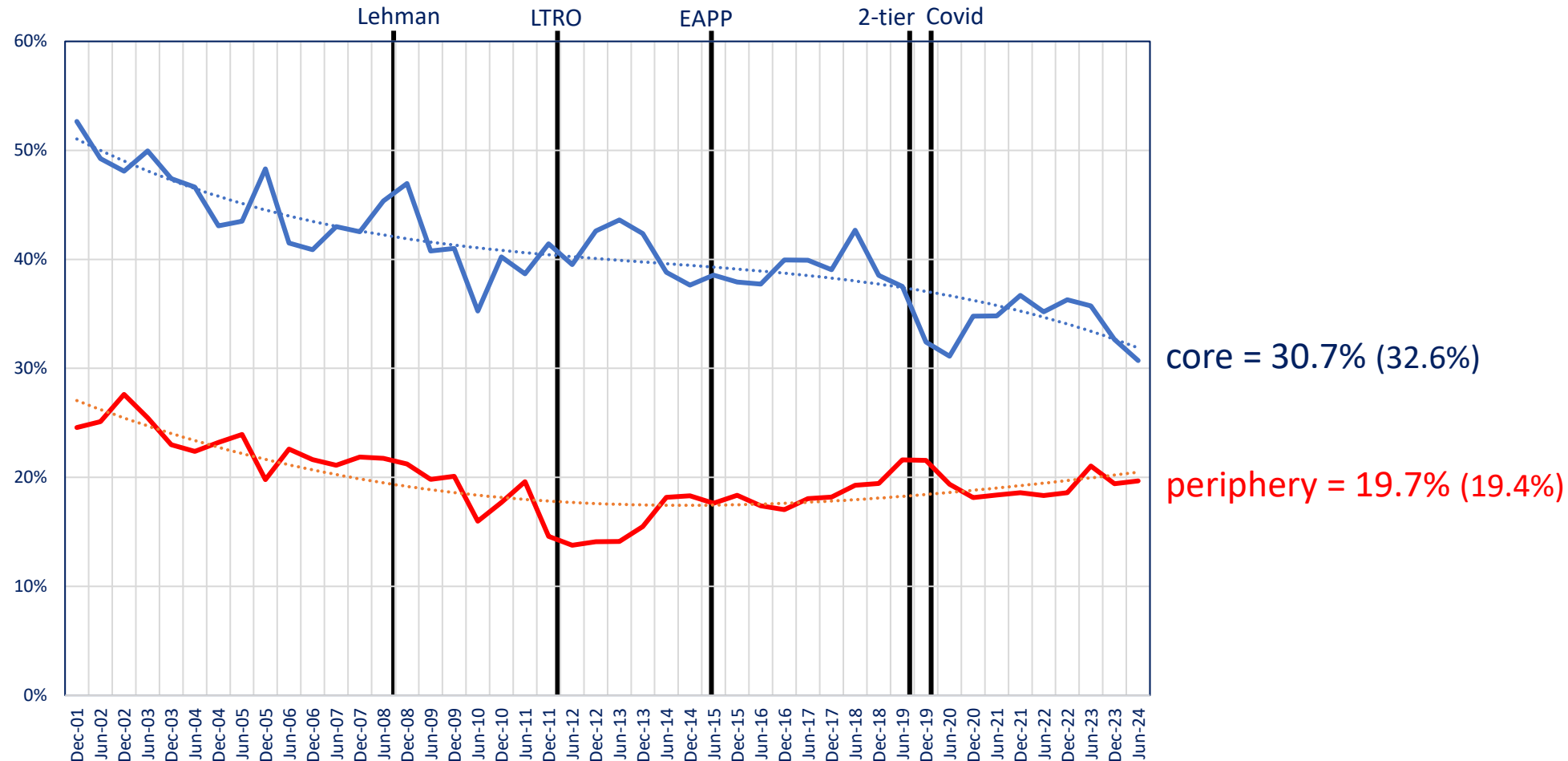
collateral analysis

US Treasuries surge



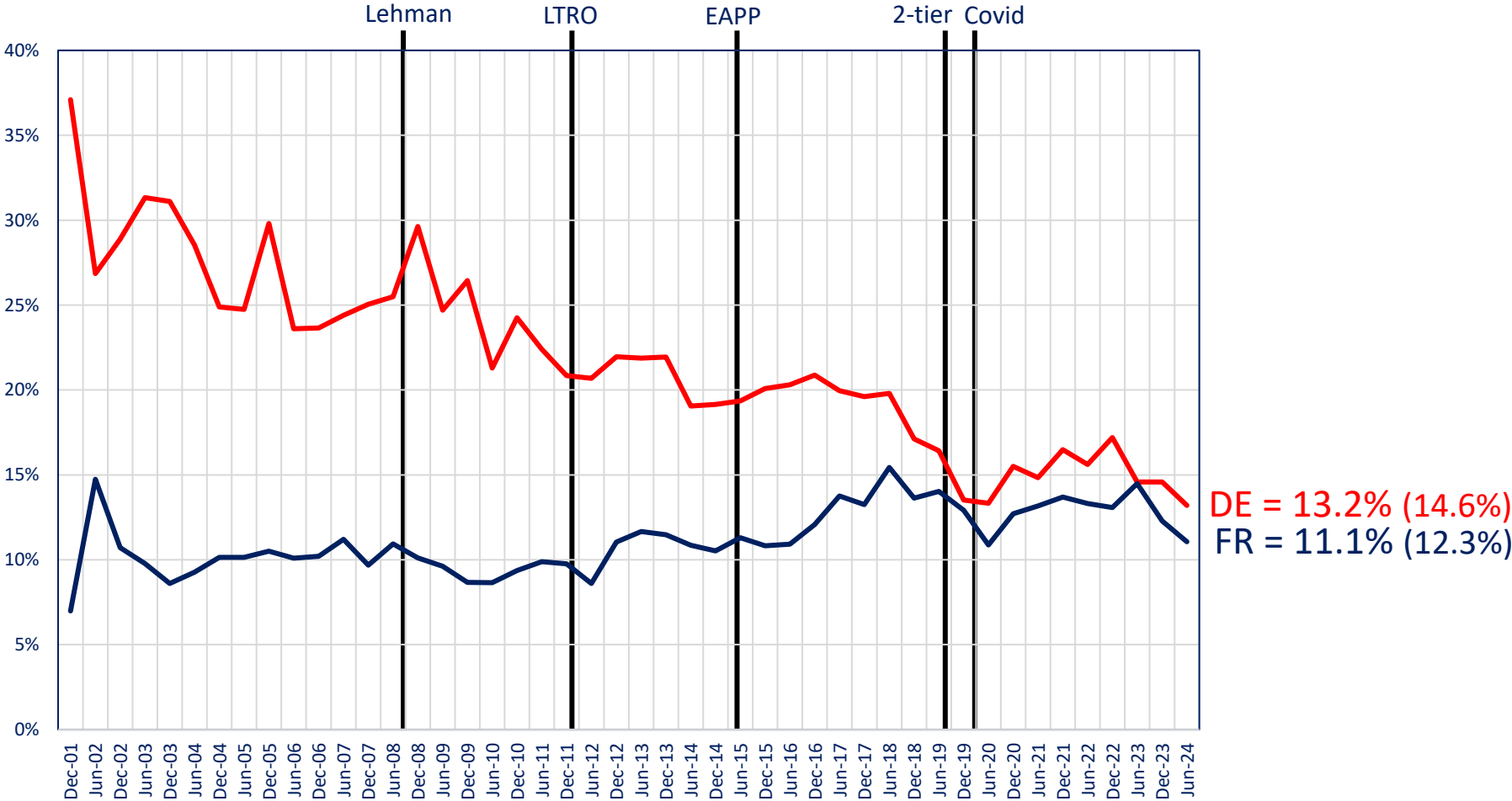
collateral analysis --- core v periphery eurozone

