

EUROPEAN REPO COUNCIL

**Minutes of the meeting of the European Repo Council
held on March 18, 2010, in Brussels**

Location: Hotel Le Plaza, hosted by Euroclear
Brussels, Belgium
Time: 11.00 - 1.30

Presenting:

Mr. Godfried De Vidts (ERC Chairman), ICAP Securities plc, London
Ms. Lisa Cleary, ICMA, Zurich
Mr. Mattias Levin, Policy Officer, DG Markt
Mr. Andy Strum, Chairman of the CPSS Working Group on Repo Infrastructure
Mr. Eduard Cia, UniCredit Markets & Investment Banking
Mr. David Hiscock, ICMA, London
Ms. Lalitha Colaco-Henry, (ERC Secretary), ICMA, London
Mr. Antony Baldwin, Daiwa Capital Markets Europe Limited
Mr. Richard Comotto, ICMA Centre

The following member firms were represented at the meeting:

Banco Bilbao Vizcaya Argentaria, SA, Madrid
Banco Santander S.A., Madrid
Bank of America Merrill Lynch
Barclays Capital Securities Ltd, London
BNP Paribas, Paris
Caja de Ahorros y Pensiones de Carcelona (La Caixa), Barcelona
Caja de Madrid, Madrid
Citigroup Global Markets Limited, London
Commerzbank AG, Frankfurt
Commonwealth Bank of Australia, Sydney
Confederación Española de Cajas de Ahorros (CECA), Madrid
Credit Suisse Securities (Europe) Limited, London
Daiwa Capital Markets Europe Limited, London
Danske Bank A/S, Copenhagen
Deutsche Bank AG, Frankfurt
Dexia Bank Belgium NV/SA, Brussels

Eurex Repo G,bH, Frankfurt
EuroMTS Limited, London
Fortis Bank, Brussels
GESMOSA-GBI Agencia de Valores, S.A., Madrid
Goldman Sachs International, London
HSBC France, Paris
ICAP Securities Limited, London
ING Bank N.V., Amsterdam
IntesaSanpaolo S.p.A., Milan
J P Morgan Securities Ltd., London
KBC Bank NV, Brussels
Landesbank Baden-Württemberg, Stuttgart
Merrill Lynch International, London
Morgan Stanley & Co International Ltd, London
Nomura International plc, London
Nordea Bank Danmark A/S, Copenhagen
Royal Bank of Canada Europe Limited
Société Générale S.A., Paris
The Royal Bank of Scotland Plc, London
UBS AG, London
UniCredit Markets & Investment Banking, Munich

The following member firms were not represented at the meeting:

Aurel BGC, Paris
Banca IMI S.p.A., Milan
Bank Julius Bär & Co. AG, Zurich
Bank of Scotland Plc, London
Banque et Caisse d'Epargne de l'Etat, Luxembourg
Bayerische Landesbank, Munich
Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank), London Branch
Crédit Agricole Corporate and Investment Bank, Paris
DZ Bank AG Deutsche Zentral-Genossenschaftsbank, Frankfurt
HSBC Bank plc, London
ING Belgium SA/NV, Brussels
Jefferies International Limited, London
Kredietbank S.A. Luxembourgeoise, Luxembourg
Lloyds TSB Bank plc, London
MF Global UK Limited, London
Mitsubishi UFJ Securities International plc, London
Mizuho International PLC, London
Monte dei Paschi di Siena Capital Services Banca per le Imprese S.p.A., Siena
National Bank of Greece SA, Athens
NATIXIS, Paris
NIB Capital Bank NV, The Hague
Raiffeisen Zentralbank Oesterreich AG, Vienna
WestLB AG, Dusseldorf

1. Opening of the meeting by the Chairman of the European Repo Committee

The Chairman, Godfried De Vidts, welcomed Council members, speakers, observers and guests and thanked Euroclear for hosting the ERC Council annual general meeting. He reminded attendees that Council meetings were held twice a year, and were an opportunity to report on developments in the repo market for the benefit of the members.

