

# EUREPO

the secured benchmark  
evolution

ECB / MMCG, Madrid 16 June 2014



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## Background

- **Eurepo ®**, was launched on 4 March 2002, with 37 panel banks, and 10 steering committee members
- **Original Index definition:** the rate at which, at 11.00 am, Brussels time, one prime bank offers, in the euro-zone and worldwide, funds in euro to another prime bank if in exchange the prime bank receives from the other prime bank Eurepo GC as collateral. Act./360 basis.
- **Definition update, Jan. 2011:** the rate at which, at 11.00 am, Brussels time, one bank offers, in the euro-zone and worldwide, funds in euro to another bank if in exchange the former receives from the latter the best collateral within the most actively traded European repo market.

### Current situation

- **Current panel, 11 members:** Belfius, Commerzbank, DZ Bank, Unicredit AG, NBGreece, Monte dei Paschi, Intesa Spaolo, CGD, BBVA, Santander, Cecabank.
- EBF conducted a **survey** (May 2013) asking two main aspects:
  - Real utilisation of the index    ➡ **NOT** to much
  - Value of a secured benchmark ➡ **IMPORTANT** to have one
- **EBF** decided the creation of a **task force** to redefine the Eurepo in cooperation with the **Eurepo Steering Committee** the **ERC**, and **ECB as observer**
- Some private initiatives already publishing their own real transaction-based indices.    STOXX GC Pooling: <http://www.eurexrepo.com/repo-en/market-data/indices/>

## Current situation (II)

### Conclusion

#### ➤ To follow the IOSCO principles and EBA/ESMA recommendations

- Transparent
- Robust
- Reliable
- Durable (for the next 10y)
- Transaction based
- Clear governance

#### ➤ Clear definition of what the alternative benchmark is expected to represent:

(still being worked through)

- Should represent the **pan-european curve** for the secured market
- **CCP cleared** transactions (LCH, Eurex, CC&G, MEFFREPO)
- **Executed electronically**
- Including secured funding transactions **cash driven** like, **GC baskets, GC trades**, and transactions of **individual bonds which do not trade special** ( the challenge is how to extract the latter)
- Terms: at the beginning only **volumes on an specific date**, including trades executed in **S/N, T/N** (prior to this date) and **O/N**.

### Next steps

**Meeting in Brussels, beginning of July 2014**



**Launching of the new index-benchmark: during 2015 depending on**



**the progress of the task force**



**Which rate the market needs: a funding rate vs pure O/N, T/N rate**



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