



EMMEC Meeting – Summary

Meeting title	EMMEC meeting
Date and time	9 June 18.30 – 10 June 2026 16.30
Location	Hybrid: <ul style="list-style-type: none">• Rome• Conference call (Teams)
Attendees	<p>EMMEC Members – physical</p> <p>F. BESET (Rabobank) – ACI Netherlands – Chair A. ADOTTI (ICCREA) – Assiom Forex Italy B. VAN DER VEEKEN (ASN Bank) – ACI Netherlands F. KUNZ (Raiffeisen Switzerland Cooperative) – ACI Switzerland F. PAILLOUX – (Société Générale) – ACI France F. SPAHN (DZ Bank) – AEFMA Germany H. WESTERMANN (Commerzbank) – AEFMA Germany L. BRANDTNER (Raiffeisenlandesbank Oberösterreich) – TMA Austria M.C. LEGE (Intesa SanPaolo SpA) – Assiom Forex Italy P. LE VEZIEL (Credit Agricole SA & Crédit Agricole CIB) – ACI France M. BADIA (Cecabank) – ACI Spain O. HUBERT (Natixis) – ACI France F. NOCERA (CDP) – Assiom Forex Italy S. CIMINO (UniCredit) – Assiom Forex Italy G. SANCHEZ DE ROJAS (Banco Santander SA) – ACI Spain</p> <p>EMMEC Members – online</p> <p>F. ALCAIDE (Caixa Geral de Depositos) – Forex ACI Portugal C. HUSS (Union Bancaire Privée) – LFMA Luxembourg C. ORIGER (BCEE – Banque et Caisse d'Épargne de l'Etat) – LFMA Luxembourg J. LARDINOIS (Belfius Bank) – ACI Belgium R. BRUNNER (Erste Group Bank AG) – TMA Austria H. JEPSEN (Danske Bank) – ACI Denmark B. WAJSZCZUK (BNP Paribas Bank Polska) – ACI Poland M. BORYCZKA (Bank Millenium) – ACI Poland T. ALANEN (OP Bank) – ACI Finland L. R. BARRIGON (Banco Santander) – ACI Spain</p> <p>Guest speakers</p> <p>C. MANENTI – Intesa Sanpaolo D. KOL – Crédit Agricole CIB</p>

	<p>A. IACONO – Ministero dell’Economia e delle Finanze P. BRAMINI – Banca d’Italia</p> <p>Observers</p> <p>E. WITT – ECB P. NICOLOSO – ECB F. HEBEISEN – ACI France R. CORREIA – ACI FMA G. MARQUES DOS SANTOS – EMMI C. JAVAUX – EMMI R. CAPARELLI – Banca d’Italia</p> <p>EMMEC Secretariat</p> <p>B. DENECKER – EMMI B. VANELDEREN – EMMI</p>
Agenda items	Speaking points
Introduction	<p>EMMEC members were reminded of competition law, confidentiality and conflicts of interest.</p> <p>The members were informed and accepted that Sander Wever (ABN AMRO) would be joining EMMEC for ACI Netherlands.</p>
Item 1	<p>Members’ roundtable: update on the latest market trends and developments.</p> <ul style="list-style-type: none"> • Several members mentioned the uncertain environment driven by an uncertain geopolitical context and resulting in significant market volatility. Some (speculative) assets, like gold and bitcoin, are at prices significantly below recent highs, while other assets like equities are ready for an overdue correction. • In the economy growth is slowing due to high energy prices and PMI’s also paint a gloomier picture. Despite this the risk appetite remains surprisingly strong where, next to equities still reaching new highs, the credit spreads remain very tight. The market is also still digesting well the very high levels of issuance at compressed spread levels. • The inflation puts ECB in a difficult position, where ECB needs to demonstrate and make clear that it’s there to fight inflation while at the same time the inflation going up seems to be short term: the long term inflation expectation remains anchored and there seem to be no second round effects showing up for the moment. • In the money market rates are getting slowly more expensive with liquidity still being ample. One member noted that this seem more driven by institutional investors than by retail investors looking for better yields. The liquidity situation is still ample and there’s no indication of financial stress in the market. • There was a debate on when and how the banking sector would start using ECB’s MRO facility. The opinions on the amount of excess

liquidity at which MRO would start being used diverged. Some members mentioned that all banks have internal LCR limits that are higher than regulatory requirements but these internal limits depend on internal risk appraisal and are not aligned, implying banks will behave different, making forecasting on this topic difficult. Next to that the liquidity in the market is not evenly distributed implying that the point where some would start using MRO might be reached earlier than most expect. One member noted that the current amount is small but quite large to be simply explained by operational testing of banks. The amount for the trigger point in excess liquidity mentioned was in the range of 1.7 to 2 trillion EUR. It's expected that the repo rates would have to move higher first before we get to that point.

