

## News from the International Capital Market Association (ICMA)

Dreikönigstrasse 8, CH-8002 Zurich

[www.icmagroup.org](http://www.icmagroup.org)

Please see foot of release for contact details

**4 April 2019**

**For immediate release**

### **ICMA survey shows continuing steady growth in the European repo market - market size reaches EUR 7,739 billion**

The European Repo and Collateral Council (ERCC) of the International Capital Market Association (ICMA) has today released the results of its 36th semi-annual survey of the European repo market. The survey, which calculates the amount of repo business outstanding on 5 December 2018, from the returns of 58 offices of 54 financial groups, sets the baseline figure for European market size at EUR 7,739 billion up from EUR 7,351 billion in the June 2018 survey. Year on year this represents an increase of 6.3% year-on-year since the December 2017 survey.

Godfried De Vidts, Senior Advisor to ICMA's ERCC, said: "Modest growth in repo outstandings since the last survey show that the secured markets continue to play a pivotal role in servicing the financial markets. Various regulatory and prudential initiatives designed to improve financial stability continue to increase the need for further use of collateral. Political events will cause further shifts in euro repo trading locations when the June 2019 survey takes place. The ICMA ERCC repo survey remains the unique resource for buy & sell side participants and regulators alike to understand the impact of changes on market behaviour during the implementation of the Securities Financing Transactions Regulation".

[Download the 36th ICMA ERCC European Repo Market Survey](#)

The results of the second survey of 2018 largely reinforce the trends seen in the first half of the year:

- strong overall growth of the European market;
- an increasing market share within the survey for electronic trading survey at the expense of direct and voice-brokered business;
- increasing domestic business, although the reasons for this are unclear;
- no evidence of a recovery in tri-party repo, possibly due to the plentiful liquidity still being provided by central banks; and
- the continued expansion of forward repo.

Once again, the survey paints a picture of a market that has adapted to recent regulation and is benefitting from new regulatory-driven collateral demand. Post-crisis regulation has pushed markets toward centralised clearing, with the associated higher margin commitments and more frequent margin calls creating huge collateral demands. The repo market is the mechanism by which this margin collateral, mostly in the form of cash and government bonds, is moved around the system to where it is needed.

This has been accompanied by a relaxation of the priority given to customer business when regulation constrained balance sheets and a consequent shift back into interdealer electronic trading.

The survey also shows increased concentration of the market which could indicate that the largest banks are driving the growth in repo, perhaps because they have been able to adapt most efficiently to regulatory demands.

For more information about the European repo market and the repo product please see [FAQS on repo](#)

**Contact details for further information**

Allan Malvar	Margaret Wilkinson
+44 20 7213 0322	+44 20 7213 0323
+44 7738 696 451	+44 7931 100 499
<a href="mailto:allan.malvar@icmagroup.org">allan.malvar@icmagroup.org</a>	<a href="mailto:margaret.wilkinson@icmagroup.org">margaret.wilkinson@icmagroup.org</a>

**International Capital Market Association (ICMA)**

ICMA is the trade association for the international capital market with over 560 member firms from 62 countries, including issuers, banks, asset managers, central banks, infrastructure providers and law firms. It performs a crucial central role in the market by providing industry-driven standards and recommendations for issuance, trading and settlement in international fixed income and related instruments. ICMA liaises closely with regulatory and governmental authorities, both at the national and supranational level, to help to ensure that financial regulation promotes the efficiency and cost effectiveness of the capital market.

[www.icmagroup.org](http://www.icmagroup.org)  
[@ICMAGroup](#)

**ICMA European Repo and Collateral Council (ICMA ERCC)**

The ICMA ERCC is a grouping established under the auspices of ICMA to bring together the major institutions active in Europe's cross-border repo and collateral markets and currently numbers 100 firms. It is the forum where the repo dealer community meets and forges consensus solutions to the practical problems of a rapidly evolving marketplace, consolidating and codifying best market practice. Membership of the ERCC is open to any ICMA member firm which has dedicated repo or collateral market activity, is willing to abide by the rules and has sufficient professional expertise, financial standing and technical resources to meet its obligations as a member.