core eurozone collateral declines

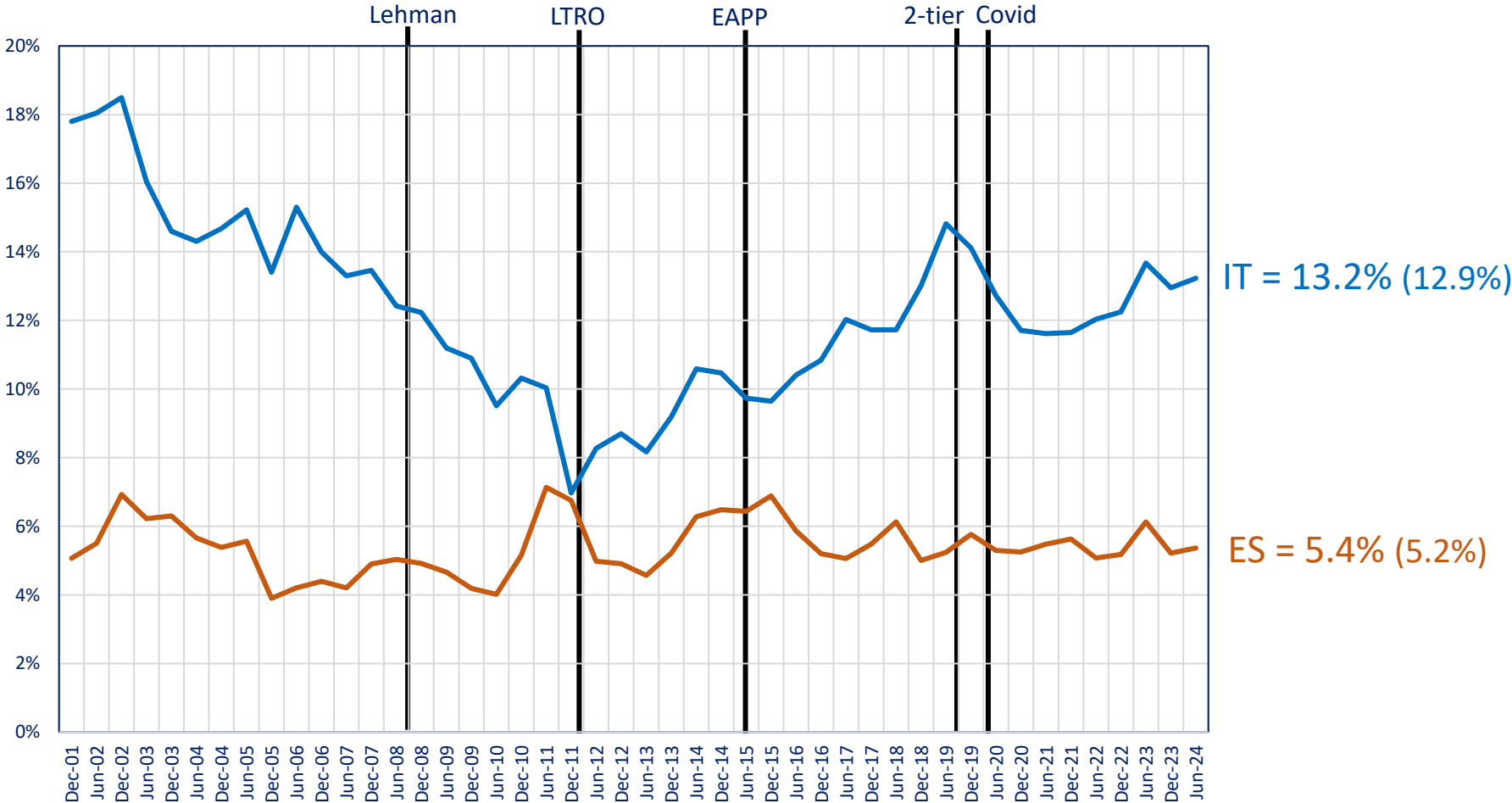


ICMA ERCC European repo market survey (no.47) 12 June 2024

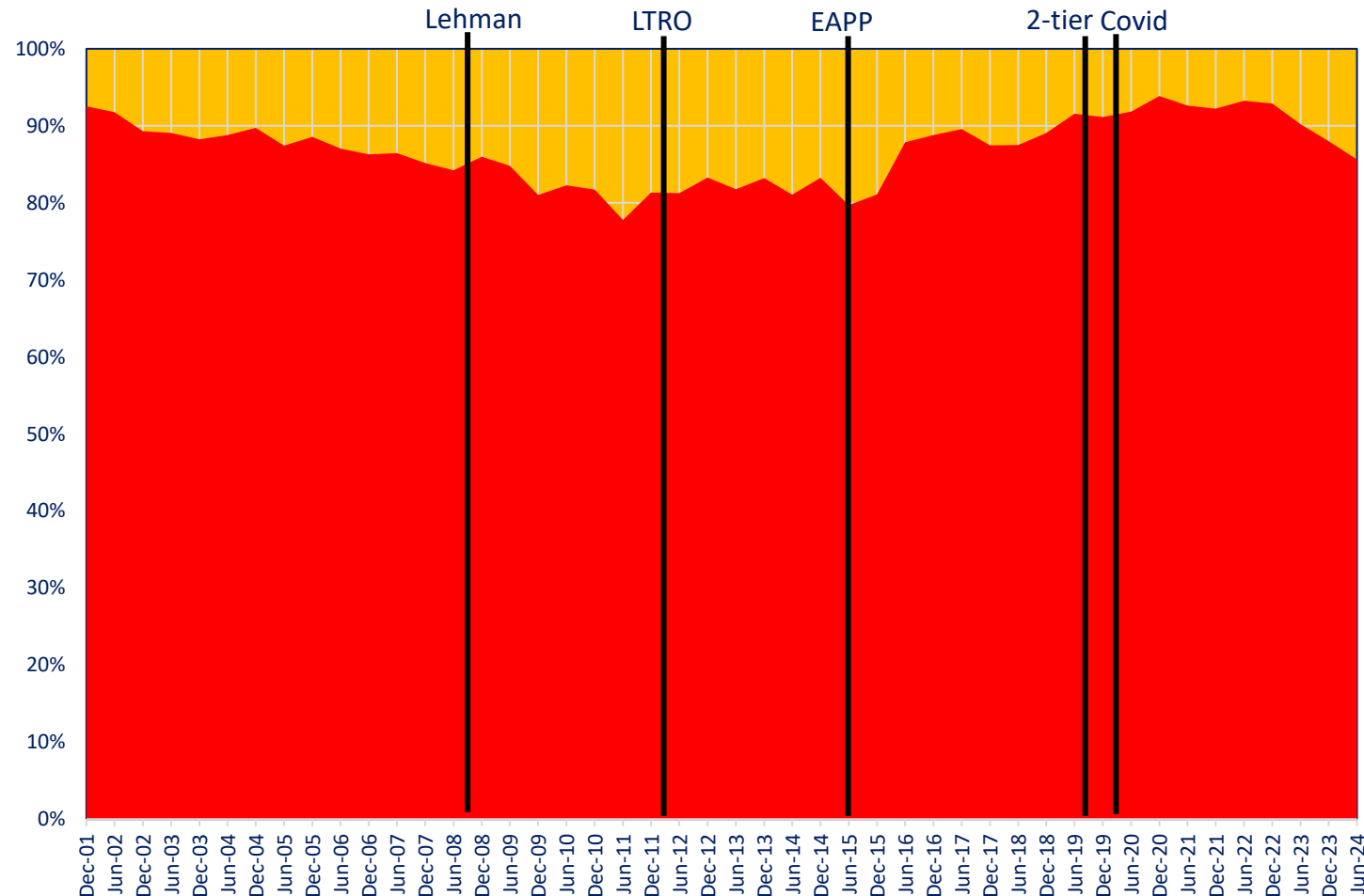
collateral analysis --- core eurozone



collateral analysis --- major peripheral eurozone
Italy back into the market



collateral analysis --- European governments v all European bonds end of TLTRO boosted non-government collateral

