



EMMEC Meeting – Summary

Meeting title	EMMEC meeting
Date and time	1 October 18.30 – 2 October 2025 16.30
Location	Hybrid: <ul style="list-style-type: none"> • Erste Campus – Vienna, Austria • conference call (Teams)
Attendees	<p>EMMEC Members – physical</p> <p>F. BESET (Rabobank) – Chair – ACI Netherlands</p> <p>F. PAILLOUX (Société Générale) – ACI France</p> <p>P. LE VEZIEL (Crédit Agricole SA & Crédit Agricole CIB) – ACI France</p> <p>R. BRUNNER (Erste Group Bank AG) – TMA Austria</p> <p>L. BRANDTNER (Raiffeisenlandesbank Oberösterreich) – TMA Austria</p> <p>H. WESTERMANN (Commerzbank) – AEFMA Germany</p> <p>F. SPAHN (DZ Bank) – AEFMA Germany</p> <p>G. SANCHEZ DE ROJAS (Banco Santander SA) – ACI Spain</p> <p>M. BADIA ORTEGA (Cecabank) – ACI Spain</p> <p>F. SCHLEIFER (Volksbank Wien AG) – TMA Austria</p> <p>A. ADOTTI (Banca Iccrea) – Assiom Forex Italy</p> <p>B. VAN DER VEEKEN (ASN bank) – ACI Netherlands</p> <p>F. ALCAIDE (Caixa Geral de depósitos) – Forex ACI Portugal</p> <p>EMMEC Members – online</p> <p>P. BYRNE (Bank of Ireland)</p> <p>M.C. LEGE (Intesa SanPaolo SpA) – Assiom Forex Italy</p> <p>S. CIMINO (UniCredit) – Assiom Forex Italy</p> <p>F. NOCERA . (Cassa Depositi e Prestiti) – Assiom Forex Italy</p> <p>C. ORIGER (BCEE – Banque et Caisse d'Épargne de l'Etat) – LFMA Luxembourg</p> <p>C. WICHMANN (Danske Bank) – ACI Denmark</p> <p>C. HUSS (Union Bancaire Privée) – LFMA Luxembourg</p> <p>O. HUBERT (Natixis) – ACI France</p> <p>F. KUNZ (Raiffeissen Switzerland) – ACI Suisse</p> <p>H. JEPSEN (Danske Bank) – ACI Denmark</p> <p>Guest speakers</p> <p>L. HARREAU (Crédit Agricole CIB)</p> <p>G. SCHEEPERS (Rabobank)</p> <p>P. CARLETTO (Amundi)</p>

	<p>Observers</p> <p>R. CORREIA – ACI FMA</p> <p>F. HEBEISEN – ACI France</p> <p>E. HEYMAN (Belfius Bank) – ACI Belgium</p> <p>E. WITT – ECB</p> <p>W. PACHULSKA – ECB</p> <p>P. NICOLOSO – ECB</p> <p>EMMEC Secretariat</p> <p>B. DENECKER – EMMI</p> <p>F. NUNZIANTE CESARO – EMMI</p>
Agenda items	Speaking points
Introduction	<p>EMMEC members were reminded of competition law, confidentiality and conflicts of interest.</p> <p>Two members left and were replaced – agreement by consensus</p> <p>ACI Suisse: Jacques Piasko → Fabian Kunz</p> <p>ACI Denmark: Eske Smidt → Heine Jepsen</p> <p>Stefan Dörfler, Erste Group CFO, welcomed all members in the hosting location, Erste Campus in Vienna, Austria. He gave some introductory remarks on the importance of liquidity management and the importance of the role the different members play in their respective institutions.</p>
Item 1	<p>Extension of TARGET operating hours and liquidity aspect of the instant payment regulation (IPR) by Gerard Scheepers – Senior Financial Markets Infrastructure Specialist at Rabobank</p> <ul style="list-style-type: none"> • Instant payment regulation: a lot of impact can be expected from the regulation, going from batch payments at fixed moments to end-to-end continuous payments that settle in less than 10 seconds. Impact due to loss of netting, changes in liquidity requirements, increased opening hours, and as of 9th Oct unlimited amounts • Target opening hours: most services/accounts in Target close at 18h, whereas the instant payments account (TIPS) remains open. This raises a lot of questions on how to manage these different types of accounts as they do not have the same remuneration. There's a risk – return challenge: pre funding too little could create temporary liquidity issues (not real as the money is locked on a closed account), however overfunding the account will lead to a loss in revenue. It was also highlighted that other initiatives like digital Euro will create similar requirements like IPR, so instant payments is one chapter in a longer story. • Instant Payments: several challenges have come to the surface, like increased liquidity buffers, how to manage this efficiently from both an operational as a return angle, liquidity risk models might need to be reviewed, what for flows that trigger FX, interest calculation (client gets interest for money coming in after 18h but the bank doesn't), ...