The Chairman noted that the repo markets had withstood the crisis well. New techniques had been introduced to improve the way market participants conducted their business, especially in relation to clearing. At the same time, clearing was one of the issues being focused on by the G20 and other regulators. CESAME2 was trying to overcome national barriers to settlement and clearing through Europe but recognised that there was still more work to be done to remove the Giovannani barriers.

The Chairman also referred to the Repo Guidelines on the ICMA website, which were considered by market participants as being very useful. Additionally, the ERC has always been open to discussing best possible outcome for the market and the product. The ERC has been focusing increasingly on the development of a secondary market for credit claims. Work in this regard is progressing well. The ISO Committee is developing an ISIN Standard and the ICSDs (Euroclear and Clearstream) have said that they will work together to develop a common database. The ICMA board has also allocated funding for the project. However, the Basel committee proposals regarding a liquidity buffer could pose a potential problem. The ERC was engaging with central banks in this regard.

The Chairman also briefly mentioned the recent press attention that had been given to the 'repo 105' transactions. Examiner Valukas' report made it clear that it was the interpretation of accountancy standard SFAS 140 which prompted Lehman to amend their balance sheet in order to present a more financially healthy position. Commentators have correctly indicated that the problem was how transactions were accounted for and it is the appropriateness of such accountancy practices that is now under scrutiny.

2. Approval of the minutes of the ERC Council meeting held on Thursday 15 October 2009 in London

The Chairman asked if there were any comments regarding the minutes of the last Council meeting, which took place October 15, 2009 in London. No comments were raised and the minutes were unanimously approved.

3. Update on Legal Framework

Ms. Lisa Cleary said that under section 1000 of ICMA's rules the IRC Committee shall consist of two representatives of the ERC Council and that the ERC Council shall determine the candidates for the IRC Committee, for appointment by the ICMA's board. The IRC Committee is currently composed of Mr. Godfried De Vidts (for a term of office to expire at the ERC council meeting to be held in spring 2012 and Mr. Ed McAleer (who's term of office expires at today's ERC Council meeting). As Mr. McAleer's term of office is expiring, the ERC Council

needs to determine a candidate for the IRC Committee for a term of office to expire in spring 2013. Mr. McAleer has confirmed that he wishes to stand for re-election as a member of the IRC committee. Ms. Lisa Cleary therefore proposed that the ERC Council nominate Mr. McAleer for appointment to the IRC committee for a three year term to expire at the ERC Council meeting in spring 2013. Noting the absence of any objections or abstentions from the ERC Council, Ms. Cleary noted that the ERC Council had determined Mr. McAleer as nominee for appointment to the IRC Committee by ICMA's board for a further three year term.

Ms. Cleary then provided an update of the work being undertaken by the GMRA review working group. Having discussed various topics such as (1) the inclusion of a cross default clause; (2) definition of spot rate; (3) valuation of suspended securities; and (4) default notice, at a conceptual level, the working group was now starting to focus on drafting,

The working group is aiming to produce an amended version of the GMRA for the ICMA ERC committee to review later in the year, after which the revised GMRA will be published. The aim is to complete the review in time for the commencement of the 2011 legal opinion exercise so that the opinions cover the new agreement. Ms. Cleary also noted that the working group would like to produce a protocol which would update existing GMRA 1995 and 2000 versions to the new standard.

Turning to the work on the credit claims annex to the GMRA 2000, Ms. Cleary noted that the interbank funding market will experience a shortage of collateral in the coming years. The aim of the credit claims project is to add to the range of available collateral by establishing a system for repo-ing credit claims under the GMRA for day-to-day use by banks seeking to fund their business short term in the interbank markets. The ICMA board has agreed to fund a project to develop an annex to the GMRA which aims to permit specific corporate loans to be repo'd in three major EU jurisdictions (England, France & Germany). The key assumptions are that the borrower is in the same jurisdiction as the governing law of the loan, the annex would apply to new loans only- so that there is freedom to choose the terms, and that such loans may be syndicated or bilateral.