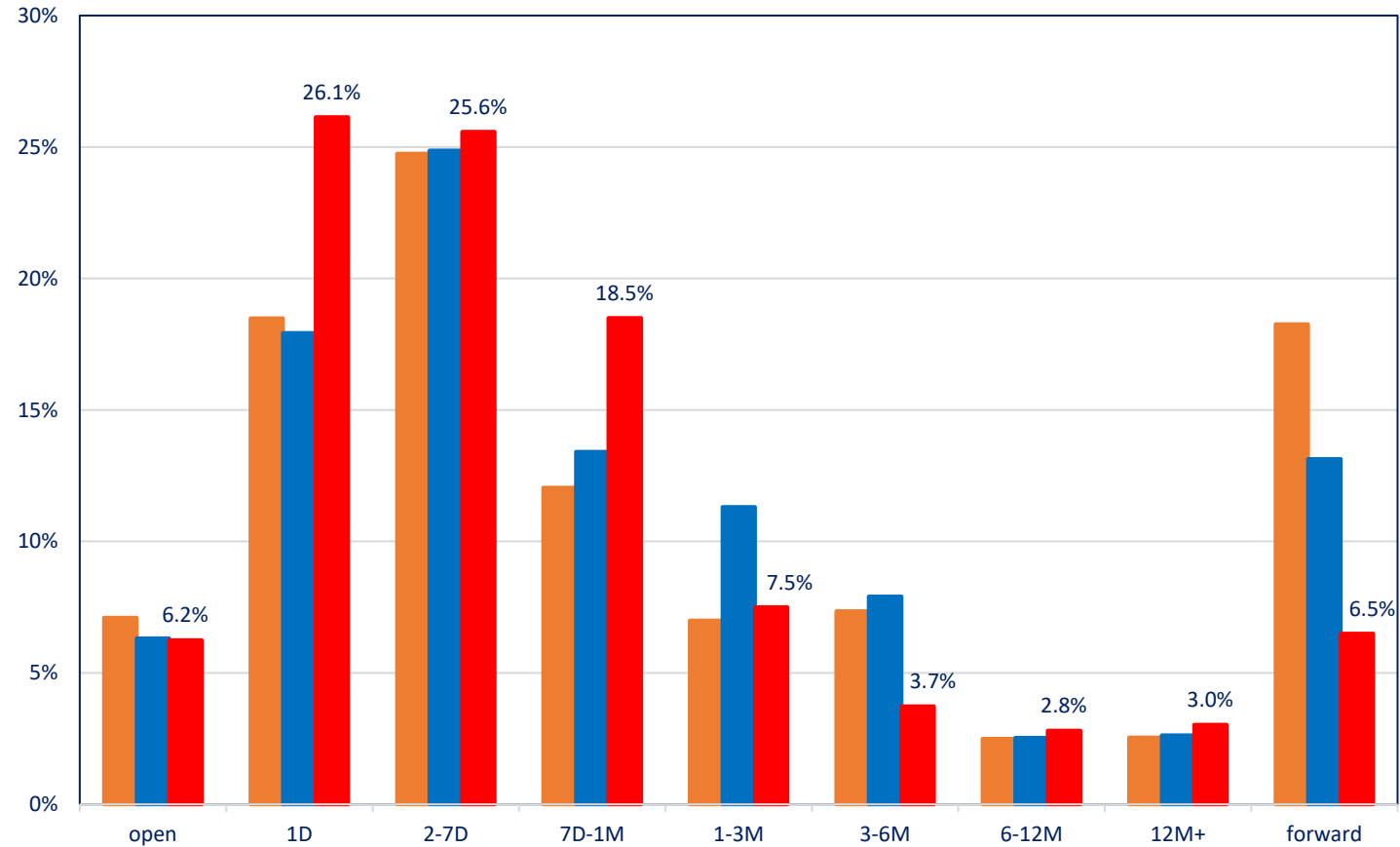


European governments = 85.6% (88.0%)

ICMA ERCC European repo market survey (no.47) 12 June 2024

maturity analysis --- June 2023 to June 2024

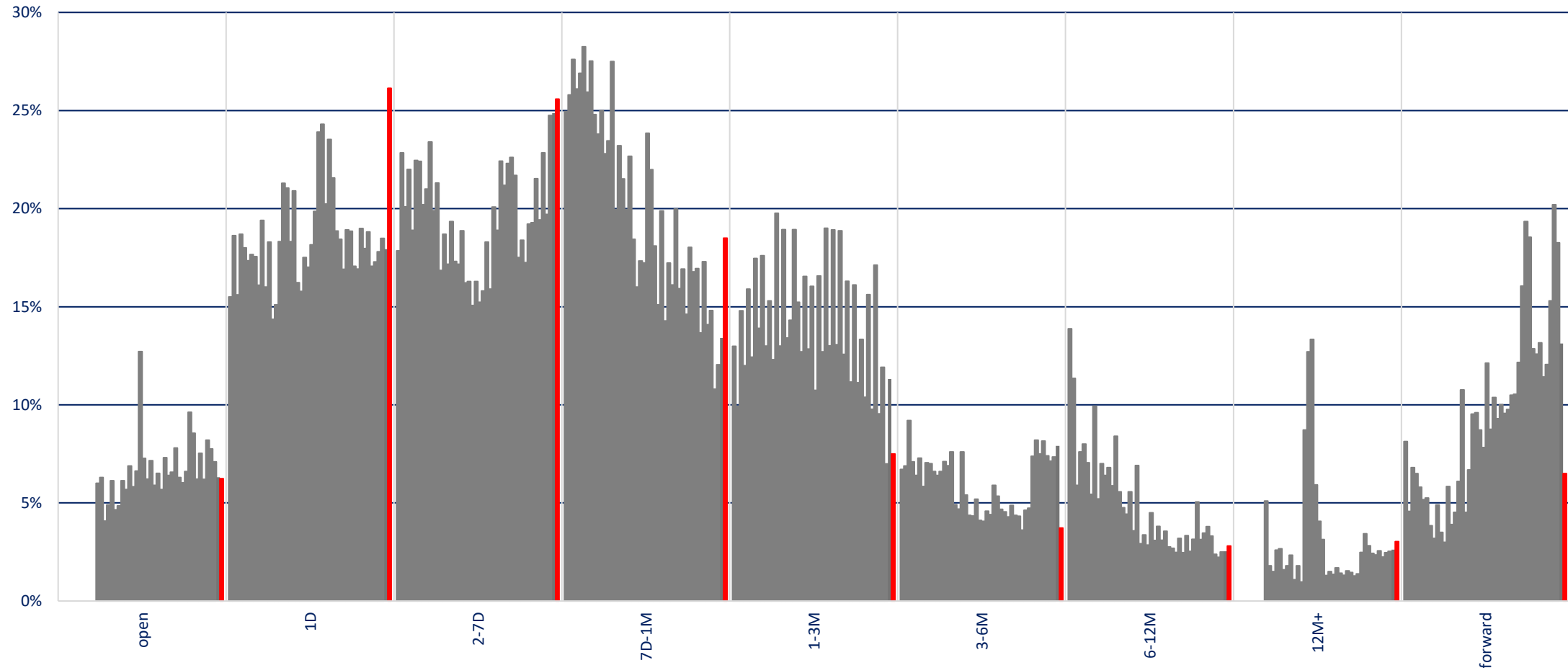
shift to very short term, forwards fading



