



EMMEC Meeting – Summary

Meeting title	EMMEC meeting
Date and time	6 October 18.30 – 7 October 2026 16.30
Location	Hybrid: - Rousegärtchen Spuerkeess – Luxembourg, Luxembourg - Conference call (Teams)
Attendees	EMMEC Members – physical F. BESET (Rabobank) – ACI Netherlands – Chair J. LARDINOIS (Belfius) – ACI Belgium F. PAILLOUX – (Société Générale) – ACI France C. HUSS (UBP) – LFMA Luxembourg B. VAN DER VEEKEN (ASN Bank) – ACI Netherlands F. SPAHN (DZ Bank) – AEFMA Germany A. ADOTTI (ICCREA) – Assiom Forex Italy S. WEVER (ABN AMRO) – ACI Netherlands F. NOCERA (CDP) – Assiom Forex Italy C. ORIGER (BCEE) – LFMA Luxembourg M. POLFER (BCEE) – LFMA Luxembourg EMMEC Members – online T. ALANEN (OP Bank) – ACI Finland R. BRUNNER (Erste Group Bank AG) – TMA Austria C. WICHMANN (Danske Bank) – ACI Denmark F. ALCAIDE (Caixa Geral de Depositos) – Forex ACI Portugal H. J. JEPSEN (Danske Bank) – ACI Denmark O. HUBERT (Natixis) – ACI France P. LE VEZIEL (Credit Agricole SA) – ACI France M.C. LEGE (Intesa SanPaolo SpA) – Assiom Forex Italy M. BORYCZKA (Bank Millenium) – ACI Poland M. BADIA (Cecabank) – ACI Spain G. SANCHEZ DE ROJAS (Banco Santander SA) – ACI Spain T. KOEFOED (Danske Bank) – ACI Denmark B. WAJSZCZUK (BNP Paribas Bank Polska) – ACI Poland Guest speakers M. BECH – Bank for International Settlements F. LUGT – Qivalis C. RIEGER – Commerzbank

	Observers E. WITT – ECB P. NICOLoso – ECB G. MARQUES DOS SANTOS – EMMI C. JAVAUX – EMMI F. HEBEISEN – ACI France R. CORREIA – ACI FMA E. TRIMCHESKA – ACI FMA EMMEC Secretariat F. NUNZIANTE CESARO – EMMI B. DENECKER – EMMI
Agenda items	Speaking points
Introduction	EMMEC members were reminded of competition law, confidentiality and conflicts of interest.
Item 1	Members' roundtable: update on the latest market trends and developments. - It was noted heightened volatility in long-term yields, particularly in the United States. Markets were pricing in additional rate increases and, at one point, around 100 basis points more than central-bank guidance implied at the long end. This uncertainty appeared to reflect higher energy prices and their potential pass-through to consumer inflation, suggesting that the ECB remained concerned about the medium- to long-term inflation outlook. Nevertheless, economic activity appeared resilient in both the United States and Europe, supported by encouraging GDP data. - In France, attention was focused on volatility in long-term OATs driven by large deficit in the country and next year's presidential election, where competition among the far left, far right and a fragmented centre creates a lot of uncertainty. - In the United States, the rise in 10-year Treasury yields was not accompanied by comparable movements in 10-year asset-swap spreads or inflation swaps, raising questions about whether markets were instead pricing stronger long-term growth. - Excess liquidity remained ample. Although repo rates had been expected to rise, they remained broadly stable and there had been a limited amount of MRO take-up, indicating that liquidity was still circulating effectively. Liquidity conditions in the United States also appeared ample, with repo rates remaining stable following the Federal Reserve's decision regarding Treasury-bill purchases. - The committee referred to the bank treasury survey, which presented seemingly contradictory expectations: marginal MRO take-up, unchanged LCRs and a decline in liquidity. As banks would need to retain liquidity for several reasons, an eventual use of SRO

(Standard Refi Operations) such as or most like an MRO take-up would need to follow. It was also noted that secured and unsecured rates being at similar levels was unusual. These markets were trading at different levels (with a visible spread).

