

**Harald Endres** 

## **Alternative secured Money Market** benchmarks

Helsinki 17. June 2013 ECB Money Market Contact Group





## **Various Consultative Documents**

**European Commision** - Consultation document on the regulation of indices (September 2012/ July 2013)

**FSA** - The Wheatley Review of Libor (September 2012)

**ESMA/ EBA** - Principles for Benchmark-Setting Processes in the EU (June 2013)

**BIS** - Towards better reference rate practices: a central bank perspective (March 2013)

**IOSCO** - Principles for financial Benchmarks (April 2013)



Moving towards to more transaction-based benchmarks



# New alternative secured market benchmarks

	STOXX GC Pooling Funding Rate	Repo Funds Rate			
publisher	STOXX Ltd	ICAP Information Services			
Reuters Bloomberg	.STXGCPFR SGCPFR	REPOFUNDS REPF			
centrally cleared	Eurex Clearing AG	LCH CC&G			
electronic platform	Eurex Repo 107 participants	BrokerTec and MTS 70 /over 150 participants			
eligible repo trades	GC Pooling 21.000 ISIN's (ECB eligible BBB-)	Government bonds (GC + Special) (Germany, France, Italy)			
terms	Total Volume on the effective value day (O/N, T/N, S/N) ca. O/N 50% T/N 25% S/N 25% ca. O/N 5% T/N 15% S/N 80%				
volume 13. June 2013	37 bn € <b>EONIA 22,4 bn €</b>	D 46 bn € F 34 bn € IT 64 bn €			
rate 13. June 2013	0,054% 0,074%	-0,001% 0,033% 0,10%			



# Stoxx GC Pooling Funding Rate vs. Repo Funds Rate

#### **STOXX GC Pooling Funding Rate**



- GC Pooling based on ECB EAD list (incl. same Haircuts)
- Fixing: a whole collateralized Money Market curve (daily trades and binding quote) up to 1y (1w, 2w, 1m, 3m, 6m, 9m, 1y) envisaged for Q4



- depending on the risk appetite of 1 central counterpart (concentration limit, correlation limit)
- missing Steering committee

#### **Repo Funds Rate**



- different central counterpart
- high volume



- more a SPECIAL funding rate than a GC Rate (ca. 10% GC / 90% SPECIAL)
- covers only a part of the secured market (D, FR, IT)



### **EONIA** vs. Alternative benchmark



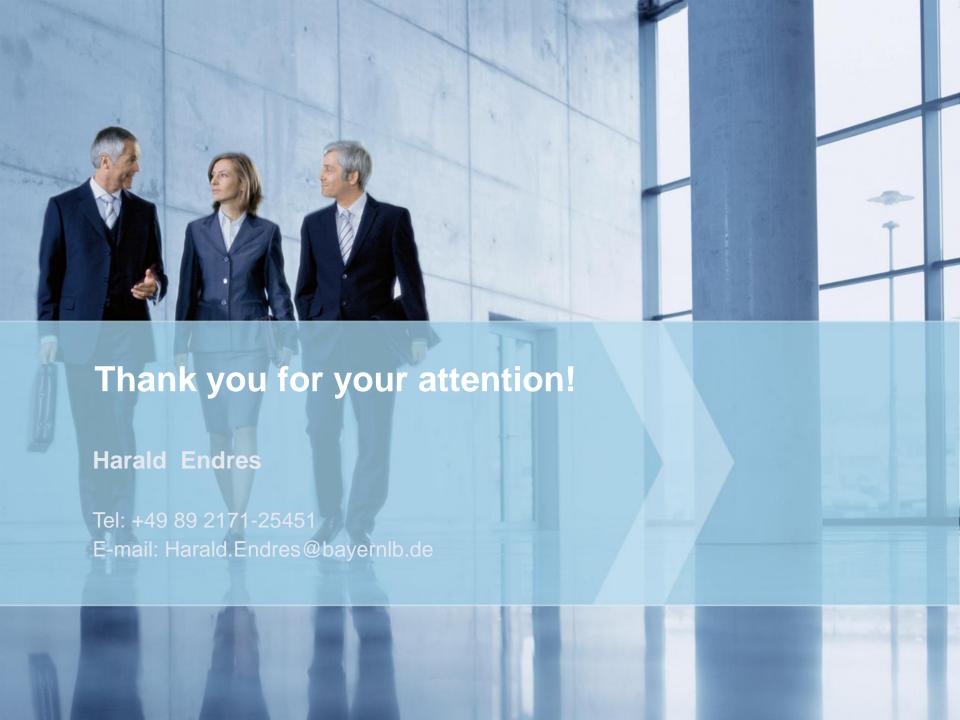
## **Main criteria for Benchmarks**

	EURIBOR	EUREPO	REPO FundsRate	STOXX GC Pooling
<ul> <li>clear transparent definition</li> </ul>				
<ul> <li>broad coverage of the underlying market</li> </ul>	et 🔵			
<ul> <li>accepted across markets</li> </ul>		<u> </u>		
<ul> <li>transaction based calculation</li> </ul>				
<ul> <li>adequate process control (code of cond</li> </ul>	duct)			
<ul> <li>sensitive to market volatility</li> </ul>				
<ul> <li>independent steering committee</li> </ul>				
<ul> <li>robust in periods of market stress</li> </ul>				
<ul> <li>represent the complete curve</li> </ul>				

## Potential issues for discussion

- Secured reference rate a option to EURIBOR
- private initiative welcome or public good
- several benchmarks possible
- combination of different reference rates to one benchmark
- CCP potential conflict of interest (EMIR clearing/ benchmark)





### **Disclaimer**

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