	<p>AMI-PAY (Advisory group on market infrastructure for payments) taskforce is discussing potential solutions to the challenges raised.</p> <ul style="list-style-type: none"> • ECB consultation paper: this covers several topics like cross-border payments, liquidity risk, ... On opening hours several options are open for discussion. This consultation paper will be used to make long term decisions and are thus not helping to address the short term needs created by instant payments regulation which scope is expanding soon. • Most members recognise the business case IPR is addressing, they are however concerned by some aspects of the practical implementation, e.g. the way interests are calculated on the different Target accounts. This makes managing the different accounts needlessly complicated. Different potential improvements were discussed like cash sweep (not possible as one account is closed), cash pooling or centralised interest calculation, circuit break mechanism, overdraft on the account, ... One member pointed out that in a non-EUR country the remuneration between the different accounts was aligned. • The risk of the TIPS account running out of cash, even though the bank has sufficient cash at the other Target accounts was discussed at length. IPR came in via the payments department and only at a later stage the liquidity risks were addressed. For several members the unlimited amount that can be transferred, especially outside normal business hours, might create unnecessary risks. One member suggested to look at what other regions, that already have such regulation, have learned from this. Risks for clients were also discussed: what if a client makes a fat finger mistake and the trade settles in 10 seconds. • Instant payments and impact for corporate clients were further discussed: operational issues like sending big batches that the system cannot handle and, although deemed unlikely, risk of arbitraging interest payments, unlimited amounts in combination with fraud risk, corporate's treasury management systems not having instant payments fields, ... One member noted that systems in the past were built in the past for good reason to maximise netting (and limit settlement risks) and this is now going completely in the other direction. There might be a need to educate clients on undesired effects. A potential solution could be to have the option to flag payments as non-time critical to allow for smoother operations. • On changing the TARGET opening hours some concerns were raised: the accounting would somehow need to follow this change (definitely non-trivial). Additionally this might imply to have teams working during the night/weekend.
Item 2	<p>ECB Stance and framework by Louis Herreau – Head of Developed Markets Macro and Strategy at Crédit Agricole CIB</p> <ul style="list-style-type: none"> • The economic outlook, is very positive for Europe. The periphery in Europe has enjoyed a strong recovery following the structural reforms which were initiated a decade ago. In the core however the picture is less positive with Germany having almost zero

growth over the last 8y. However there's expectation this will improve thanks to the spending the German government will unleash in the years to come. The impact of this should not be underestimated and will also impact neighbouring countries: the stronger the ties a country has to Germany the more impact can be expected. The impact of tariffs is also believed to be overblown, exports to US are only a relatively small part. So all in all the view on Europe is very optimistic.

- Further supportive is the core inflation which is normalizing around the 2% target: both goods and services returning to their long term average (0% and 2.5% respectively). For the ECB rates this resulted in a view of no rate changes in the foreseeable future and a hike sooner or later – maybe end of next year.
- When asked about the US market there was much more uncertainty where it's unclear if inflation or a worsening economic picture will prevail. It was mentioned that markets seem to be pricing in more cuts which could be driven by expectations that FED would lose its independence (at least partially). Although this is not a central scenario it is one with significant implications: would Treasuries still be considered safe assets in such scenario?
- Switching to the ECB framework, the Eurosystem balance sheet was discussed and its impact on liquidity. The quantitative tightening which is at 40bio/month can be considered to be very aggressive. The liquidity went from abundant to ample and further liquidity reduction will occur.
- All this has impacted and will continue to impact the EGB market: the private sector will have to absorb these bonds, additionally the net increase due to the spending in Germany will have to be absorbed. The German asset swap spread has inverted. When asked the speaker commented that he expects German yields to go further above swap spread (asset swap spread at 20bp at the end of next year).
- What is less clear is from which level of excess liquidity the banks will have to start using the MRO. This depends if and how the interbank rebalancing will adapt, what the impact of ratios will be, whether or not there's perceived stigma, up to what levels of reduced LCR are banks willing to go, ... It could be around 1.5 trillion.
- A member mentioned that liquidity spreads will go up when we get to that point which will impact rates for clients and he saw the point earlier at around 1.8 – 2 trillion. Repo rates are also expected to go up.
- From that moment the structural portfolio will kick in, and in the view of the speaker this would be with the use of vanilla instruments of relatively short term as the goal is to inject liquidity and create no other effects.
- The effect on €STR was discussed and the link between average LCR of banks and €STR. The view was that €STR would remain under DFR – somewhere 5bp below. For some clients the repo market would become more attractive.