- On the USD, the market prices that the FED will rather increase the policy rate than cut. The USD market is still easily accessible for European issuers. The cross-currency basis is still tight.
- On the topic of intraday liquidity, the members still considered this an important and relevant topic especially as the regulator sent a self-assessment questionnaire that was considered to be quite demanding. Currently there are almost no tools to manage intraday liquidity actively although some solutions start to emerge for example by providing intraday repo's. The feeling was that banks would better look into these type of solutions as they would otherwise have to pay via additional buffers that should be held. The members also discussed the gating event that's scheduled to be introduced for SFT's when moving to T+1 settlement. There were some fears on the intraday liquidity impact this might have, although more reassuring messages prevailed at the end of the discussion.
- Bloomberg has been enriching its publication of static data on NEUCP by sourcing data directly from Euroclear France and hence covering the totality of the market. This led to increased data transparency for most of the NEU CP and in some cases the disclosure of potentially commercially sensitive issuance levels and NEUCP holders. This has been perceived as problematic by all market participants (issuers, dealers and investors). The parties involved in the technical setup are aware of the issue and are working towards a satisfactory solution.
- The discussion broadened to the CP market statistics and future impacts like tokenization might have on it. One member expressed the desire to have access to aggregated and comprehensive data and wondered if it wouldn't be time to launch an initiative on that point. Other members pointed to hurdles due to the different (legal) regimes and types of CP programs that exist and also pointed to private initiatives that try to harmonise the market.

Item 2

War, inflation and rates by Chiara Manenti – *Head of Rates, FX and Commodities Research at Intesa Sanpaolo*

- The presentation focused on the macroeconomic and market implications of geopolitical conflict, especially its effects on energy

	<p>prices, inflation, monetary policy, interest rates, and Eurozone government bond markets.</p> <ul style="list-style-type: none"> • The central message is that markets are moving into a regime where risk premia are again central. After more than a decade of low inflation, abundant liquidity, and central bank support, the environment has shifted toward structurally higher volatility, higher inflation, where support of central banks will be less available as they are constrained. • During the Q&A there was discussion on the next ECB rate move and if further hikes can be expected given the fragility of the European economy. The speaker said that given ECB's mandate they might be more inclined to signal to the market that second round effects would not be tolerated: showing to the market they are there. • Regarding the situation in the strait of Hormuz and its impact on energy it was explained that even in the event of a quick solution, the normalisation would take time. Inflation will not go down very quickly. The market is still pricing this as the most likely scenario. The other scenario would result in higher oil prices for longer and this would intensify ECB's dilemma between inflation and growth, even considering the inflation is actually driven by an external supply shock where the central bank's policy has limited impact.
<p>Item 3</p>	<p>wCBDC – a “Ponte(s)” to the “Appia” future road by Paolo Bramini – Payment systems directorate at Banca d'Italia</p> <ul style="list-style-type: none"> • The presentation focused on two Eurosystem initiatives that are part of the Eurosystem's approach to wholesale central bank digital currency (wCBDC), tokenization and digital ledger technology (DLT). The broader context of the projects was clarified as was the main aim of the projects for the central bank namely defending public money in a tokenized environment. Both initiatives are linked into a single work programme. • The first initiative is called Pontes and aims to provide the bridge between DLT platforms and Target Services. It's the short- to medium-term track. • The second initiative is called Appia and should have as main deliverable a blueprint for the future. This is the medium- to long-term track. • During the Q&A a member asked how wCBDC and DLT might affect monetary policy. Although this question cannot be answered at this moment it's still important for the central bank to be there to anchor initiatives. The goal is to provide a reliable route back into central bank money to maintain control over monetary policy. • One member asked about the impact on intraday liquidity and expressed concern regarding the additional system where liquidity should be managed. The speaker acknowledged the concern regarding additional operational complexity and potential solutions were contemplated. • Other questions related to market fragmentation of the different (private) tokenization initiatives and platforms and asked about the eligibility criteria for DLT platforms to get access to Pontes. It was

explained that central banks have no control over the private initiatives and that the eligibility criteria are still evolving although the current version can be found on the ECB website.

Item 4

Managing Government Cash: Countries' Evolving Approaches, the Italian case by **Alessandro Iacono** – Head of Short Term Funding & Cash management at Ministero dell'Economia e delle Finanze (MEF)

