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## **Euribor ACI Money Market & Liquidity Working Group**

**February 2<sup>nd</sup> 2006**

### **Summary Minutes**

#### **1. Loans as eligible collateral in the single list**

It was agreed by all members that

- a.) A letter should be written to the ECB underscoring the involvement of MMLWG for all “unsolved questions” regarding these issues.
- b.) ACI-MMWG should express their view on how their members see current problems and suggest how these could be solved.

It was proposed that the next meeting should again address the updated topic of bank loans. Also each member should prepare a memorandum on their national situation in order to allocate and show differences and/ or equalities of participating countries.

#### **2. Communications outside and inside ACI**

. This was agreed on by all participants that the EURIBOR MMLWG of the ACI is the exclusive working group of the ACI who is dealing with all topics regarding Liquidity Management - Central Banks

#### **3. EONIA-Fixing and the EONIA-Swap-Index**

The third figure in the EONIA-Fixing is being favored by the Euribor Steering Committee as well as by market participants. Nevertheless, the legal issues and the possible impact on current transactions need to be discussed.

There will be an analysis for which products the EONIA-Swap-Index and in which market it is being used as a benchmark index. The FBE is currently researching the above topic.

The question came up if the withdrawal of a benchmark index/ official published index is permissible.

#### **4. Issues on “bank loans”**

A member of the group underlined the goal of the MMLWG to harmonize the bank loan process over the near and long term.

A representative of ECB listed the major topics on bank loans before the group:

- Minimum threshold harmonized by 2012
- Legal environment/ framework intended to be harmonized by ECB by 2012
- Daily reporting to NCB
- Technique to value bank loans for all equal

- Sees good progress within EU (e.g. collateral directive) on a legal framework and on the development on a harmonized procedure (technical) for bank loans by 2012.
- Automatic or manual procedures depending on usage of collateral class “bank loans”
- One standard for all participating members.
- Use of bank loans via CCBM procedures

Mr. M. Detry, Clearstream Luxembourg ECSDA, focused on questions and problems regarding infrastructure developments on transfer information of bank loans to ECB/ NCB.

All agreed that the usage of bank loans for money market operations will take effect if it is easy to use and free of charge (e.g. France momentarily). A ECB representative also saw the need of additional collateral since secured money market transactions will increase more and more versus unsecured in the coming years. That will have an impact on the expansion of the ECB single list.

He also mentioned that the ECB is working on a specific mapping list of bank loan data to provide to the market.

It was commonly agreed that the ACI-Europe MMLWG should take part in further meetings at the ECB to participate in further development concerning bank loans and single list issues.

## **5. Miscellaneous**

Information on the "Euro Money Market Survey Data for 2005"

An ECB representative provided a short presentation with recently published charts. Tentative findings from the data were that:

- Secured market (repo) and IRS segments continued to expand vs. unsecured markets and other money market derivatives.
- Unsecured Money Market concentrated in the O/N maturity, while secured markets are mainly concentrated from T/N up to 1 month.
- Unsecured cash is used more for short-term financing, whereas the use of secured money is more balanced and used more also for lending purposes
- Short term papers are the only segment where trading is still segmented in different domestic markets.
- Electronic platforms are increasing their market share in more complex products(OIS,FRA,IRS) and consolidating or even decreasing their high share in mature products (repo and deposit, respectively)
- Repos are most traded products in electronic platforms compared to direct trades and voice brokers