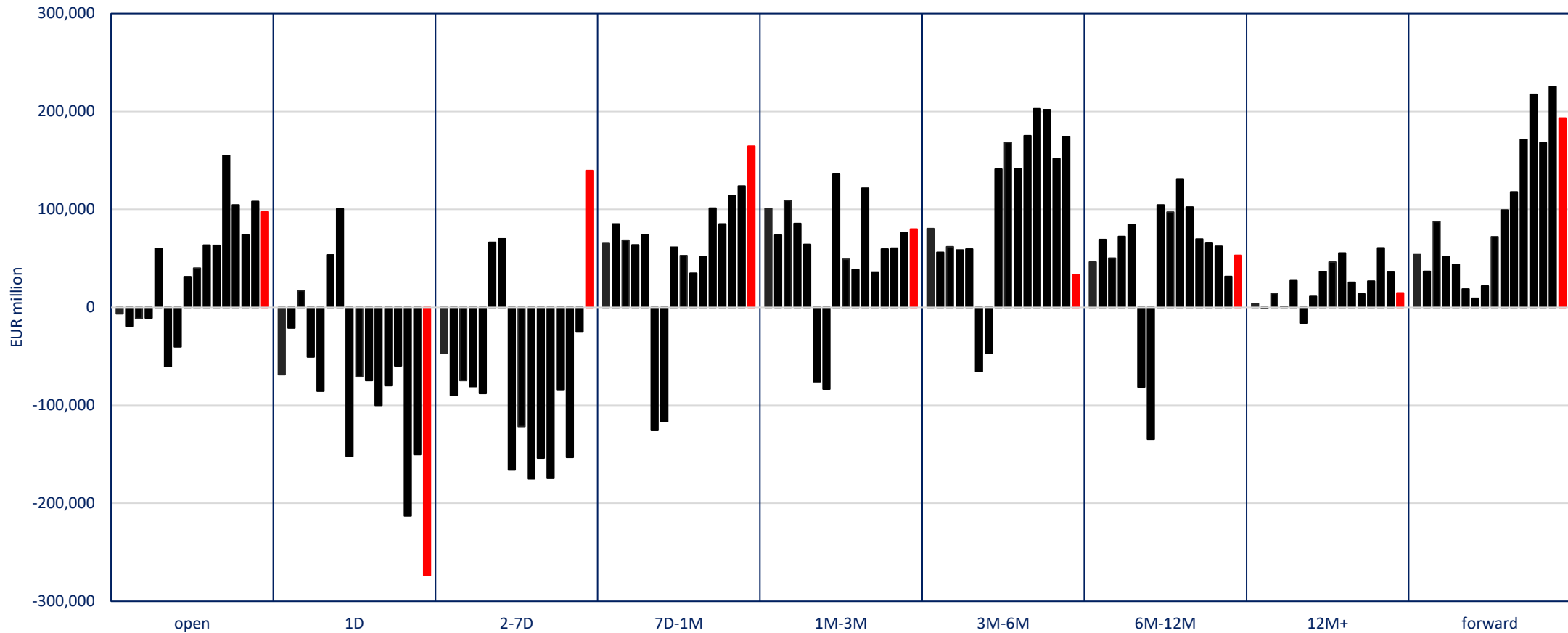
ICMA ERCC European repo market survey (no.47) 12 June 2024

maturity analysis (2007-2024)

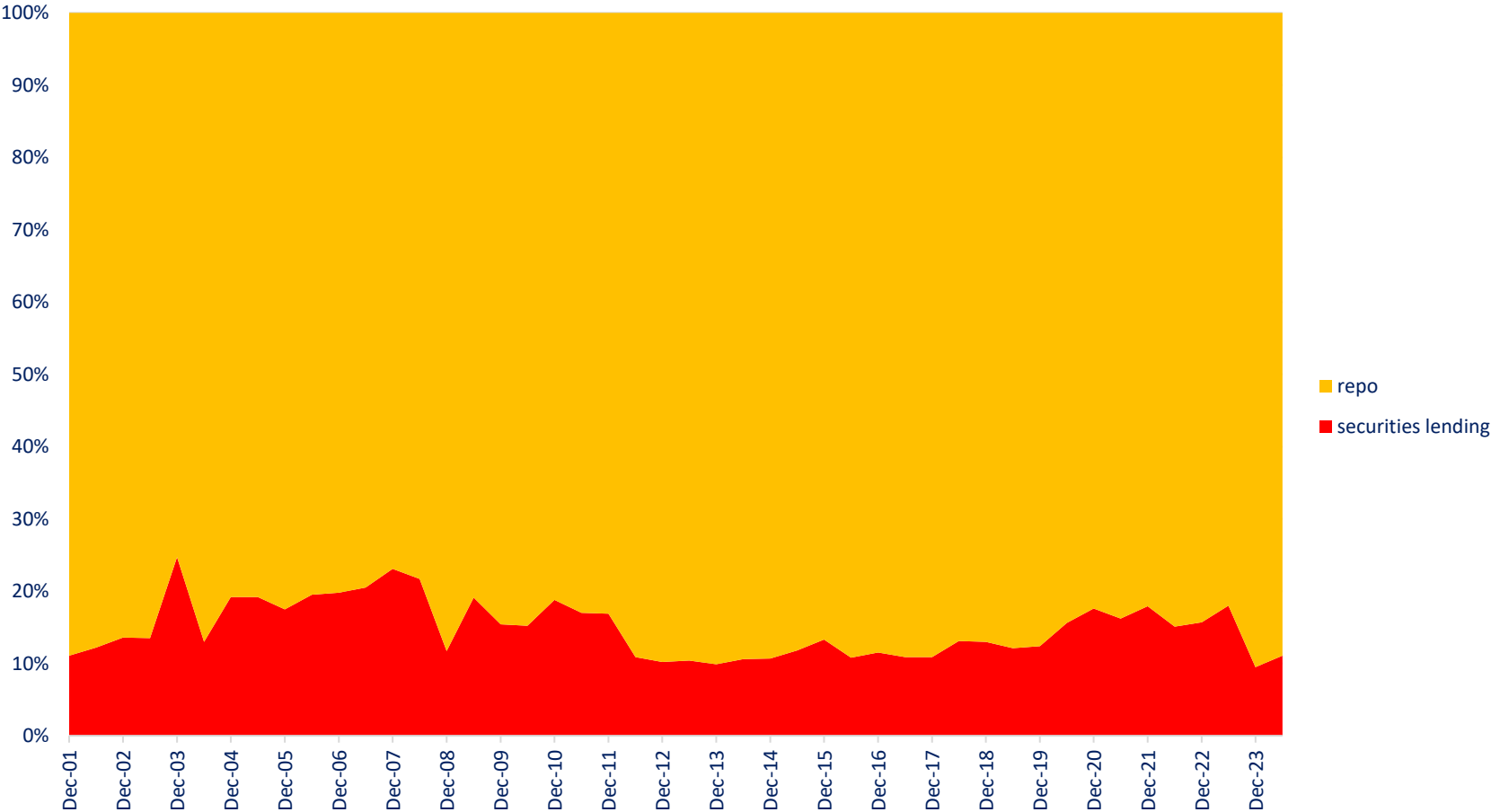
downtrend in 7D-1M and 6-12M; 1-3M seasonal; forwards peaked



