ICMA European Repo Council (ERC)
European repo market survey
December 9, 2009

What information are we asking you for?

The data required by this survey are: the total value of the repos and reverse repos booked by your repo desk that are still outstanding at close of business on Wednesday, December 9, 2009, and various breakdowns of these amounts.

Branches of your bank in other countries in Europe may be asked to complete separate returns. If your repo transactions are booked at *another branch*, please forward the survey form to that branch. If branches of your bank in *other countries* run their own repo books, please copy the survey form to these branches, so that they can also participate in the survey. Please feel free to copy the survey form to other banks, if you discover that they have not received it directly.

Please complete as much of the form as possible but, before doing so, read the Guidance Notes that follow. These will probably answer any questions you have about how to fill in the form.

When should you return the form?

In order for your data to be included in the survey, your form must be returned to us by close of business on **Wednesday, January 6, 2010.**

How should you return it to us?

Our preference is to receive your completed survey form by e-mail, as this saves time in compiling the data and promotes greater accuracy. Please e-mail the completed survey form to reposurvey@icmagroup.org.

If, however, you are unable to send us the information by e-mail, please fax the form to:

+44 118 931 4741

or post it to:

ICMA ERC Survey
ICMA Centre
The University of Reading
Whiteknights Park
P.O. Box 242
GB-Reading RG6 6BA

Guidance Notes

General guidance

a) Please fill in as much of the form as possible. For each question that you answer, you will receive back your ranking in that category.

b) If your institution does not transact a certain type of repo business, please enter 'N/A' in the relevant fields. On the other hand, if your institution does that type of business but is not providing the data requested by the survey, please do not enter anything into the relevant field. If your institution does that type of business but has no transactions outstanding, please enter zero into the relevant field.

c) You only need to give figures to the *nearest million*. However, if you give figures with *decimal points*, please use full stops as the symbols for the decimal points, *not* commas. For *nil returns*, please use zeros, *not* dashes or text.

d) Please do not re-format the survey form, ie change its lay-out, and do not leave formulae in the cells of the underlying spreadsheet.

e) Include all repurchase agreements (classic repos), sell/buy-backs and similar types of transaction (e.g. pensions livrées). There is a separate question (see question 2) on securities lending and borrowing transactions (including securities lending and borrowing against cash collateral).

f) Exclude repo transactions undertaken with central banks as part of their official money market operations. Other repo transactions with central banks, e.g. as part of their reserve management operations, should be included.

g) Give the value of the *cash* which is due to be repaid on all repo and reverse repo contracts (*not* the market value or nominal value of the collateral) that are still *outstanding* at *close of business on Wednesday, December 9, 2009*. This means the value of transactions at their repurchase prices.

h) "Outstanding" means repos and reverse repos with a repurchase date, or which will roll over on or after, Thursday, December 10, 2009. You should include all *open repos and reverse repos* that have been rolled over from Wednesday, December 9, 2009 to a later date and all *forward-forward repos and reverse repos* that are still outstanding at close on Wednesday, December 9, 2009.

i) Give separate totals for (a) repos including sell/buy-backs and (b) reverse repos including buy/sell-backs.

j) The survey seeks to measure the value of repos and reverse repos on a *transaction date basis*, rather than a purchase date basis. This means that you should include all repo and reverse repo contracts that have been agreed <u>before</u> close of business on Wednesday, December 9, 2009, even if their purchase dates are later.

k) Give *gross* figures, i.e. do *not* net opposite transactions with the same counterparty. If this is not possible, please indicate that your figures are net.

l) In the case of equity repo, for synthetic structures, please give the value of the cash payment.

Guidance on specific questions in the survey form

1.1 Transactions (1.1.1) direct with counterparties or (1.1.2) through voice-brokers should *exclude* all repos transacted over an ATS (see below). These should be recorded under (1.1.3).

(1.1.2) Transactions through voice-brokers should be broken down in terms of the location of the counterparties, rather than the location of the voice-brokers.

(1.1.3) "ATSs" are automatic trading systems (e.g. BrokerTec/ICAP, Eurex Repo and MTS, but not voice-assisted electronic systems such as e-speed and GFInet). Transactions through voice-assisted systems should be included in (1.1.2). Anonymous transactions through an ATS with a central counterparty or CCP (e.g. CCG, LIFFE-Clearnet and Eurex Clearing) should be recorded in (1.1.3.4).

1.2 This item includes all the transactions recorded in (1.1.3) <u>plus</u> any transactions executed directly with counterparties and via voice-brokers which are then registered with and cleared through a central counterparty.

1.5 "Repurchase agreements" (also known as "classic repos") include transactions documented under the Global Master Repurchase Agreement (GMRA) 1995 and the Global Master Repurchase Agreement (GMRA) 2000 *without* reference to the Buy/Sell-Back Annexes, and transactions documented under other master agreements. "Sell/buy-backs" are therefore taken to include all transactions that are not documented. Repurchase agreements include pensions livrées. Repurchase agreements are characterised by the immediate payment by the buyer to the seller of a manufactured or substitute payment upon receipt by the buyer of a coupon on the collateral held by the buyer. If a coupon is paid on collateral during the term of a sell/buy-back, the buyer does not make an immediate manufactured or substitute payment to the seller, but reinvests the coupon until the repurchase date of the sell/buy-back and deducts the manufactured or substitute payment (plus reinvestment income) from the repurchase price due to be received from the seller. Sell/buy-backs may be quoted in terms of a forward price rather than a repo rate. Where sell/buy-backs are documented (e.g. under the Buy/Sell-Back Annexes to the GMRA 1995 and GMRA 2000), periodic adjustments to the relative amounts of collateral or cash - which, for a repurchase agreement, would be performed by margin maintenance transfers or payments - are likely to be made by early termination and adjustment or re-pricing. All open repos are likely to be repurchase agreements.