	<ul style="list-style-type: none"> • The expected behaviour of repo rates under decreasing excess liquidity was discussed: history shows that repo rates moved up. In the case of zero excess liquidity it can be expected to move towards the MRO rate. One member commented that even though repo market can become more attractive, the unsecured market will never disappear as it is an essential part of the market. • As final point the quarter end repo spikes, were discussed. This was driven by regulatory and year-end balance sheet constraints of banks. The speaker suggested to have more repo on CCP, including ECB's refinancing transactions as lender of last resort, to ease balance sheet impact and associated rate spikes and have a well-functioning market on all days of the year.
Item 3	<p>Members' roundtable: update on the latest market trends and developments.</p> <ul style="list-style-type: none"> • The topic of instant payments and intraday liquidity remains high on the agenda for a lot of banks. • Members noted that despite unfolding geopolitical developments—such as the wars in Ukraine and Israel, budget concerns in France and Belgium, and rising tariffs, to name a few—risk-on markets remain calm. This subdued reaction is partly attributed to the ample liquidity in the market, although it was acknowledged that liquidity alone does not fully explain the calmness. It appears that markets are numbed and uncomfortably quiet. This muted response to global events is evident across all markets. • There is more consensus on the ECB rate path ahead (flat curve), however banks and even supra sovereign are paying slightly more when issuing paper. Someone was wondering if the liquidity was ample in all places. • In the short end, the USD cross-currency basis versus EUR has largely disappeared—an ongoing phenomenon that reflects structural changes in funding markets. The persistent compression suggests a reduced premium for USD funding via FX swaps, supported by ample liquidity and lower hedging demand from European institutions. • In the short end, issuance spreads are generally favourable, with new deals being well accepted by the market. However, one member noted that the market may be growing too accustomed to everything going smoothly—especially with the high volumes expected next year. The key challenge ahead could be the absorption capacity of banks, as sustained issuance momentum in the short end may begin to test the limits of demand. • For sovereign spreads France is worsening and put under some pressure however this still seems manageable. There was positive rating news for Italy and Spain which is expected to have a positive effect for issuers in those countries. • In the repo market rates of core and peripheral GC bonds the spreads have reduced. The reduction in excess liquidity is pushing repo rates slightly higher to the deposit facility rate. The repo

	<p>market is more cash driven now. One member sees the banks being more active in that market than before. Another member was seeing more activity in the medium to long term (>6m), potential signs that some are positioning themselves for reduced liquidity. A last member signalled counterparties asking not to apply haircuts and reflect the cost of this via the rates.</p> <ul style="list-style-type: none"> • One member was wondering what the effect was of debt agencies no longer going to the ECB due to reduced remuneration there, and the impact of these flows on the repo market rates. • Stablecoins and the initiative by some European banks in this field were briefly discussed. It was mentioned that ACI is working on standards for this. Potentially a topic for next meeting.
Item 4	<p>Money Markets Funds (MMF) vademecum by Patrick Carletto – Co-head of the Money Market business line and Head of Investment Strategy for Money Market Funds at Amundi</p> <ul style="list-style-type: none"> • The presentation started with some facts on the European market, the part that is managing EUR (over 1,000 billion), who the main asset managers are, what the main currencies are and where the funds are registered. The types of funds were covered from a regulatory point of view and the main ratios. For the audience the speaker pointed to the difference in maturity (maximum and weighted average) between Standard V-NAV and the other formats. The funds are also structured differently to accommodate the different types of client needs and their expected investment horizon. • In terms of ratios some criteria need to be respected: at the level of issuer (fund diversification and control ratio). More important for the audience is the "fund liquidity ratio": liquidity ratio of 7.5% at 1 day and 15% at 1 week. The speaker pointed out that there's no ratio at 30 days which explains some structural misalignment between banks and MMF's due to differences in regulation. • In terms of investments, a MMF will consider the liquidity of the instruments: the liquidity of bank issued instruments is better than those issued by corporates as banks have better capacity to buy back their own paper than other issuers. MMF's are also looking for commitments from banks to always have ability to sell paper, this however not to seek arbitrage opportunities or have daily liquidity, but to handle specific conditions. The members discussed different elements that can help: banks buying other banks paper, ensuring the paper is ECB eligible, intermediating the paper to other interested buyers, working with different programs where one would have a buyback commitment, ... however a hard commitment will be difficult and will come with a price. • MMF's invest in different maturities depending on multiple factors and follow issuers desires: corporates mostly below 3m, banks do not issue below 1m (LCR) and often go longer (NSFR). MMF's play a role in refinancing issuers in the short term market: for commercial paper (CP) about 80% is taken by MMF's.

	<ul style="list-style-type: none"> • The investment profile and the consistent risk / return profile of the various types of funds was shown. Liquidity risk issues MMF's face were also discussed: over the last years Amundi tried to diversify its client base to improve liquidity behaviour observed in some markets (e.g. French clients having to pay taxes on the same day), further to this the covid period also led to the creation of a liquidity buffer and the finetuning of maturity profiles (spreading out of redemption dates). Ultimately MMF's are managed cautiously to be able to ensure redemptions at all times and form a crucial part to the financing of the European economy. • One member asked on the speaker's experience of the buyback from the central bank during the Covid period. It was mentioned that only a small part was sold to the central bank compared to what was sold in the secondary market back then. The liquidity at that time was difficult and led to improved liquidity risk management practices. Since then there has been no more need to sell CP in the secondary market. • Money markets are not much invested in government bonds. If they are, it's done via reverse repo.
AOB	<ul style="list-style-type: none"> • Next meeting is scheduled for 11-Dec, in Luxembourg. • Tentatively the agenda of 2026 meetings was proposed.