

**Brussels, 10<sup>th</sup> September 2018**

**The EMMI Board of Directors has decided to stop the efforts toward the production of a pan-European reference index for the secured segment of the euro money market under the New Repo Index project.<sup>1</sup>**

The project for the development of a transaction-based reference index for the secured segment of the money market started in 2014 in response to the concern of a number of international regulatory bodies on the excessive reliance by market participants on benchmark indices based on unsecured bank funding markets.

Over the last years, the European Money Markets Institute (EMMI) has devoted significant efforts to develop an index based on a liquid market that could serve as an alternative reference rate to existing indices, such as Euribor and Eonia. While the feedback to EMMI's past consultations was broadly supportive of the initiative, the current environment in the world of reference rate indices does not encourage EMMI to pursue this path any further. Moreover, contacts and discussions with different market participants and infrastructure providers did not reveal a sufficiently significant appetite among different market actors for this reference rate.

The working group on euro risk-free rates (RFR) convened by the European Central Bank, the Financial Services and Markets Authority, the European Securities and Markets Authority, and the European Commission recently identified three rates that they considered had the characteristics to potentially qualify them as the euro RFR: the ECB's ESTER, STOXX's GC Pooling Deferred Rate, and NEX Data Service's RepoFunds Rate.<sup>2</sup> In view of this analysis, EMMI considers that the market is in a situation in which alternatives to existing reference rate indices, and in particular to EONIA, can be found.

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<sup>1</sup> More information and resources on EMMI's New Repo Index project can be found on [EMMI's website](#).

<sup>2</sup> In June 2018, the working group published its [first public consultation on the assessment of candidate euro risk-free rates](#).



In its most recent meeting, and in light of the latest developments, the EMMI Board of Directors decided that EMMI's resources should be fully devoted to the ongoing Euribor reform and the transition from EONIA to the alternative reference rate that will soon be recommended by the euro RFR working group. A successful end to the Euribor reform is paramount to guarantee the continuity of the benchmark past the horizon of 2020, established by the EU Benchmark Regulation in Article 51(4).<sup>3</sup> An orderly and coordinated transition from EONIA to the alternative RFR will have to be carefully prepared.

The work on the new repo index project gave EMMI the opportunity to deepen its knowledge of the euro repo market and understand its behavior and evolution in a variety of market conditions and circumstances. As part of the development work for the benchmark, EMMI analyzed a large data sample spanning 10 years of daily repo activity.<sup>4</sup> Given the importance and the role the repo market plays in the euro area, EMMI remains committed to examine other opportunities in which its experience as administrator of critical benchmarks can be fully utilized and put at the service of the market.

EMMI wishes to thank the European Repo and Collateral Council for their support, BrokerTec, Eurex Repo, and MTS Repo, for gracefully providing the data necessary to develop the methodology of the New Repo Index, STOXX and NEX Data Services, for their interest in the initiative, and the Secured Benchmark Task Force, which guided the work of EMMI in the definition of the index and the development of its methodology.

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<sup>3</sup> [Regulation \(EU\) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks.](#)

<sup>4</sup> Details of the analysis can be found in Section 2 of [EMMI's consultation paper on a new reference index for the euro repo market.](#)