

ICMA European Repo and Collateral Council

April 2020



ICMA's European Repo and Collateral Council (ERCC) represents the cross-border repo and collateral markets in Europe. Membership of the ERCC is open to all ICMA members who are engaged in repo and associated collateral business in Europe. The ICMA ERCC currently has over **100 members**, comprising the majority of firms actively involved in these markets, including from the sell-side, the buy-side and market infrastructure providers.

The role of repo and collateral markets

Repo markets play a vital and central role in the modern financial ecosystem, facilitating a number of critical functions and interacting with a variety of different financial markets.

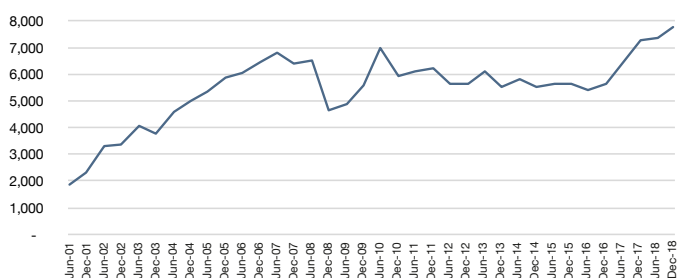
Beyond providing a **means for secured short-term borrowing and lending**, repo markets are essential for funding the market-making books of broker-dealers for both sovereign and corporate debt, and so play a **key role in underpinning secondary market liquidity** for global cash bond markets. Similarly, repo markets are the glue that **binds many derivatives with underlying cash securities**, in particular exchange-traded bond futures and options. Often overlooked, repo markets are also where **collateral is priced, sourced, and mobilised**, allowing a whole range of financial and corporate institutions to meet the margining requirements that increasingly underpin today's financial markets. Finally, repo markets are the primary **channel through which central banks target bank reserves and transmit monetary policy**.

The ability for repo markets to function efficiently and effectively is essential for the overall health of the capital markets through which governments and corporates raise funding and where investors and savers can earn returns and capital growth. In many ways, repo markets represent the foundation stone of the financial system, that facilitates investment, employment, productivity, and economic growth. To interfere with repo markets is to tamper with the DNA of modern-day capital markets.

How big is the repo market?

There are large repo markets in Europe, and the US and Japan, and rapidly emerging (although still relatively small) repo or repo-like markets in China and several other Asian countries, as well as in a number of African and several Latin American countries. The ICMA's **semi-annual survey of the European repo market** in December 2018 set the baseline figure for market size at **EUR 7.77 trillion** in terms of outstanding repo contracts for the survey sample (which includes the most active participants in the European repo market).

European repo market size (EUR billions)



(Source: ICMA European repo market survey)

What does the ICMA ERCC do?

As the industry's representative body the ICMA ERCC works to foster robust and orderly repo and collateral markets in Europe, by:

- Maintaining the **Global Master Repurchase Agreement (GMRA)** and its underlying legal opinions, which are updated every year, with new jurisdictions added as needed
- Overseeing the publication of the **ICMA ERCC Guide to Best Practice in the European Repo Market** and related best practices, e.g. in relation to **SFTR reporting**
- Investing in the future of the repo market by providing educational courses and market information, such as the semi-annual **survey of the European repo market** which has become established as the authoritative indicator of market size and structure
- Discussing practical issues arising in the market and coordinating market-led technical solutions
- Engaging with regulatory authorities, including preparing position papers and responses to public consultations
- Working to ensure greater understanding of the importance of the repo product as an essential component of global financial markets
- Supporting the development of emerging repo markets by providing advisory services, often in co-operation with development institutions.

Structure of the ICMA ERCC

ICMA European Repo and Collateral Council – All ERCC members are represented in the Council which meets regularly to discuss broad industry issues. The Council holds two General Meetings each year which are open to all interested market participants. These events provide a good opportunity to hear about the various issues that the repo market is currently facing and the steps being taken to address these. On an annual basis, all full ERCC members are called upon to elect the ERCC Committee.

ICMA ERCC Committee – The Committee is the elected governing board of the ERCC comprising of 19 elected individuals from member firms. The Committee meets on a regular basis and is responsible for the public output of the ERCC, such as opinions on regulatory and market practice developments, responses to consultation papers, etc.