Phase 1 of the project was recently concluded and focused on the feasibility of establishing a loan repo system in England, France and Germany, taking into account differences in registration requirements, standard loan documentation, confidentiality issues, applicable legislation, etc. The findings indicate that developing a credit claims annex under English and German law is feasible, but there is a potential obstacle for transferring loans in France due to formalities in relation to the transfer of loans.

Phase 2 of the project will develop model loan and repo documentation for England, Germany and France, in cooperation with the Loan Market Association and the ICSDs. The aim is to develop a useable market product and we would seek to adapt the terms of loans to permit same day settlement of loan transfers without borrower consent (to banks/central banks participating in the inter-bank repo market). Transfers would be transfers of the legal rights in the loans.

Phase 3 will focus on developing a loan system rulebook to complement the documentation produced at phase 2. A loan would only be eligible for repo under the 'GMRA Loan Repo

System Annex' ICMA is seeking to establish, where the parties to the loan agree to the 'clearing system loan rules' (standard procedures for a centralised electronic register of lenders' title to a loan held in a clearing system). Transfers of loans would be affected by the entry of matching orders in the clearing system, which if necessary would produce a notice of assignment.

Turning to the 2010 combined legal opinion exercise, Ms. Cleary noted that ICMA coordinates the exercise on behalf of ICMA and the SLRC. The 2010 legal opinion exercise will conclude at the end of March, with update opinions being obtained in 68 jurisdictions. Given feedback from the ERC Committee, the Icelandic opinion is not being updated in 2010. The updated opinions for 2010 would be made available on ICMA's website at the beginning of April 2010.

Finally, Ms. Cleary noted that section 1000 of ICMA's rules and recommendations had recently been amended so that associate members of ICMA with a dedicated repo activity would be eligible for membership of the IRC/ERC councils without, however, being eligible to be represented on the IRC/ERC committees. The IRC council and the ICMA board have now approved the relevant amendments.

4. Keynote speech – Mattias Levin

Mr. Mattias Levin said, by way of background, that a lot of attention had been given to derivatives and the role they had played in the crisis. While derivatives were not the cause of the crisis, they did make the crisis worse because of leverage, interconnectedness and lack of transparency. The Commission have taken a number of policy actions and in doing so, have consulted with the markets. The Commission expects to publish further detailed feedback.

However, Mr. Levin made clear that the Commission felt that there needed to be a paradigm shift that was not limited to derivatives, but extended to other areas of financial markets. This paradigm shift marked a move away from self-regulation to regulation.

One area that the Commission was focusing on was to reduce counterparty risk. When the Commission had looked at clearing, they saw a clear difference between bilateral clearing and the services offered by CCP. Therefore, the Commission was looking to introduce legislation that would incentivise participants to use CCPs. This would involve raising regulatory capital charges for bilaterally-cleared transactions compared with CCP-cleared transactions. The Commission would also look to improve collateralisation of bilaterally-cleared contracts. At the same time, the commission feels it necessary to regulate the CCPs, especially how they manage risk to ensure that they are safe and sound.

Another area the Commission was focusing on was the reduction of operational risk. In this regard, they were looking to build on the work of the Derivatives Working Group. They were also looking at reshaping the operational risk approach in the Capital Requirements Directive.

Mr. Levin also indicated that the Commission had strong views about increasing transparency. In this regard, they were looking not only to mandate the reporting of positions and transactions to trade repositories, but also to enact legislation regulating trade repositories. Work was also being undertaken to consider the extent to which the trading of standardised

derivatives on organised trading venues could be mandated. The other topic concerning increased transparency was the increase in both pre- and post-trade transparency, which was being considered as part of the forthcoming MiFID review.

The Commission was also looking to strengthen market integrity and oversight. To this end, the Commission was looking at the Market Abuse Directive to curb insider dealing and market manipulation. Additionally, it was looking (under MiFID) at whether regulators should have the possibility to set position limits to counter disproportionate price movements and concentrations of speculative positions.

