



Harald Endres

# Alternative secured Money Market benchmarks

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ECB Money Market Contact Group

 Finanzgruppe

 Bayern LB

# Various Consultative Documents

**European Commission** - Consultation document on the regulation of indices (September 2012/ July 2013)

**FSA** - The Wheatley Review of Libor (September 2012)

**ESMA/ EBA** - Principles for Benchmark-Setting Processes in the EU (June 2013)

**BIS** - Towards better reference rate practices: a central bank perspective (March 2013)

**IOSCO** - Principles for financial Benchmarks (April 2013)



**Moving towards to more transaction-based benchmarks**

# New alternative secured market benchmarks

	STOXX GC Pooling Funding Rate	Repo Funds Rate
publisher	STOXX Ltd	ICAP Information Services
Reuters Bloomberg	.STXGCPFR SGCPFR	REPOFUNDS REPF
centrally cleared	Eurex Clearing AG	LCH CC&G
electronic platform	Eurex Repo 107 participants	BrokerTec and MTS 70 /over 150 participants
eligible repo trades	GC Pooling 21.000 ISIN's (ECB eligible BBB-)	Government bonds (GC + Special) (Germany, France, Italy)
terms	Total Volume on the effective value day (O/N, T/N, S/N) ca. O/N 50% T/N 25% S/N 25%	
volume 13. June 2013	37 bn €	D 46 bn € F 34 bn € IT 64 bn €
rate 13. June 2013	0,054%	-0,001% 0,033% 0,10%

**EONIA**  
**22,4 bn €**  
**0,074%**

# Stoxx GC Pooling Funding Rate vs. Repo Funds Rate

## STOXX GC Pooling Funding Rate



- GC Pooling based on ECB EAD list (incl. same Haircuts)
- Fixing: a whole collateralized Money Market curve (daily trades and binding quote) up to 1y (1w, 2w, 1m, 3m, 6m, 9m, 1y) envisaged for Q4



- depending on the risk appetite of 1 central counterpart (concentration limit, correlation limit)
- missing Steering committee

## Repo Funds Rate



- different central counterpart
- high volume



- more a SPECIAL funding rate than a GC Rate ( ca. 10% GC / 90% SPECIAL)
- covers only a part of of the secured market (D, FR, IT)

# EONIA vs. Alternative benchmark



# Main criteria for Benchmarks

	EURIBOR	EUREPO	REPO FundsRate	STOXX GC Pooling
▪ clear transparent definition				
▪ broad coverage of the underlying market				
▪ accepted across markets				
▪ transaction based calculation				
▪ adequate process control (code of conduct)				
▪ sensitive to market volatility				
▪ independent steering committee				
▪ robust in periods of market stress				
▪ represent the complete curve				

# Potential issues for discussion



- Secured reference rate a option to EURIBOR



- private initiative welcome or public good



- several benchmarks possible



combination of different reference rates to one benchmark



- CCP potential conflict of interest (EMIR clearing/ benchmark)

A photograph of three business professionals (two men and one woman) in dark blue suits walking through a modern office hallway with large windows and a reflective floor. The scene is overlaid with a semi-transparent blue banner containing text.

**Thank you for your attention!**

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