

Settlement periods in European repo

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(1) Repo against collateral settled in the EU

The distribution of settlement periods --- the interval between transaction date and value date --- for repos against collateral settled in the EU for all tenors on the principal three **D2D** platforms is given in the table below.

GC	25%	52%	13%	9%
specials	3%	15%	69%	14%
total	3%	16%	68%	13%

Note:

- D2D platforms trade interdealer government bond repo (the D2C platforms run by two of the platforms are not in the data). Eurex is an exception in that it trades some SSA and other HQLA.
- There seems to be little difference between the settlement periods for one-day and term repo. No forward repo was reported by D2D platforms in the ICMA European repo market survey, so T+3 or later settlement would seem to be for corporate value date at T+3. However, the Gc Pooling platform at Eurex may trade some forwards.
- Open repos are not traded by D2D platforms. They represented 7.8% of outstanding repo in the December 2022 ICMA European repo market survey.
- Of the four D2D platforms, Brokertec is much the largest and dominates French, German and other eurozone government bond trading. MTS dominates and is largely composed of Italian government bond repo. Eurex has two platforms: Eurex Repo, which largely trades German government bonds; and GCP, which trades standard baskets of HQLA, largely government bonds but also some SSA issues.
- The bulk of D2D repo trading on three platforms is in specifics/specials. The exception is GCP, which is purely GC. D2C is believed to have a larger GC component.
- Most of these notes apply also to UK-settled repo.

In summary:

- EU-settled **GC repo traded D2D** is settled primarily at T+1 but with significant volume at T+0 and, on one platform, also at T+3 and later. Within the average, there is much more T+3 and later settlement in GC repo on Eurex than on Brokertec and MTS. This may reflect the impact of GCP on the Eurex statistics. There is also much more T+0 settlement in GC repo on Brokertec than on Eurex and MTS but much less T+2 on Brokertec. In other words, Brokertec is virtually all T+0 and T+1. The difference may reflect the domestic bias of Eurex and MTS.
- EU-settled **specific/special repo traded D2D** is settled primarily at T+2 but with significant volume at T+1 and, on one platform, also at T+3 and later. There is much more T+3 and later settlement in specifics/specials on Eurex than on Brokertec and MTS. This does not reflect GC Pooling as this is pure GC.
- Data from LCH SA --- which is purely for D2D repos --- was consistent the specific/specials data from D2D platforms in that the bulk of settlement was at T+2, albeit that there was modestly more T+1 settlement on LCH and nothing beyond T+2. CCP data does not distinguish between

GC and specific/specials --- except for the GC financing facility, €GCPlus, which is not large --- because, for operational reasons, multiple-collateral repo outside of facilities such as Term GC (and the equivalent in EUR markets) are broken down into single-collateral transactions for settlement. But the bulk of repo being CCP-cleared is believed to be specific/specials, means the dilution caused by including non-€GCPlus GC with specifics/specials should not be significant. Note that the settlement profile for €GCPlus is highly idiosyncratic, being concentrated in forward dates.

GC	0%	15%	0%	85%
specials	3%	15%	82%	0%

- EU-settled repo traded **D2C** --- which is between dealers and large customers and mainly in government bonds but with significant credit collateral --- settles at T+2.
- There is some limited data showing EU-settled **credit repo traded D2C** settles primarily at T+1 but with a modest volume settling at T+3 or later, much of which is likely to be for a corporate value date (usually T+3).

(2) Repo against collateral settled in the UK

In **UK-settled** repos, there are two **D2D** platforms but data has been provided only by one (albeit the dominant one). These platforms are purely interdealer gilt repo. The distribution of settlement periods is shown in the table below.

GC	85%	14%	0%	0%
specials	30%	70%	1%	0%
total	31%	68%	1%	0%

Both the specific/specials and GC data are corroborated by that provided by LCH Ltd. There is slightly more settlement at T+2 on the CCP. However, it should be noted that the GC data here is limited to the GC financing facility, Term GC.

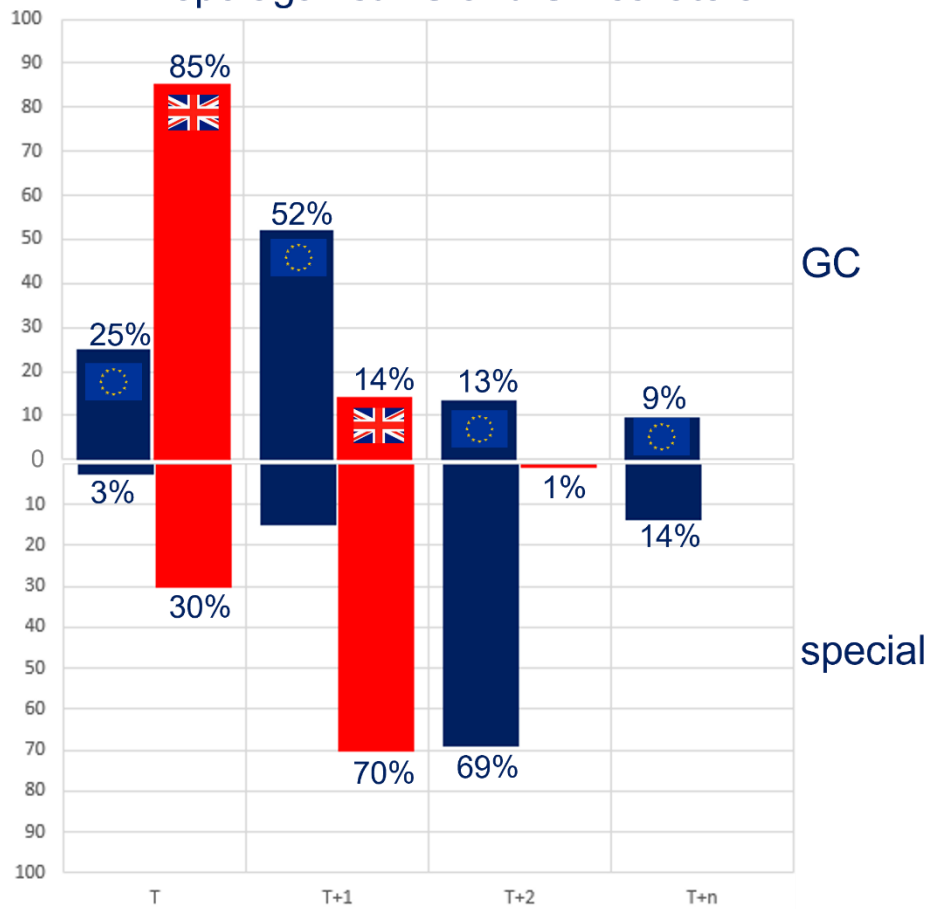
GC	83%	11%	5%	1%
specials	28%	71%	1%	1%

In summary:

- UK-settled **GC repo traded D2D** is settled primarily at T+0 but with a modest volume at T+1.
- UK-settled **specific/special repo traded D2D** is settled primarily at T+1 but with a significant volume at T+0.
- UK-settled repo traded **D2C** settles mainly at T+1 but with modest volumes at other periods, particularly T+0.
- There is limited data for UK-settled **credit repo traded D2C**. This shows settlement primarily at T+1 but with a modest volume settling at T+3 or later.

Settlement periods are illustrated in the attached diagrams.

D2D repo against EU and UK collateral



D2C repo against EU and UK collateral