Lastly, Mr. Levin said that in terms of next steps, the Commission was looking to publish proposals soon, possibly in May. The proposals would be accompanied by an impact assessment. Additionally, they would be publicly consulting by mid 2010 on proposals concerning CCPs.

Mr. Levin was asked by the audience to elaborate on the proposals to increase capital charges. He responded by saying that the proposals in this area are being developed by the Basel committee. There are a lot of derivatives that are bilaterally cleared and one reason why CCPs do not clear such instruments is because there is no demand. Therefore, the Commission is looking at whether it is possible to create demand. While there will be some initial costs involved, they feel that increased demand to clear derivatives using CCPs will drive down costs over time. Mr. Levin, in response to further questioning, also said that the clearing obligation (i.e. for more derivatives and other trades to clear on a CCP) will increase the systemic risk posed by CCPs. However, the primary purpose is to move plain vanilla instruments onto CCPs. There is also a distinction to be made between liquid and illiquid instruments so more liquid instruments will be shifted to the CCP. Additionally, the Commission does not want to force CCPs to take on products that they can't handle and the Commission is working to put in safeguards to prevent this. Because the CCPs will be a single point of failure, there is a need to put in place rules to ensure that CCPs are safe and can adequately manage risk.

5. Keynote speech – Andy Strum

Mr. Andy Strum started off by saying that he was wearing his CPSS Working Group hat and not his Swiss National Bank hat. Moreover, in relation to the CPSS Working Group, much of the work was still in progress and therefore, he could not be too specific about potential conclusions. Mr. Strum explained that the CPSS is a forum for Central banks and had taken a keen interest in analysing the financial crisis and looking at how financial infrastructure could be improved. Some repo markets had proven to be a less reliable source of financing than others, which had surprised many central banks. The CPSS WG felt that it was important to investigate whether clearing and settlement systems added to uncertainty and whether there was anything that could be done to improve arrangements. Accordingly, it has set, as its mandate, (1) a stock-take of existing arrangements for clearing and settlement of repos in CPSS countries; (2) the identification and analysis of the strengths and weaknesses of these arrangements; and (3) the provision of guidance for the repo market infrastructure that can enhance the resilience of repo markets. In carrying out this work, the CPSS WG had set the scope as all the infrastructure arrangements used by repo market participants for clearing and settling repos (including centralised collateral management services), irrespective of whether

these services are provided by market utilities or commercial banks. Mr. Strum indicated that the stocktaking stage of the work had been completed but work was still on-going regarding the analysis and guidance. A report was expected to be submitted to the CPSS in June 2010.

Mr. Strum also noted that the standards established by the CPSS are internationally agreed standards for financial market infrastructures. Adherence to these standards is regularly assessed by the competent authorities. Together with IOSCO, the CPSS is reviewing the international standards and therefore it may be that the CPSS conclusions end up being fed into the EU legislative review.

As part of the stocktaking work, the CPSS WG has gathered detailed information on practices in various markets. For example, there are significant variations in the arrangements for clearing and settlement in the different CPSS countries. On the one hand, there are market-specific differences (e.g. the degree of automation) but on the other hand, there are differences in organisational structure, ownership and business model of repo market infrastructure providers, settlement procedures, sophistication of collateral management services etc. Accordingly there is a need to understand whether and to what extent these differences matter.

Mr. Strum indicated that the working group will develop two types of guidance. One set of guidance will be relevant to repo market infrastructures – i.e. what infrastructures should do. The other set of guidance will be indirectly relevant to repo market infrastructures in that it will suggest what infrastructures can do to support market-wide initiatives. However, even the best repo market infrastructure cannot fix all the issues and accordingly, there will need to be other measures such as repo market participants developing or enhancing their own risk management systems etc. Mr Strum urged market participants to provide input to the CPSS WG on where there is need for improvement.