1.7 This section asks for the *remaining* term to maturity (not the original term to maturity) of repos to be broken down as follows:

(1.7.1.1) 1 day – this means:

- all contracts transacted prior to Wednesday, December 9, 2009, with a repurchase date on Thursday, December 10, 2009;
- overnight, tom/next, spot/next and corporate/next contracts transacted on Wednesday, December 9, 2009.

(1.7.1.2) 2–7 days – this means:

- all contracts transacted prior to Wednesday, December 9, 2009, with a repurchase date on Friday, December 11, 2009, or any day thereafter up to and including Wednesday, December 16, 2009;
- contracts transacted on Wednesday, December 9, 2009, with an original repurchase date no earlier than Friday, December 11, 2009, but no later than Wednesday, December 16, 2009 (irrespective of the purchase date, which will vary).

(1.7.1.3) More than 7 days but no more than 1 month – this means:

- all contracts transacted prior to Wednesday, December 9, 2009, with a repurchase date on Thursday, December 17, 2009, or any day thereafter up to and including Monday, January 11, 2010;
- contracts transacted on Wednesday, December 9, 2009, with an original repurchase date no earlier than Thursday, December 17, 2009, but no later than Monday, January 11, 2010 (irrespective of the purchase date, which will vary).

(1.7.1.4) More than 1 month but no more than 3 months – this means:

- all contracts transacted prior to Wednesday, December 9, 2009, with a repurchase date on Tuesday, January 12, 2010, or any day thereafter up to and including Tuesday, March 9, 2010;
- contracts transacted on Wednesday, December 9, 2009, with an original repurchase date no earlier than Tuesday, January 12, 2010, but no later than Tuesday, March 9, 2010 (irrespective of the purchase date, which will vary).

(1.7.1.5) More than 3 months but no more than 6 months – this means:

- all contracts transacted prior to Wednesday, December 9, 2009, with a repurchase date on Wednesday, March 10, 2010, or any day thereafter up to and including Wednesday, June 9, 2010;
- contracts transacted on Wednesday, December 9, 2009, with an original repurchase date no earlier than Wednesday, March 10, 2010, but no later than Wednesday, June 9, 2010 (irrespective of the purchase date, which will vary).

(1.7.1.6) More than 6 months but no more than 12 months – this means;

- all contracts transacted prior to Wednesday, December 9, 2009, with a repurchase date on Thursday, June 10, 2010, or any day thereafter up to and including Thursday, December 9, 2010;
- contracts transacted on Wednesday, December 9, 2009, with an original repurchase date no earlier than Thursday, June 10, 2010, but no later than Thursday, December 9, 2010 (irrespective of the purchase date, which will vary).

(1.7.1.7) More than 12 months – this means;

- all contracts transacted prior to Wednesday, December 9, 2009, with a repurchase date on Friday, December 10, 2010, or any day thereafter;
- contracts transacted on Wednesday, December 9, 2009, with an original repurchase date on or after Friday, December 10, 2010 (irrespective of the purchase date, which will vary).

(1.7.2) Forward-forward repos are defined for the purposes of this survey as contracts with a purchase date of Monday, December 14, 2009, or later. There is therefore an overlap with corporate/next transactions. If the latter cannot be identified separately, it is accepted that they will be recorded as forward-forward repos.

(1.7.3) Open repos are defined for the purposes of this survey as contracts that have no fixed repurchase date when negotiated but are terminable on demand by either counterparty. This item should be equal to item (1.6.3).

1.8 Please confirm whether the transactions recorded in the various questions in (1.7) include your tri-party repo business. Some institutions do not consolidate their tri-party repo transactions with their direct or voice-brokered business because of delays in receiving reports from tri-party agents or the complexity of their tri-party business.

1.9 Eurobonds should be included as fixed income securities issued "by other issuers" in the countries in which the bonds are issued. This will typically be Luxembourg (1.9.10) and the UK (1.9.15). Equity collateral should be recorded in (1.9.34).

(1.9.28) "US in the form of fixed income securities but settled across Euroclear or Clearstream" means only domestic and Yankee bonds. This includes Reg.144a bonds, but *excludes* Eurodollar and US dollar global bonds, which should be treated as bonds issued "by other issuers" in the countries in which the bonds were issued. This will typically be Luxembourg (1.9.10) and the UK (1.9.15).

(1.9.30) "Other OECD countries" are Australia, Canada, Iceland, Korea, Mexico, New Zealand, Norway, Switzerland, Turkey and the US. In the case of collateral issued in the US, only collateral settled across the domestic US settlement system should be included in (1.9.30). US collateral settled across Euroclear and Clearstream Luxembourg should be recorded in (1.9.28).

(1.9.34) "Equity" includes ordinary shares, preference shares and equity-linked debt such as convertible bonds.

2 "Total value of securities loaned and borrowed by your repo desk" includes the lending and borrowing of securities with either cash or securities collateral. Exclude any securities lending and borrowing done by desks other than your repo desk. If your repo desk does not do any securities lending and borrowing, this line will be a nil return.

3 "Active" means about once a week or more often.

For further help and information

If, having read the Guidance Notes, you have any further queries, please e-mail the ICMA Centre at reposurvey@icma-group.org or contact one of the following members of the ERC Steering Committee:

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This survey is being conducted by the ICMA Centre, University of Reading, UK, at the request of ICMA's European Repo Council (ERC).