

Briefing Note 09/2022

GC Pooling Market

GC POOLING REPO – ESSENTIAL LIQUIDITY AND COLLATERAL MANAGEMENT TOOL FOR SELL- AND BUY-SIDE TREASURIES

Eurex Repo's GC Pooling market integrates electronic trading, central clearing and triparty settlement for standardized secured funding. GC Pooling is accessed by more than 160 sell-side and buy-side institutions and since its introduction in 2005, it has become established as the European benchmark for efficient cash & collateral management. It uniquely addresses capital market fragmentation in Europe by offering a homogenous funding tool and reliably provided repo liquidity during all major financial crises.

KEY GC POOLING CHARACTERISTICS:

Liquidity

- 160+ participants incl. banks, financing agencies, supra-nationals, central banks, pension funds, insurance and corporates
- Strong volumes during all major financial crises
- 7 standardised baskets incl. Pan European ECB and ECB EXTended funding benchmark baskets for HQLA

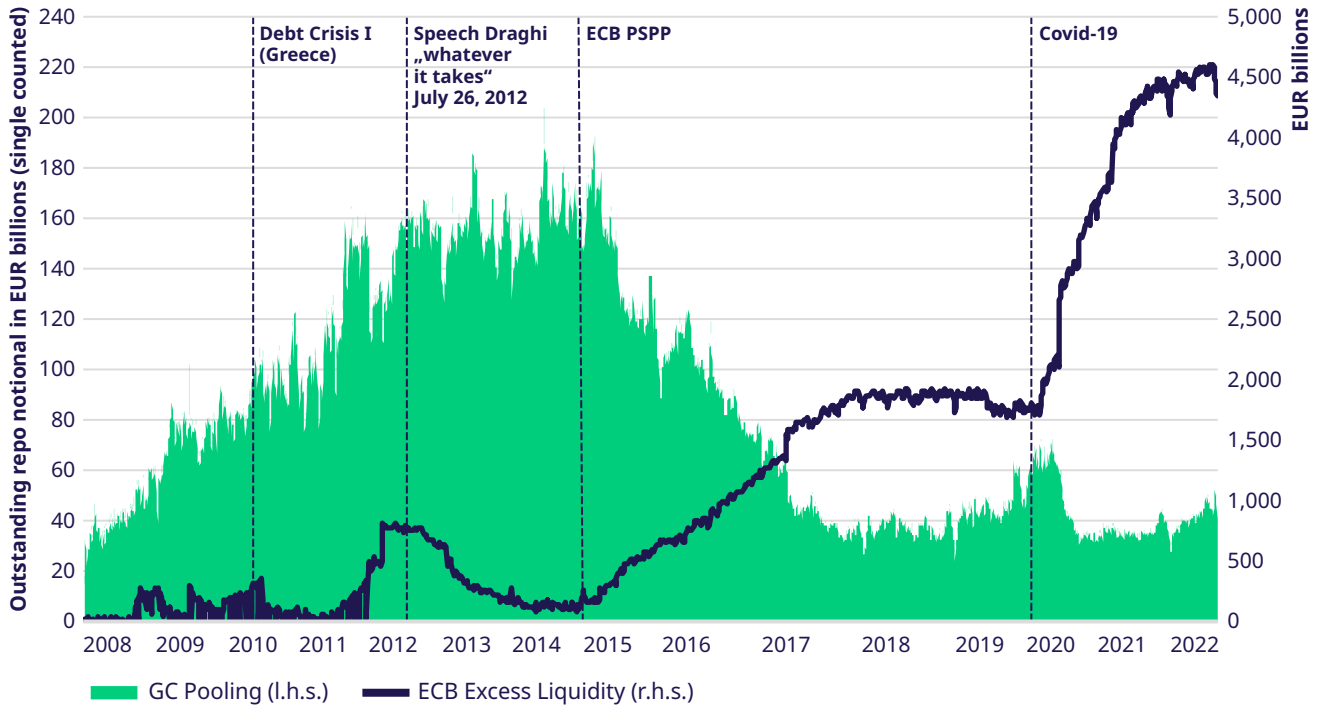
Flexibility

- 13,000+ securities denominated in 10 currencies incl. government, covered, agency and corporate bonds
- GC Pooling collateral Re-use for ECAG margin requirements, in central bank liquidity operations or GC Pooling repos
- 4 repo cash currencies (EUR, USD, GBP & CHF) incl. cross currency repo

Efficiency

- Settlement Netting
- Intraday funding with 30 minutes of trade execution
- Capital cost reduction through balance sheet-netting between single ISIN repo and GC Pooling and single counterparty (QCCP)

GC POOLING RELIABLY OFFERED LIQUIDITY DURING ALL MAJOR FINANCIAL CRISES AS VOLUMES WERE NEGATIVELY CORRELATED TO ECB'S EXCESS LIQUIDITY PROVISION:



Major benefits:



Monetize diverse set of European and global HQLA

Raise or place EUR, USD, GBP or CHF cash vs. standardized and most diverse set of securities eligible at any CCP globally for optimal liquidity



HQLAs

Basket design ensures preferable treatment under Liquidity Coverage Ratio



Intraday liquidity management

Settle GC Pooling intraday within 30 minutes of trade conclusion from 07:30 CET until 17:30 CET