6. Progress report on interoperability between triparty agents

Mr. Eduard Cia said that interoperability can mean a number of things. For example, is it interoperability between trading systems, CCP and/or settlement and custody. ERC has focused on interoperability in the settlement and custody area. Market participants should have free choice about who they use as a security depository for repo transactions. Specific repo transactions should not be linked to a specific security depository. However, we still have a situation where repo market participants cannot exercise free choice. Interoperability is key to having a level playing field within the European repo market. Since 2001 the ERC has been pushing for more interoperability between Euroclear and Clearstream regarding repo products such as tri-party.

Mr. Cia also said that in December a delegation from the ERC and European Banking Federation was invited to an ad hoc COGESI meeting to discuss interoperability issues. Three main issues were identified: (1) Euro GC Trading of LCH.Clearnet between Euroclear and Clearstream participants; (2) Eurex GC pooling access for Euroclear participants and (3) Central bank access within Europe (i.e. there is a possibility of access to the Bundesbank access through Xemac). On this third point, central bank access is available in Germany but all repo

market participants should have access to this kind of facility. The ERC will continue in its efforts to ensure a level playing field.

7. Regulatory Issues

Mr. David Hiscock said that a wide range of regulatory initiatives were being considered at the moment. One of these issues relates to netting. The International Accounting Standard 32, paragraph 42 states:

A financial asset and a financial liability shall be offset and the net amount presented in the balance sheet when, and only when, an entity:

- (a) currently has a legally enforceable right to set off the recognised amounts; and
- (b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Accountants are increasingly challenging whether netting is appropriate. In particular, it appears that what constitutes “intent” is open to interpretation. In an attempt to help support the practical demonstration of “intent” the ERC has sought clarification from the ICSDs regarding their processing. As a result, what has become apparent is that Euroclear and Clearstream processes are not identical.

Another issue concerned the changing large exposure (LE) requirements. Late last year CEBS published guidelines on common reporting LEs and guidelines on the revised LE regime. These relate to certain of the changes already introduced to the Capital Requirements Directives (the guidelines are to be effective at the end of this year). Also in December last year, the Basel Committee published consultative proposals to strengthen the resilience of the banking sector. In particular, the consultative proposals contain a point about increasing the incentives to use CCPs for OTC derivatives so that exposures to CCPs could have a zero risk weight if the CCP conforms to the strict CPSS/IOSCO recommendations for CCPs. While risk weights are not generally relevant for large exposure purposes, the official international recognition of the significance of compliance with CPSS/IOSCO may be influential.

Mr. Hiscock also said that questions have arisen concerning how large exposures to CCPs should be treated under the Capital Requirements Directives. It seems that at the moment, this varies among Member States. The ERC is discussing this issue with Eurex Clearing and LCH.Clearnet. This includes exploring certainty and consistency of treatment. Clarity on this point is needed across the EU. For example, the FSA seems to be saying that there is no exemption in this regard, but this is not clear.

The Basel consultation also raised a number of other issues such as the introduction of a leverage ratio and measures to build up capital buffers in good times that can be drawn down in periods of stress.

The consultation also proposes to raise the counterparty credit risk requirements which, if implemented, will have an impact on various firms. Additionally, there is a proposed new leverage limit, which is a supplementary measure to the Basel II risk-based framework. Firms will need to determine how much capital they have and netting will not be allowed.

The proposal is to include repo style transactions (which are a form of secured funding and therefore an important source of balance sheet leverage) but to disallow netting thereby both capturing leverage and dealing with accounting inconsistency concerns.

Mr. Hiscock also noted that two separate but complementary liquidity risk standards are proposed. The liquidity coverage ratio identifies the amount of unencumbered, high quality liquid assets an institution holds that can be used to offset the net cash outflows it would encounter under an acute short-term stress scenario specified by supervisors. The specified scenario entails both institution-specific and systemic shocks built upon actual circumstances experienced in the global financial crisis. The second liquidity risk standard is the net stable funding ratio which measures the amount of longer-term, stable sources of funding employed by an institution relative to the liquidity profiles of the assets funded and the potential for contingent calls on funding liquidity arising from off-balance sheet commitments and obligations. The standard requires a minimum amount of funding that is expected to be stable over a one year time horizon based on liquidity risk factors assigned to assets and off-balance sheet liquidity exposures. This net stable funding ratio is intended to promote longer-term structural funding of banks' balance sheets, off-balance sheet exposures and capital markets activities. The ERC plans to submit a response by the April 16th deadline. At the same time the ERC is looking at the Commission's Capital Requirements Directive IV proposals that look to implement into EU law the Basel requirements.