- A key difference between the ECB and BoE operational frameworks was highlighted. The Eurosystem MROs can provide a direct LCR benefit when banks mobilise non-HQLA collateral and receive central bank reserves (Level 1 HQLA) in exchange. The equivalent effect is less significant under the Bank of England framework.
- One member saw signs of increased competition as liquidity declined. Liquidity isn't evenly distributed across the banking system, and banks are expected to make greater use of MRO funding.
- Another member broadly agreed and considered that market conditions were gradually deteriorating. The view that repo rates had remained largely unchanged was challenged, noting that rates on French collateral had moved closer to those on Italian collateral. Some three-month repo transactions involving French and Italian collateral were being concluded at rates close to the MRO rate. Italian general-collateral repo rates had occasionally risen above the MRO rate and had not immediately retraced, possibly reflecting an uneven distribution of liquidity.
- MRO take-up was not yet considered a practical option for many banks because it required several internal approvals, limiting the appetite to use it.
- Several members mentioned increased competition in the commercial paper market, with new issuers and participants willing to pay higher rates. This could spill over into the broader money market. Nevertheless, all money-market segments continued to function well and remained liquid.
- Stress in the United States was concentrated at the long end of the curve, whereas in Europe the main source of concern was political uncertainty. At the short end, further volatility and wider spreads were expected, partly because of developments in France. Funding conditions were deteriorating, although not dramatically. In addition, during periods of stress, banks may be reluctant to appear dependent on MRO funding to meet their regulatory targets.
- Signs of stress in the bond market was observed and there was market speculation on activation of the Transmission Protection Instrument (TPI). In Spain, expectations were that right-wing parties could form a government with the far right. The left government was preparing significant housing measures in an effort to gain electoral support, adding to the political uncertainty.
- It was noted that activation of the TPI is subject to strict eligibility criteria, which France could find difficult to meet during an election period. The instrument therefore remained a backstop, but one with demanding conditions. It was also observed that political stress in France was spilling over to Italy. However, the primary surplus of Italy was mentioned has a mitigating effect against the

	France primary deficit. If these conditions persisted, it was speculated that the ECB might consider a more general asset-purchase programme with less restrictive conditions. • Members discussed why banks holding collateral that is not suitable for market repo transactions would not use the MRO. The decision involves balancing the potential perception of weakness against the economic benefit of central-bank funding. It may also depend on a bank's legal status and funding profile: institutions that are highly dependent on public funding may be more reluctant to access the MRO, while less exposed institutions may find it economically attractive. • A member expected MRO take-up to increase gradually over time increasing volatility in banks' liquidity coverage ratios. The potential volatility in LCR ratios associated with MRO borrowing could attract (investor) attention. Members reaffirmed that stigma remains an important factor in a regime of declining excess liquidity where banks may need to shift more to SRO/MRO. • It was emphasised that nominal excess liquidity was not the only relevant indicator. The LCR and NSFR, the repo-deposit facility rate spread, and the €STR-deposit facility rate spread were also important for assessing overall liquidity conditions.
Item 2	Project Agorà: a shared programmable platform for cross-border payments by Morten Bech – <i>Head of BIS Innovation Hub Switzerland</i> • The name Agorà is Greek for marketplace and illustrates that the project brings together central banks and private-sector financial institutions. The project seeks to bring the correspondent banking model onto a programmable platform to increase efficiency, lower costs and reduce risks associated with wholesale cross-border payments. The project aims to improve the technology underpinning the current correspondent banking model rather than change the model itself. • In the current setup, wholesale cross-border payments involve many parties, each of which must perform a number of checks and actions. The process is sequential in nature and, when something goes wrong, can become costly because transactions may need to be unwound. These unwinds are a significant source of inefficiency. • The project aims to bring this process onto a programmable platform to unlock efficiencies and lower costs. Atomic settlement occurs only when all checks, such as compliance checks and payment-information verification, have been completed. • The architecture is layered, as a single unified ledger proved difficult for reasons of sovereignty, with central banks unwilling to lose control over their currencies. In the final setup, there is a jurisdictional ledger in each participating currency area containing tokenised central-bank reserves, connected through a common layer on which participating banks issue tokenised deposits. • The actual test of the prototype was conducted using real-value transactions. This is significant because it required review and approval by multiple operational, legal and compliance functions within participating institutions. The legal analysis concluded that the proposed arrangement appears broadly compatible with existing legal

	and regulatory frameworks, that tokenisation does not alter the nature of the underlying account relationship, and that the platform could operate within technology-neutral regulatory frameworks. • During the Q&A, the speaker explained that, for the Eurosystem, an operating entity participated in the practical part of the project, namely the Banque de France. The ECB also participated in the discussions, and the participation was effectively Eurosystem-wide. • Members questioned whether the system would require additional liquidity, for example in the form of a buffer. It was explained that it should not be more liquidity-intensive than the current correspondent banking system. However, investigations are ongoing into whether liquidity-saving mechanisms could be incorporated to further reduce liquidity needs while preserving the benefits of atomic settlement. The speaker also explained that the platform would not replace CLS (which achieves high levels of multilateral netting). Agorà should instead be seen as complementary. • The project has certain advantages compared with more domestic initiatives, as it was conceived as a cross-border project by design. In addition, both the public and private sectors sit around the same table. Having demonstrated technical and legal feasibility, the next phase will focus on assessing commercial viability, with private-sector participants expected to take a leading role. • Central bank access policies would not change, meaning that institutions without direct access to a currency's central bank money would still require a correspondent bank. For these institutions, little would change in practice, other than the underlying technology.
Item 3	Bringing the Euro On-Chain – A MiCA-regulated euro stablecoin, backed by 37 European banks across 15 countries by Floris Lugt – CFO at Qivalis • Qivalis has been conceived as a utility company, owned by a consortium of banks to create a Euro stablecoin that should work at scale. The plan is to launch in H2 2026 the first MiCA compliant Euro stablecoin. • The advantages of DLT (digital ledger technology) were highlighted: no longer multiple ledgers for each party but a single source of truth which can unlock efficiency gains as less parties are involved, near-instant settlement and no geographic limitations. Additionally it allows for programmable transactions. • The stablecoin market shows strong growth, current size is >300bn USD and expected to grow to more than 2 trillion USD in a few years. However the dominant stablecoin is USD. As comparison, about 20% of fiat payment flows are in EUR, whereas EUR stablecoin market has less than 0.3% for the market. • For the consortium of banks it's important to have a strong EUR stablecoin solution and to reach scale with the solution, hence the creation of Qivalis owned by 37 banks. Next to banks providing capital, banks are also the clients – distributors. On the use cases of the stablecoin, Qivalis will not intervene. The entity has been conceived to serve as an infrastructure provider. The entity will make money by managing the reserves held as remuneration of the stablecoin under MiCA is not allowed. The main costs are thus essentially the operating costs.