maturity analysis --- net reverse repo
negative funding gap expands



product analysis --- securities lending on repo desks





European Repo and Collateral Council General Meeting

ERCC priorities and initiatives in 2024

Moderator: Alexander Westphal, ERCC Secretary, ICMA

- Richard Comotto, Senior Adviser, ICMA ERCC
- Deena Seoudy, Senior Director and Associate Counsel, ICMA
- Andy Hill, Head of Market Practice, ICMA
- Aman Gill, Associate, Market Practice and Regulatory Policy, ICMA

Legal update: Overview

- ICMA GMRA Legal Opinions
- GMRA Master Confirmation Annex and Template Notices/Agreements
- GMRA Digital Assets Annex
- Contacts and resources

ICMA GMRA Legal Opinions

- Over 70 jurisdictions covered, in respect of the GMRA 2000 and 2011
- 2025 update is underway
- Expanded coverage – jurisdiction/counterparty type/documentation
- Available to members only, subscription service
- Accessible on the [aosphere](https://aosphere.com); for account set up contact support@aosphere.com

GMRA MCA & Template Notices/Agreements

- Published 14 December 2023, developed by the ICMA Repo Legal Working Group, working with Linklaters
- The following templates have been produced:
 - Master Confirmation Annex
 - Mini Close-out Notice
 - Default Notice
 - Termination Notice
 - Amendment Agreement
- The Master Confirmation Annex provides a standardised set of terms which can be used to document 'non-standard' trade types, such as evergreens and extendables
- The template form of notices and agreements have been produced to provide a reference point for parties who have not otherwise developed their own. The use of these templates is not mandatory, and members may use and/or adapt them as they deem necessary

- Published 19 August 2024, available [here](#)
- The Annex was developed by the Digital Assets Legal Working Group run by ICMA & ISLA, with Clifford Chance appointed as counsel
- Provides a standardised framework and set of terms which can be used to document repo transactions involving digital cash, digital securities (including tokenised traditional securities), or asset-backed digital assets
- The Annex clarifies that in the GMRA 2011, references to Securities includes Platform Transferred Securities, and references to cash or currency encompasses Digital Cash. The Annex also seeks to address some of the commercial considerations that arise as a result of the operational feasibility of intra-day repo transactions
- To promote ICMA members' familiarity with the Digital Asset Annex, ICMA partnered with Clifford Chance to host a webinar that provided an overview of how the Annex works and its various features, as well as an opportunity for our members to ask any questions. A recording of the webinar can be found [here](#)

GMRA Taxonomy and Clause Library

- A catalogue of GMRA clauses and their negotiated business outcomes, along with a library of model wordings that could be used to draft for such outcomes in a standardised manner across market participants
- Available [here](#)
- Member feedback and suggestions welcome

ICMA Repo Legal Working Group

- Composed of legal representatives from member firms, the working group provides a forum in which to discuss legal developments relevant to the GMRA and related matters, as well as potential and future initiatives
- Meetings are held at least once a quarter and an ad hoc as required

ICMA Website

- Particularly the [Repo and Collateral Markets homepage](#)

Education

- A number of course are available on repo and collateral markets, including, amongst others:
 - [Introduction to the Global Master Repurchase Agreement](#)
 - [Repo & Securities Lending under the GMRA-GMSLA](#)
 - [Managing Repo under the GMRA](#)
- The full list of Repo and Collateral courses can be found [here](#)

Legal & Regulatory Helpdesk

- icmahelpdesk@icmagroup.org



European Repo and Collateral Council General Meeting

ERCC priorities and initiatives in 2024

Moderator: Alexander Westphal, ERCC Secretary, ICMA

- Richard Comotto, Senior Adviser, ICMA ERCC
- Deena Seoudy, Senior Director and Associate Counsel, ICMA
- Andy Hill, Head of Market Practice, ICMA
- Aman Gill, Associate, Market Practice and Regulatory Policy, ICMA

