



European Money Markets Institute

EMMI CONSULTS STAKEHOLDERS ON A NEW REFERENCE RATE FOR THE EURO REPO MARKET

Over the past years, EMMI has been striving to find suitable risk free or nearly risk-free rates based on robust and liquid underlying markets to complement Euribor and Eonia, in line with regulatory recommendations.

In the light of the shift in money market patterns, which show a greater reliance on secured funding, EMMI established a Task Force to explore the feasibility of a transaction-based benchmark for the secured segment of the euro money markets.

To this end, EMMI received transaction data, covering a period from 2006 to 2015, from the three most active Automatic Trading Systems in Europe. On the basis of this data, EMMI conducted an exhaustive analysis to assess whether the data are sufficient to support the determination of a new pan-European index and the design considerations to be taken into account.

The analysis highlights that activity for the electronically traded repo market in euro is concentrated on the short term of the curve, therefore allowing for the development of a purely transaction based benchmark for the one day tenor.

“EMMI has been undertaking an exhaustive analysis of the data received, and testing the proposed methodology under periods of market stress and regulatory changes. The analysis shows significant activity in the repo euro money markets to build a reliable fully transaction-based benchmark for the one-day tenor”, said Guido Ravoet, EMMI Secretary General.

The consultation paper sets out a specification and a calculation methodology for a new pan-European repo benchmark. It intends to provide the market with a credible and robust index which is aligned with regulatory requirements and fills the gap left following the discontinuation of Eurepo¹.

“EMMI has a strong commitment to a multi-rate approach. Having a range of reference interest rates will enable users to choose the rate that best suits their economic needs. Therefore, we strongly encourage all market participants, financial services regulators, benchmark users and other interested parties to participate in this consultation process”, added Ravoet.

EMMI's [consultation](#) on a new reference index for the Euro repo market will be open to stakeholder feedback until July 14th 2017.

Note for the editor:

The European Money Markets Institute – EMMI (previously known as Euribor-EBF) is an international non-profit making association under Belgian law founded in 1999 with the launch of the Euro and based in Brussels (56, Ave des Arts, 1000 Brussels). Its members are national banking associations in the Member States of the European Union. It manages European interbank benchmarks such as Euribor®/Eonia® along with the Short Term European Paper (STEP) transparency initiative. Contact: a.fernandez@emmi-benchmarks.eu

¹ Eurepo was discontinued in January 2015. <https://www.emmi-benchmarks.eu/eurepo-org/eurepo-history.html>