

Press release

News from the International Capital Market Association (ICMA)

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Please see foot of release for contact details

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For immediate release

ICMA's European Repo Council welcomes acceptance of credit claims as financial collateral.

(London - UK) ICMA's European Repo Council welcomed yesterday's vote and adoption by the European Parliament of Piia Noora Kauppi's report on securities settlement services systems and financial collateral arrangements. The report recognises the importance of accepting credit claims as financial collateral, and extends the scope of credit claims as to what is acceptable for interbank transactions.

The European Repo Council Chairman, Godfried de Vidts, commented: "Increasing the pool of securities and credit available for the collateralisation of market transactions will reduce counterparty risks, contribute to market liquidity and strengthen overall market resilience. This is also consistent with the work which the ERC has undertaken and will continue with the Eurosystem to develop a secondary market in credit claims for collateralisation purposes".

The repo market is one of the largest and most active sectors in today's money markets and, as evidenced in the recent market turmoil, plays a critical role in liquidity provision for the financial system. The proper functioning of the repo market is dependent upon legal certainty in collateralisation arrangements.

The European Repo Council (ERC) was established by the International Capital Market Association (ICMA) in December 1999 to represent participants in the EUR 7 trillion repo community in Europe.

Notes for editors:

1. International Capital Market Association (ICMA)

ICMA is the self-regulatory organisation representing the financial institutions active in the international capital market worldwide. ICMA's members are located in some 50 countries across the globe, including all the world's main financial centres, and currently number around 400 firms. See: www.icmagroup.org

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