ICMA ERCC Operations Group – established in 2006 to address operations specific activities arising from the work of the ERCC Committee. Composed of operations specialists from ERCC member firms, the Group aims to develop operational best practices and processes to improve the timeliness, completeness and efficiency of the repo product, with an increasing focus on emerging FinTech solutions, monitored by a dedicated **FinTech Working Group**.

ICMA ERCC SFTR Task Force – established on 2015 to serve as an open forum for the industry to prepare the implementation of extensive SFTR reporting requirements for repo and agree related best practices.

ICMA ERCC Legal Working Group - The Legal working group was set up to complement the work of the ERCC, creating a forum in which legal matters arising out of the ERCC agenda can be discussed, including the development of the Global Master Repurchase Agreement (GMRA), scope of the ICMA GMRA legal opinions and the impact of relevant legislative amendments.

The current members of the ICMA ERCC Committee

Charlie Badran

AXA Investment Managers Ltd

Nick Dent

Barclays Capital Securities Limited

Emma Cooper

BlackRock Investment Management (UK) Limited

Eugene McGroary

BNP Paribas

Grigorios Markouizos (ERCC Vice Chair)

Citigroup Global Markets Limited

Jean-Robert Wilkin

Clearstream Banking

Andreas Biewald

Commerzbank Aktiengesellschaft

Michel Semaan (ERCC Chair)

Crédit Agricole Corporate and Investment Bank

Romain Dumas

Credit Suisse Securities (Europe) Limited

David Joughin

Deutsche Bank AG

Jean-Michel Meyer

HSBC Bank plc

Nicola Danese

J. P. Morgan Securities plc

Antony Baldwin

LCH Limited

Daniel Bremer

Merrill Lynch International

(trading as Bank of America Merrill Lynch)

Paul Van De Moosdijk

PGGM Vermogensbeheer B.V.

Sylvain Bojic

Société Générale S.A.

Richard Hochreutiner (ERCC Vice Chair)

Swiss Reinsurance Company Ltd

Gareth Allen

UBS AG

Harald Bänsch

UniCredit Bank AG

Reports, briefing papers and consultation responses

The ICMA ERCC produces reports, industry briefing papers and consultation responses on a variety of issues that impact the market. Recent publications include:

- The European repo market at 2018 year-end
- The GFMA and ICMA Repo Market Study: Post-Crisis Reforms and the Evolution of the Repo and Broader SFT Markets
- Discussion paper on CSDR mandatory buy-ins and securities financing transactions
- FinTech Mapping Directory for repo and cash bond operations
- The European Credit Repo Market: The cornerstone of corporate bond market liquidity
- Closed for Business: A post-mortem of the European repo market break-down over the 2016 year-end
- FAQs on MiFID II/R and Repo
- Updates, presentations and consultation responses related to SFTR
- The Counterparty Gap: Report on trade registration models used by European Repo CCPs
- Impacts of the Net Stable Funding Ratio on Repo and Collateral Markets
- Perspectives from the Eye of the Storm: The current state and future evolution of the European Repo Market

All reports, briefing papers and responses are available from the **[ICMA website](#)**.

ICMA ERCC Events

The ICMA ERCC runs a series of **events** in Europe every year, notably Spring and Autumn General Meetings which are open to anyone with an interest in the repo market, the annual professional repo market course and various training courses and workshops related to repo and collateral management.

Contacts at ICMA

Andy Hill, andy.hill@icmagroup.org

Senior Director, Market Practice and Regulatory Policy;

Alexander Westphal, alexander.westphal@icmagroup.org

Director, Market Practice and Regulatory Policy (Secretary to the ICMA ERCC)

Lisa Cleary, lisa.cleary@icmagroup.org

Senior Director, Associate Counsel

Godfried DeVidts, godfried.devidts@icmagroup.org

Senior Adviser

For more information see our **[Repo FAQs on the Repo and collateral markets section of the ICMA website](#)**

ICMA Zurich

T: +41 44 363 4222
Dreikönigstrasse 8
CH-8002 Zurich
Switzerland

ICMA London

T: +44 20 7213 0310
5th floor
110 Cannon Street
London EC4N 6EU
United Kingdom

ICMA Paris

T: +33 1 70 17 64 72
62 rue la Boetie
75008 Paris
France

ICMA Hong Kong

T: +852 2531 6592
Unit 3603, Tower 2,
Lippo Centre
89 Queensway Admiralty
Hong Kong

www.icmagroup.org