Additionally, in the UK, HM Treasury was consulting on potential new UK resolution rules for failing entities. In December last year, HM Treasury had published proposals to strengthen the UK's ability to deal with any future failure of an investment bank. One of the questions asks if respondents "have views on the difficulties that repo markets transactions could pose for the insolvency of an investment firm, affecting value recovered for creditors. If this is a concern, what kind of policy action could the Government consider to address it?" The ERC has submitted a response to this consultation.

Mr. Hiscock also mentioned the Basel Cross-Border Bank Resolution CP that had been published in September 2009 which recognised the systemic importance of netting and proposed a temporary suspension of the right to close out as long as certain provisions are met. Additionally, Mr. Hiscock noted the Commission Communication in October 2009 regarding the cross-border bank crisis management which recognises the systemic importance of credit risk mitigation techniques and recognises the need to protect such techniques from the effect of early intervention or resolution powers but notes that market stability concerns arise from the exercise of close out rights. The ERC will continue to monitor how this debate evolves.

Ms. Lalitha Colaco-Henry then discussed post-trade transparency in the corporate bond markets. She clarified that price transparency concerns information that is made available to the market as a whole and that there are two types of price transparency – pre-trade and post-trade transparency. Pre-trade transparency concerns trading interest while post-trade transparency refers to information about trades that have already taken place. MiFID was implemented in November 2007 and sets out an elaborate framework for the publication of both pre-and post-trade transparency in relation to equities. However, under MiFID the Commission was required to prepare a report on whether the MiFID price transparency

provisions for equities should be extended to corporate bonds. After considerable research and public consultation the Commission concluded in April 2008 that there was no evidence of a market failure that would warrant regulatory intervention but this absence of market failure was greater for wholesale market participants who appeared to have access to all necessary trading information. However, slightly different conclusions were drawn in relation to small intermediaries and retail investors who had more limited access to trading information. The Commission concluded by saying that it would monitor whether self-regulatory initiatives develop satisfactorily.

The financial crisis occurred and CESR decided that it should re-examine the conclusions it had reached in 2007 to determine whether they were still appropriate. Accordingly, CESR published a consultation paper in December 2008 followed by a report in July 2009. The report recommends that the Commission consider the adoption of a mandatory trade transparency regime for corporate bonds as soon as practicable. At the same time, there have been a few statements from senior figures arguing that something needs to be done about secondary market trading in corporate bonds, such as moving the corporate bond markets onto exchange as they may help to sustain liquidity during times of crisis. Given CESR's conclusions it seems fairly certain that the Commission will re-examine corporate bond market transparency as part of the MiFID Review. However, it is difficult to know what the eventual outcome will be. One possibility is that a post-trade transparency framework will replicate the TRACE system that is used in the US where there is trade-by-trade publication of all corporate bond prices within 15 minutes. On the other hand, the regime may publish information on the same basis as Xtrakter and bondmarketprices.com which shows high, low and median prices at the end of the day. If the main rationale for imposing a post-trade transparency framework is to assist the market with valuation, the million dollar question is whether a CESR's proposal would work. Arguably not. Analysis of Xtrakter's 2008 trade data showed that for the 100 most liquid bonds (by volume traded), some traded only 6 times that year. In these circumstances, would the publication of more post-trade transparency help? Accordingly, ICMA are shortly about to send out a survey to members asking for their views on all these issues. The survey asks for views from the buy-side, sell-side and repo in particular. She urged participants to take the time to complete the survey.

8. Education in the Repo Market

Mr. Antony Baldwin said that there are a number of work programmes and resources available for people to learn more about the repo markets. Especially given the onset of the crisis, it was important that educational opportunities be available. Not only should there be opportunities available to those who are already involved in the repo market (for example to keep abreast of the latest developments on the GMRA) but also for those not directly involved in the market such as regulators, the press and politicians.