LCR and open reverse repo

- October 2022 EBA publishes Q&A on LCR treatment of open reverse repos
- Inconsistent with other jurisdictions (eg US and UK)
- ERCC PWG in discussions with EBA since early 2023
- May 2024 EBA publishes revised [Q&A](#)
 - *“This does not prevent the reporting institution from recognising the relevant inflow if it can demonstrate to the supervisor that the open reverse repo would be called and effectively mature under certain circumstances, within the following 30 days.”*
- Additional guidance on demonstrating maturity of open reverse repos imminent

NSFR and short-term reverse repo

- EU CRR II RSF factors for <6mth reverse repos to align with Basel recommendations from end of June 2025:
 - 10% Level 1 HHQLA (from 0%) and 15% non-Level 1 HQLA (from 5%)
- January 2024 EBA [analysis](#) of specific aspects of the NSFR framework
- May 2024 ERCC [Briefing Note](#) attempts to articulate and quantify the impact for EU headquartered banks
- ERCC PWG in contact with European Commission and other regulatory stakeholders (eg DMOs)



European Repo and Collateral Council General Meeting

ERCC priorities and initiatives in 2024

Moderator: Alexander Westphal, ERCC Secretary, ICMA

- Richard Comotto, Senior Adviser, ICMA ERCC
- Deena Seoudy, Senior Director and Associate Counsel, ICMA
- Andy Hill, Head of Market Practice, ICMA
- Aman Gill, Associate, Market Practice and Regulatory Policy, ICMA

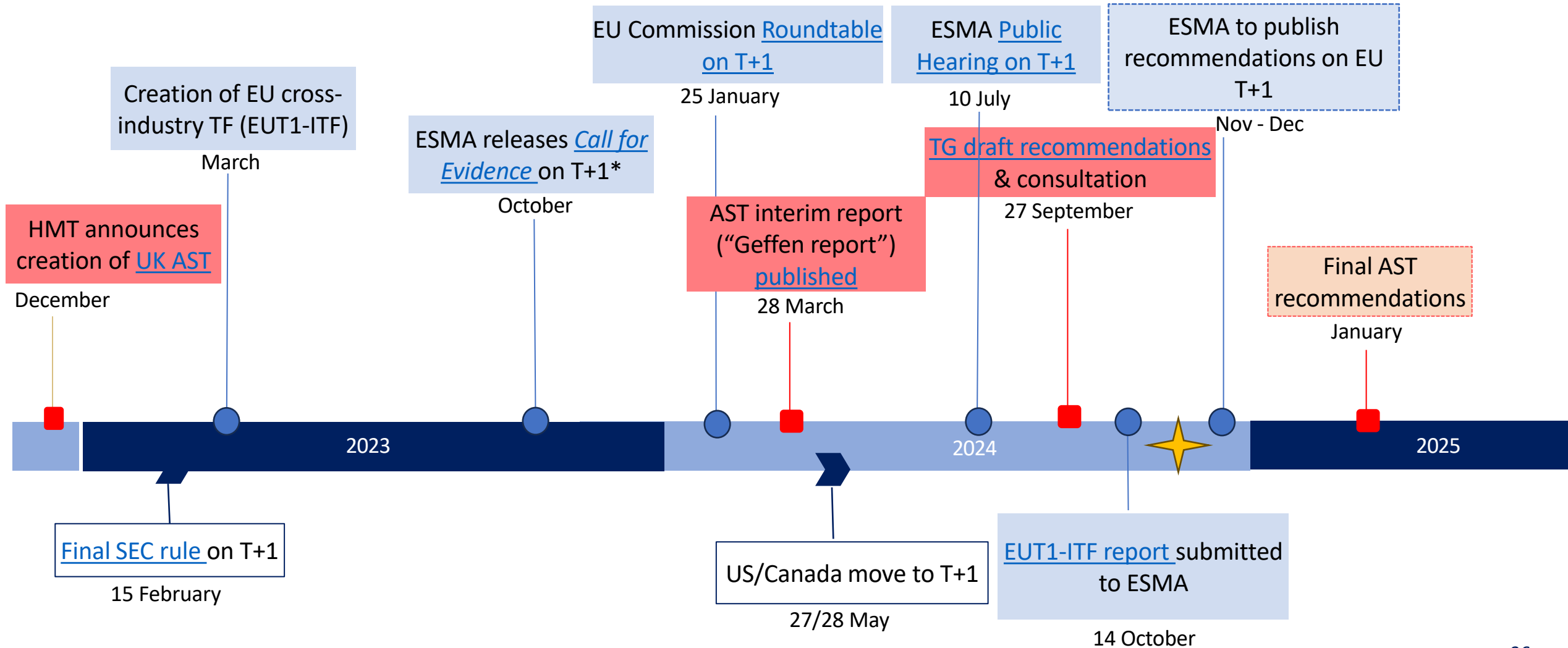
- **CSDR settlement discipline**

- Concerns with ESMA's proposals to radically increase cash penalties – [ICMA briefing note](#) (March 2024)
- ESMA consultation on SDR scope - [ICMA response](#) (September 2024)
- Upcoming ESMA consultations on CSDR Level 2 – expected in January 2025
- Supported by continued effort to drive settlement efficiency through industry best practice