	• The first use case will be similar to where USD stablecoin is currently used: crypto transactions. A further use case where a lot of efficiencies can be realized is cross border payments which are inefficient and costly. • During the Q&A, the speaker explained that company has been set up as profit driven company with profits, if and when sufficient, distributed as dividends to the shareholders. • It was clarified that Qivalis, like all financial institutions, needs to comply with AML regulations, however this only extends to doing KYC and transaction monitoring to its own customers, i.e. the distributors. This implies that Qivalis is not responsible for AML related to the end-users of the EMT (electronic money token). • Although it will take time for the company to be a significant issuer under MiCA, it still intends to publish a monthly independent attestation on reserves. • For distributor banks, the stablecoin will not be considered HQLA and should not be considered a store of value. The value of the instrument is in the operational strength as form of settlement. • The company intends to make the stablecoin usable in relevant non-European initiatives, e.g. to build infrastructure to enable the functioning of cross-border payments. • Qivalis will keep the money it receives segregated as required by law, however when it makes deposits at a bank, the money will not be segregated there.
Item 4	Liquidity: the end of abundance by Christoph Rieger, Head of Rates and Credit Research at Commerzbank • General market movements continued to be driven mainly by energy prices. In particular, diesel prices showed a strong correlation with the one-year, one-year forward €STR rate. • At the long end of the curve, current developments could be viewed as part of a normalisation phase. However, although 30-year OAT yields had previously reached similar levels during the sovereign crisis, France's debt-to-GDP ratio is now considerably higher. A much larger primary surplus would therefore be required to stabilise the debt ratio. • The 10-year OAT-Bund spread was around levels last observed in 2012. However, the ECB's intervention at that time was primarily prompted by developments in Italy, when the BTP-Bund spread reached approximately 500 basis points. The ECB might initially allow bond-market pressure to encourage fiscal discipline. Its response could then progress from less hawkish guidance, to verbal references to the TPI and flexibility in PEPP reinvestments and, as a last resort, activation of the TPI. • It was noted by the participants that the near-term outlook for France remains uncertain, given the challenges associated with the electoral process and the formation of a parliamentary majority. Participants also highlighted that a potential rating agencies action could trigger a sell-off, adding further pressure to markets.

	• It was noted by the presenter that President Lagarde had indicated, during her visit in Brussels, that the ECB would continue to follow a middle path, suggesting that markets might have been pricing in too many rate increases. • The period of abundant liquidity was coming to an end, and the euro area was moving towards an ample-reserves regime. This regime was estimated to correspond to excess liquidity ranging from slightly above €2 trillion to slightly below €1 trillion. • Banks reported, in the bank treasurer survey, that they expected to maintain or increase their reserve holdings, which would not be possible without obtaining additional liquidity from the ECB or the market. Most banks nevertheless indicated that they would source liquidity from the market. If banks expected to hold more reserves in the following year without market borrowing, declining excess liquidity would ultimately require them to obtain funds either in the market or through ECB refinancing operations, including MROs. • Six-month commercial paper rates and six-month Euribor were rising. The spread between six-month Euribor and €STR was particularly volatile. • The presenter and participants considered an increase in the ECB's minimum reserve requirement (MRR) to 2% unlikely.
Item 5	Member's roundtable • Merged with Q&A of item 4.
AOB	• A lot of surveys are going round – suggestion to have this as a standing item on the agenda for members to discuss. • Discussion on topics for next meeting in Portugal. • Discussion on timing for next year's meeting. • It was noted that Fabio Nunziante Cesaro will step down from the EMMEC Secretariat to pursue a new career opportunity; the Chair and members expressed their appreciation for his contribution and valuable support to the Committee's work.