Central bank settlement and balance sheet netting with single ISIN repo

GC Pooling settlement in T2S - central bank money (or optionally commercial bank money) allows for optimal bank liquidity management and enables balance sheet netting of TriParty with single ISIN repo via single account



Re-use of GC Pooling collateral for Eurex Clearing margin requirements and central bank liquidity operations

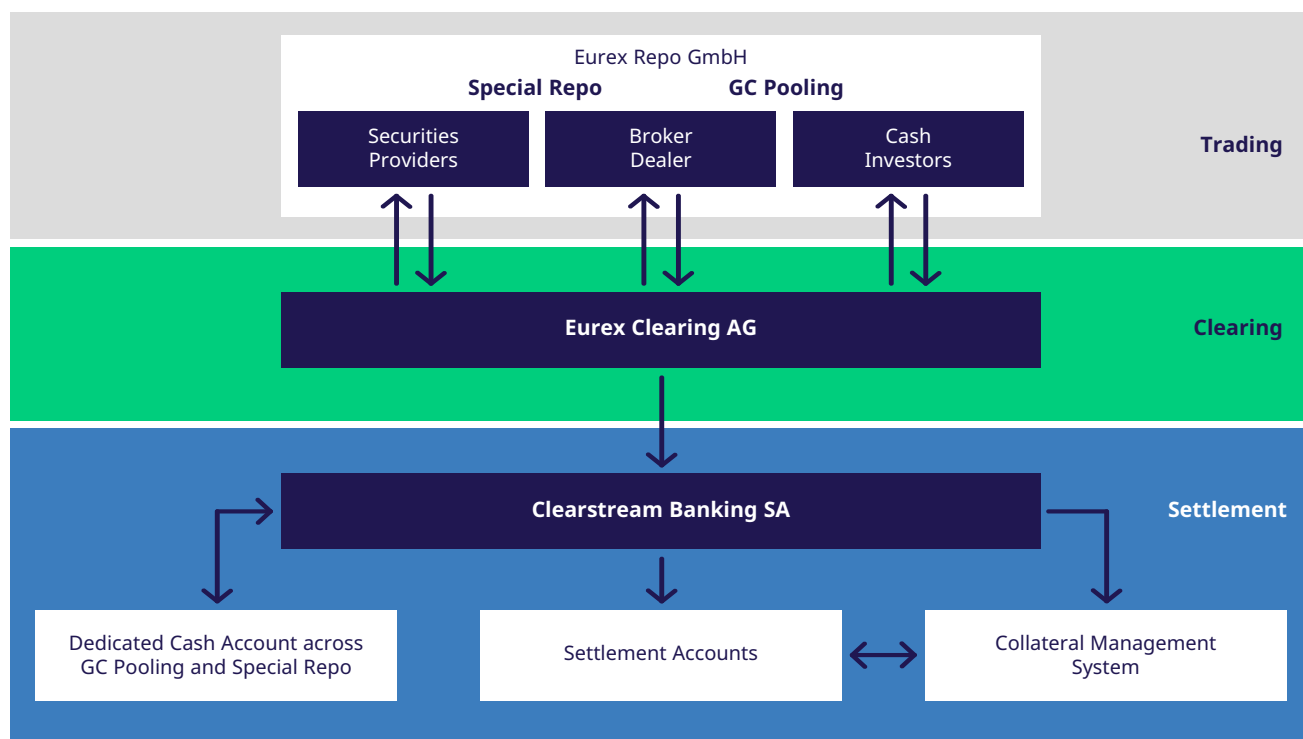
Basket collateral received can be re-used for margin at ECAG and for central liquidity operations improving operational efficiency and collateral utilization



Reduced fail rates and secure Eurex FI bond futures box financing

GC Pooling fail rate is less than 1% due to Clearstream TriParty collateral management system and limited re-use. CTD basket financing allows for guaranteed delivery of bonds acceptable in Eurex FI futures contracts

INTEGRATED TRADING, CLEARING AND SETTLEMENT OFFERS UNPARALLELED OPPORTUNITIES:



7 GC POOLING BASKETS PROVIDE HIGHEST DEGREE OF FLEXIBILITY TO MEET FUNDING NEEDS:

Name	Description	No. of ISINs	T2S settlement	No. of collateral currencies	Min. credit rating	Average haircut
ECB	Core Europe HQLA	3,000	Yes	1	A-/A3	5.0%
ECB EXTENDED	Broad based Eurozone HQLA	10,500	Yes	4	BBB-/Baa3	9.1%
INT MXQ	HQLA from mostly non-Eurozone countries	3,500	No	10	AA-/Aa3	4.0%
EQUITIES	110 most liquid equities	110	Yes	1	N.A.	8.5%
CTD GERMANY	Bonds deliverable in Eurex German FI bond futures	20	Yes	1	N.A.	4.3%
CTD FRANCE	Bonds deliverable in Eurex French FI bond futures	10	Yes	1	N.A.	3.5%
CTD ITALY	Bonds deliverable in Eurex French FI bond futures	30	Yes	1	N.A.	3.8%

See <https://www.eurex.com/ex-en/markets/eurex-repo/gc-pooling-market> for further details.

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www.eurex.com/ex-en/markets/eurex-repo/gcpooling

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