- Mr Iacono started by explaining the main challenges the treasury faced since 2020 leading to the transformation that took place: inaccuracies in the cash forecasting, more uncertainty in the borrowing needs, increased volatility, changed remuneration at the ECB, dislocation in the repo market, limited existent cash management instruments.
- The response to these challenges was to improve monitoring and improve forecasting by using e.g. scenario-based models. The response also led to an expansion of the cash management instruments at the disposal.
- Towards the outside world the main changes were the introduction of repo liquidity operations via CCP (May-21), deposit operations via platforms (Sep-22), one-day repo activities (Aug-23) and since this year bilateral repo activities. Throughout the years the modernisation expanded the set of instruments not only in the repo space but also for deposits and T-bills (more tenors). This was further supported by a revised risk framework.
- The impact of the modernisation was illustrated by the share of T-bills in the total government borrowing which declined significantly. This increased flexibility and market liquidity while at the same time aligning more with investor demand. The improved efficiency was also illustrated by the evolution of cash buffer that had gone up during the covid-years and then gone down afterwards to stabilise at a lower level.
- The management of cash liquidity was also illustrated. In May-23 the remuneration at the central bank was lowered by 20bp. Prior to that most cash was held at central bank with the remaining part in deposit, afterwards this changed to a situation where most was managed via reverse repo followed by deposits and only a smaller part at the central bank.
- To improve the functioning of the BTP repo market a repo facility was created where mainly bonds trading special are made available to the market to limit yield curve dislocations. The selection of securities held for this facility was mainly driven by factors like

	<p>specialness, on/off-the-run status, outstanding, ... For repo transactions the maturity was historically 20-30 days but has declined since then. The facility is also used to cover cash needs, in which case the transactions are typically GC. High level data on (the evolution of) the amounts, rates and specialness of Italian bonds was shared with the group. The specialness of bonds is now at a low demonstrating the effectiveness of the facility.</p> <ul style="list-style-type: none"> • During the Q&A it was explained that there is also a commercial paper program that is still open but not being used due to lack of demand. • Members expressed that they saw Italy as a predictable issuer that is more market oriented than others and also transparent towards the market and its participants. Members showed appreciation for this way of working. • Some questions centred on the repo facility, where it was explained that bilateral repo was only executed with authorised counterparts and that for reverse repo the scope of collateral that's being accepted would broaden, the details of this would depend on the framework put in place.
<p>Item 5</p>	<p>EGB repo update by Darasy Kol – Head of Global Repo & Indexing Rates Europe Trading at Crédit Agricole CIB</p> <ul style="list-style-type: none"> • The speaker started by explaining that the current market conditions were remarkably stable although the traditional risk-off reaction appears to have changed: the Schatz spread's reaction to recent risk-off episodes has repeatedly disappointed. • In the context of ECB's new operational framework and declining excess liquidity the view was that repo rates would rise as excess liquidity declines. It was observed that excess liquidity is falling more slowly than expected: earlier projections pointed to reserve scarcity around end-2026, while more recent projections suggest closer to 2027. Repo rates should therefore remain stable for several more quarters, with the timing of repo rates resuming convergence towards the MRO remaining uncertain. • The direction of repo rates seems clear where it's expected that the dealer's scarce resources, like balance sheet, NSFR and LCR, would become binding constraints rather than pure funding liquidity. • On €STR, the speaker considered it unlikely that the rate could trade above the DFR. It should therefore remain slightly below the DFR, perhaps only a few basis points, even as liquidity becomes scarcer. • On the German Schatz asset swaps the speaker identified an asymmetrical risk. The spread has traded in a tight range of roughly -7 to -13 basis points since 2025 while offering around 3 basis points of positive carry, making it a cheap risk-off hedge. However, the Schatz richness largely reflects repo dynamics rather than safe-haven demand – Schatz spreads and repo were correlated to excess liquidity since 2022 before decoupling in 2025 – and that risk-off performance has been persistently non-responsive since "liberation day", reacting only modestly to recent geopolitical events.

	<ul style="list-style-type: none"> • Since 2022, large dislocations between repo and asset swaps have created arbitrage opportunities, typically selling expensive asset swaps against cheap repo exposure to lock in carry via derivatives. The speaker estimated that over several billion of such trades have been implemented, a flow that itself might stabilise markets and soften volatility. • The Q&A revealed several counterarguments from members. It was pointed out that banks would pledge non-government collateral first – credit claims, covered bonds and ABS, of which roughly €1.5 trillion is already available – before funding Bunds or BTPs through the MRO, meaning repo need not rise dramatically. Others noted that the MRO is operationally cumbersome, requiring treasury and liquidity management approvals, so banks may not use it immediately even when economically attractive. • Members also highlighted that regulatory constraints (LCR, NSFR and leverage-type requirements) make MRO funding fundamentally different from repo funding, so the fair value of repo is not necessarily the MRO. Finally, it was stressed that liquidity is unevenly distributed across the Eurosystem: even with ample aggregate excess liquidity, some jurisdictions may already experience scarcity, making the turning point difficult to predict. • While members generally agreed that liquidity will tighten, the speed and magnitude of repo normalisation were challenged, with collateral availability, regulation and operational frictions cited as factors likely to keep repo rates below the levels implied before.
AOB	<ul style="list-style-type: none"> • Organisational points for the next meeting(s).