Mr. Baldwin said that there were a number of resources available. Minutes of ERC meetings and the ICMA FAQ factsheet, all available from the ICMA website, were a useful starting point. The ICMA FAQ factsheet in particular considered issues such as event of default, valuation prices and market price. Additionally, there were a number of ICMA courses such as the professional repo market course, which was last held in March 2009 and the GMRA Workshop which takes place three to four times a year with the next workshop due to be held on May 6

in Zurich. The ICMA Repo Market Survey was also a very useful resource as it gives a detailed breakdown of the repo market. Finally, there are external courses that are available from a number of commercial providers.

In relation to other initiatives, Mr. Baldwin indicated that he was involved with the SLRC, which has set up an Education and Documentation sub-committee. At the request of Lord Myners, the FSA had conducted an informal review of the securities lending and borrowing market in 2009, focusing in particular on risk management, governance and investor engagement. The FSA concluded that some beneficial owners' knowledge and understanding, particularly in the area of risk, would benefit from the availability of more comprehensive guidance material. The sub-committee is working to an Autumn 2010 deadline and the work is broadly on track. The committee is drafting three documents – Securities Lending Made Simple, together with two further guides setting out a checklist for lenders and their relationship with their agents.

9. Results of the elections to the European repo committee

The Chairman reported that in the first ballot two candidates had received the same number of votes for one corresponding vacancy and therefore a second ballot would be held between the candidates concerned for this place. After the second ballot, it was announced that the following people had been elected to the Committee:

Jessica McDermott	Bank of America Merrill Lynch
Mats Muri	Barclays Capital Securities, London
Simon Parkins	BNP Paribas, Paris
Hermínio Crespo Urena	Caja de Madrid, Madrid
Grigoris Markouizos	Citigroup Global Markets Limited, London
Andreas Biewald	Commerzbank AG, Frankfurt
Romain Dumas	Credit Suisse Securities (Europe) Limited, London
Tony Baldwin	Daiwa Capital Markets Europe Limited, London
David Nicholls	Deutsche Bank AG, Frankfurt
Johan Evenepoel	Dexia Bank Belgium NV/SA Brussels
Olly Benkert	Goldman Sachs International
Jean-Michel Meyer	HSBC
Godfried De Vidts	ICAP Securities Limited
Andrea Masciovecchio	Intesa Sanpaolo S.p.A, Milan
Stefano Bellani	JP Morgan Securities Limited, London
Edward McAleer	Morgan Stanley & Co. International plc, London
Michael Cyrus	The Royal Bank of Scotland plc, London
Simon Tims	UBS AG, London
Eduard Cia	UniCredit Bank Austria AG, Vienna

The Chairman congratulated the new Committee members. He noted that the next meeting of the Committee was that afternoon.

10. The 18th Repo Survey

Mr. Richard Comotto said that for the 18th repo market survey 58 responses had been received from 53 groups. As of December 2009 the market stood at €5,582 billion, which was up from June 2009 when the market stood at €4,868 billion. This represented an increase of 14.7% from the June figures.

Mr. Comotto said that the latest survey showed that in terms of counterparty analysis, electronic trading fell back slightly to 27.5% from a high of 28.5% in June 2009. Market share of anonymous electronic trading jumped from 14.5% in June to 18.3% in December 2009.

Regarding collateral, the share of government bonds used as collateral for repo transactions fell to 76% from 81.2% in the previous survey. This was largely due to a reduction in the use of UK government bonds as collateral to 7.7% of the total business in the latest survey from 12.8% in June 2009.

Finally, with regard to forward repo, the market share of forward repo increased to a record share of 11.3%.

The next survey will be take place on Wednesday 9th June 2010.

11. Any Other Business

There was no other business.

12. Next meeting

The Chairman said that the next Council meeting would take place in the afternoon of October 27th in Amsterdam in the margins of the SWIFT SIBOS conference.