Press release
News from the International Capital Market Association (ICMA)

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For immediate release

ICMA’s European Repo Council reports successful migration of the European bond markets to T+2

(London, UK) The International Capital Market Association (ICMA) and the ICMA European Repo Council (ERC) report that the initial feedback from members and operations working groups indicates that the transition to settlement at T+2 for the European fixed income markets has been largely successful with few issues.

The migration of the standard settlement cycle for cash trading in bonds from settlement at T+3 (Trade date + 3 working days) to T+2 was made in response to the EU Central Securities Depositories Regulation (CSDR) and took effect on 6 October 2014.

Commenting on the migration to T+2 Godfried De Viddts, Chair of ICMA’s European Repo Council said:

“Feedback from ICMA and ERC members suggests that there were very few issues or incidents on the migration settlement date of 8 October. Netting and pair-offs across trades transacted on 3 and 6 October meant that settlement volumes on 8 October only increased by around 50%. Market-wide efforts to ensure timely affirmation and allocations resulted in only around 1% of total traded volumes matching and subsequently requiring post-trade repair. Settlement efficiency levels have remained high during the migration, with only a negligible uptick in settlement fails on 8 October and there have been no observable issues with agent and clearing funding, bottlenecks, and settlement cycle events.”

“From the perspective of the repo markets, the shorter-settlement cycle for underlying securities, and the migration of liquidity for most financing trades from T+2 to T+1, has not posed any immediately observable issues, although the ERC will continue to monitor the situation closely, particularly the impact of increased volumes in same-day collateral and liquidity management.”

“This success can be attributed to the significant efforts made by the relevant market trade bodies, the regulated markets (RMs), the multilateral trading facilities (MTFs), and data vendors to ensure a harmonized migration, both on trading venues and in the over-the-counter (OTC) markets, and to raise awareness and preparedness amongst market participants. A number of issues remain to be resolved, but ICMA and ERC will continue to work closely with their members and the various international market bodies to reach agreed standards and practical solutions. We will also continue to monitor closely the ongoing effect on settlement efficiency, both for outright cash trades and Securities Financing Transactions, not least as other regulatory initiatives begin to impact these markets.”
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Notes for editors
International Capital Market Association (ICMA) and European Repo Council
ICMA represents financial institutions active in the international capital market and has some 460 members located in 54 countries. ICMA’s market conventions and standards have been the pillars of the international debt market for over 40 years, providing the framework of rules governing market practice which facilitate the orderly functioning 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.

The ICMA European Repo Council is a special interest group established under the auspices of ICMA to represent the major firms active in Europe’s cross-border repo markets.
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