

News from the International Capital Market Association (ICMA)

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Results of the pilot survey of repo markets in Asia-Pacific are published

(26 September 2017 - Hong Kong) ICMA's European Repo and Collateral Council (ERCC) and ASIFMA's Secured Funding Markets Committee have today released the results of a pilot survey of the Asia-Pacific repo market.

The Asia-Pacific survey uses similar methodology to the long-established ICMA ERCC European repo market survey, which reports the value of repos and reverse repos outstanding in the market at close of a chosen business day, in this case 7 December 2016.

Asian repo has been defined, for the purposes of the survey, as repo (1) involving at least one party dealing from a location in Asia in any currency or against any collateral or (2) between parties located anywhere but in an Asian currency and/or against collateral issued in Asia.

The main findings of the survey:

- Most collateral was reversed in by repo desks located in Japan from counterparties in the domestic market and mainly repo-ed out cross-border to counterparties outside Asia.
- Collateral in the form of sovereign securities formed a larger share of the Asian market than the European market (at least as measured in the surveys). The largest share of collateral was Japanese, but there was also a significant amount of US collateral.
- The main currency traded in the Asia-Pacific repo market was Japanese yen, of which the reporting banks were net lenders. There was some cross-currency repo between US dollars and Japanese collateral.
- Most transactions were executed directly on the telephone and electronic messaging systems. Voice-brokers were heavily involved in reverse repos from domestic counterparties. There was very little electronic trading.

Although the sample for this initial survey was narrow (drawing on responses from eight member banks of ASIFMA and ICMA who are active in the cross-border repo market), the results complement data gathered from the larger December 2016 ICMA European survey which revealed that Asian repo accounts for a small, although not insignificant share of the European market and that the Japanese yen is the main Asian currency traded, with JGBs as the most common traded Asian collateral. The European market is a net cross-border taker of collateral from Asia.

Martin Scheck, Chief Executive of ICMA, says: "The ICMA ERCC survey started in Europe more than 15 years ago and has become the definitive source of data on trends and developments in European repo, widely quoted by regulators, central banks and academics. Our intention is that this first Asia-Pacific survey will be the precursor of a similarly authoritative report for the fast-growing repo markets of the region."

Mark Austen, CEO of ASIFMA, comments: "The Asia-Pacific repo survey is another important step in our ongoing efforts to promote the development of repo markets in Asia. Repo markets are a critical element in all major developed financial markets, enhancing price discovery, market depth and

resilience. Yet market data on Asian repo markets are fragmented and difficult to come by. We believe that the time is ripe for a market-led initiative to offer greater transparency of the Asian market and that this information will help catalyse the further development of the market by promoting wider awareness and better understanding.”

ICMA and ASIFMA will conduct this survey of the cross-border Asian repo market annually from December 2017 in parallel with the December European repo survey.

[Download the pilot survey of the Asia-Pacific repo market](#)

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Notes for editors

ICMA

ICMA represents institutions active in the international capital market worldwide and has 530 members located in 62 countries. ICMA's market conventions and standards have been the pillars of the international debt market for 50 years, providing the framework of rules governing market practice which facilitate the orderly functioning of the market. ICMA's members in the Asia-Pacific region are supported by its office in Hong Kong.

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ASIFMA

[ASIFMA](#) is an independent, regional trade association with over 100 member firms comprising a diverse range of leading financial institutions from both the buy and sell side, including banks, asset managers, law firms and market infrastructure service providers. Together, we harness the shared interests of the financial industry to promote the development of liquid, deep and broad capital markets in Asia. ASIFMA advocates stable, innovative and competitive Asian capital markets that are necessary to support the region's economic growth. We drive consensus, advocate solutions and effect change around key issues through the collective strength and clarity of one industry voice. Our many initiatives include consultations with regulators and exchanges, development of uniform industry standards, advocacy for enhanced markets through policy papers, and lowering the cost of doing business in the region. Through the [GFMA](#) alliance with [SIFMA](#) in the United States and [AFME](#) in Europe, ASIFMA also provides insights on global best practices and standards to benefit the region.

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