- **Shortening the settlement cycle (T+1)**

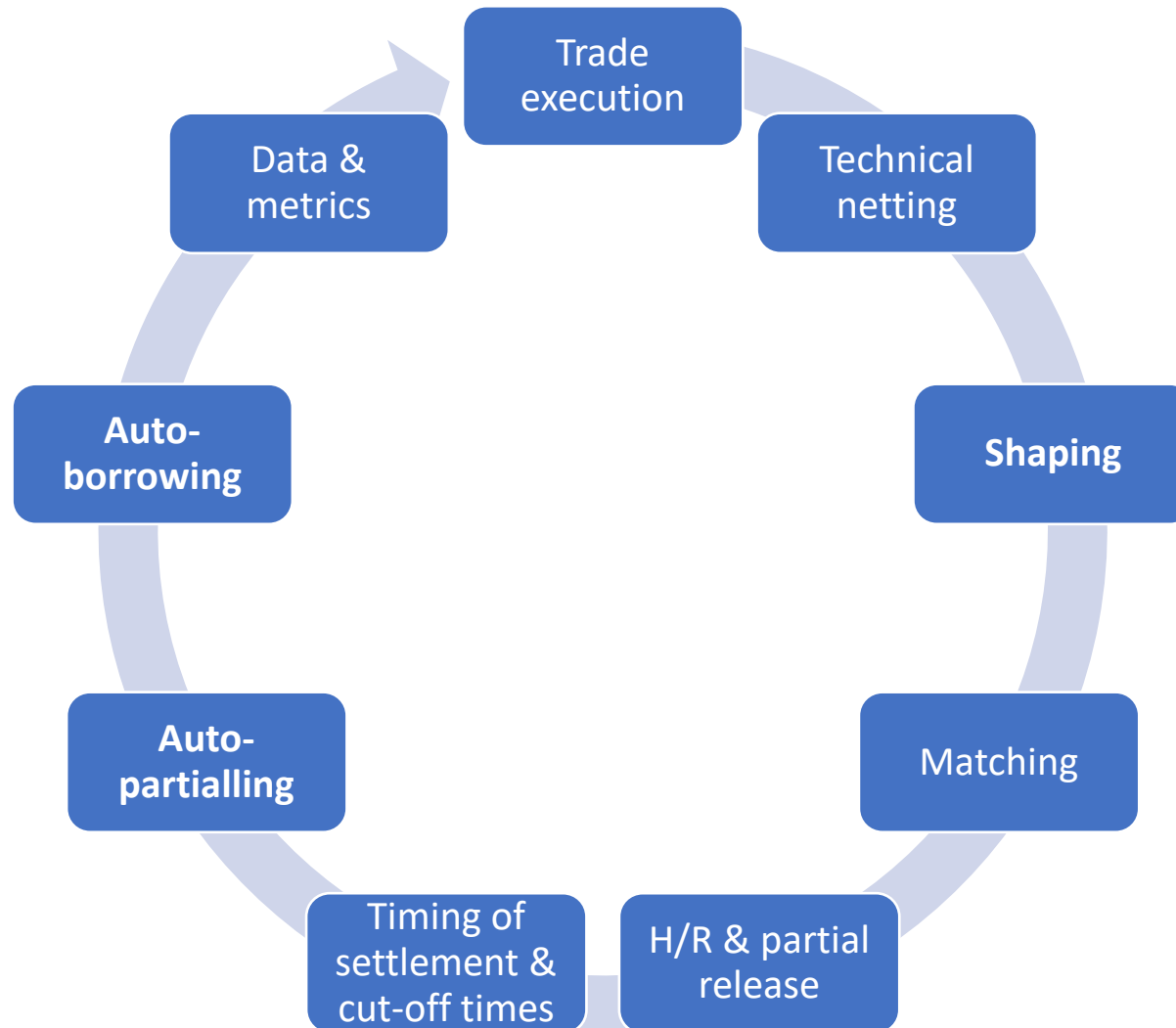
- Successful US move to T+1 in May 2024 gave further momentum to the discussion in Europe
- ICMA actively involved in separate discussions in the UK and EU
- In the UK, on 27 September, the AST Technical Group published its [draft recommendations](#) - working towards a migration to T+1 in October 2027
- In the EU, ESMA's final recommendations on a move to T+1 are expected in the next weeks – possibly seeking alignment with the UK - concerns that additional complexity may be underestimated
- Governance structure to prepare an EU move to T+1 will be announced shortly

T+1 discussions: timeline



*See also: [ICMA response to the ESMA Call for Evidence](#) (submitted 15 Dec 2023) and [ESMA's feedback statement](#) (published 21 March)

A focus on settlement efficiency – drivers across the lifecycle





European Repo and Collateral Council General Meeting

ERCC priorities and initiatives in 2024

Moderator: Alexander Westphal, ERCC Secretary, ICMA

- Richard Comotto, Senior Adviser, ICMA ERCC
- Deena Seoudy, Senior Director and Associate Counsel, ICMA
- Andy Hill, Head of Market Practice, ICMA
- Aman Gill, Associate, Market Practice and Regulatory Policy, ICMA

ERCC Guide to Best Practice in the European Repo Market

new recommendations in 2024

- updated open repo termination notice periods (post US T+1)
 - sanctions
 - cancellation of trades made in error on automatic trading systems (CLOBs)
 - making prices on automatic trading systems
 - off-market prices on automated trading systems (RFQs)
 - can an open repo be terminated before the Purchase Date
 - obligation make a manufactured payment during a fail
 - ensuring resilience and recovery of trading and post-trade infrastructures following the outage of a third-party provider
 - impact of CSD/SSS outages
-
- LDI portfolio transfers
 - pair-offs
 - late manufactured payments
 - attestation of beneficial ownership of collateral



European Repo and Collateral Council General Meeting

ERCC priorities and initiatives in 2024

Moderator: Alexander Westphal, ERCC Secretary, ICMA

- Richard Comotto, Senior Adviser, ICMA ERCC
- Deena Seoudy, Senior Director and Associate Counsel, ICMA
- Andy Hill, Head of Market Practice, ICMA
- Aman Gill, Associate, Market Practice and Regulatory Policy, ICMA



European Repo and Collateral Council General Meeting

Closing remarks

Alexander Westphal

ERCC Secretary

ICMA