Guide for corporate treasurers and asset managers

# Liquidity: the underrated asset class in the portfolio

**More security, flexibility and yield through centrally cleared reverse repos**

Architects of trusted markets EUREX

# Contents



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# Background

**In times of economic and political uncertainty, corporate treasurers and managers of pension and investment funds are more than ever faced with the challenge of investing their liquidity reserves flexibly and, above all, securely. A key challenge is to balance the primary objectives of security and flexibility with the competing objective of return optimization.**

**While instruments such as bank deposits are widely used, one alternative continues to live in the shadows, despite offering decisive advantages in resolving this conflict of objectives: the reverse repo.**

**This guide provides corporate treasurers and asset managers with an introduction to reverse repos for liquidity management. It highlights the potential of centrally cleared reverse repos to resolve the classic conflict between security, flexibility, and profitability.**

# The role of the repo market in the financial system

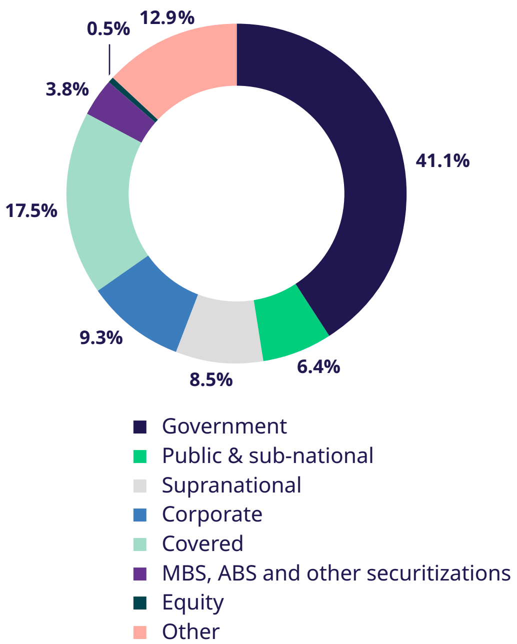
The repo market is an essential component of the global financial system, yet it receives little attention outside expert circles. In essence, it functions as a money market where mainly commercial and central banks exchange short-term liquidity with each other.

### How it works: a collateralized loan

The term “repo” is derived from “repossession” or “repurchase agreement.” At its core, a repo transaction is a collateralized loan. From the perspective of the investing company, this transaction is called a reverse repo. In this arrangement, the investor typically lends money to a bank at a fixed interest rate (the repo rate) for a predefined, typically short, term.

As collateral for this loan, the cash lender receives high-quality securities, usually top-tier bonds, primarily issued by governments, municipalities, supranational institutions, and covered bond banks.

## Collateral in repo transactions

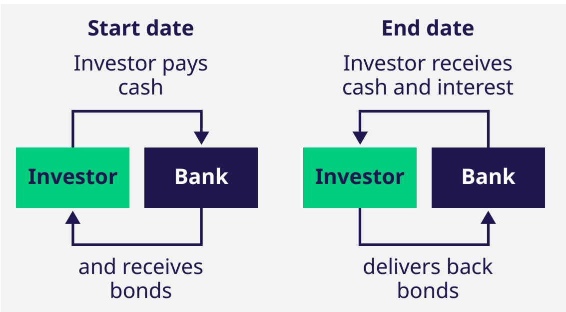



Source: ICMA European Repo Market Survey (status June 2025)

In a collateralized lending transaction, the cash lender receives securities whose total market value typically exceeds the loan amount. To mitigate the risk of adverse price movements in the collateral, a valuation discount — commonly referred to as a haircut — is applied, typically in the range of 2–5%, depending on the quality of the securities. As the haircut reduces the recognized collateral value, the borrower must post additional securities. This mechanism results in over-collateralization, ensuring that the market value of the deposited collateral remains comfortably above the invested cash amount.

At the end of the term, the cash borrower repurchases the securities from the lender and transfers the repurchase price plus the accrued repo interest. The price risk of the bonds remains with the borrower for the entire term.

## Simplified representation of a repo transaction




Source: Eurex

The same transaction can be viewed from two perspectives:

- Repo: From an economic viewpoint, the seller of the securities takes out a collateralized loan.
- Reverse Repo: From an economic viewpoint, the buyer of the securities grants a collateralized loan.

For accounting purposes, the securities posted as collateral remain on the seller's balance sheet for the duration of the transaction. As a result, the seller retains the economic benefits and risks associated with the securities while the buyer is insulated from price movements in the collateral.

Repo transactions are typically short-dated, most commonly executed overnight or with maturities of up to one week. That said, longer tenors — ranging from several months to a year or more — are also well established in market practice.

## Repo maturities

| | |
|---|---|
| **Open** | 6.8% |
| **1 day** | 25.3% |
| **2 days to 1 week** | 24.2% |
| **1 week to 1 month** | 18.9% |
| **> 1 month to 3 months** | 7.4% |
| **> 3 months to 6 months** | 3.8% |
| **> 6 months to 12 months** | 2.5% |
| **> 12 months** | 3.8% |
| **Forward-start** | 7.3% |

Source: ICMA European Repo Market Survey (status June 2025)

If the borrower defaults during the term, the lender has the right to liquidate the collateral to be fully compensated. Investing in reverse repos is extremely safe due to the combination of short-term transactions, collateralization with high-quality securities, and a participant structure made up of heavily regulated financial market players, making defaults very rare.

### Participants in the repo market

The main players in the repo market include:

- **Commercial banks:** they use the market to meet their daily liquidity and financing needs and regulatory requirements.

- **Central banks:** institutions such as the European Central Bank (ECB) and the U.S. Federal Reserve (Fed) use repo transactions as a core monetary policy instrument to manage liquidity and influence short-term interest rates. By purchasing securities through the repo market, they can inject liquidity into the financial system, while selling securities allows them to absorb excess liquidity.

- **Other government actors & local authorities:** public-law bodies such as federal states, ministries, government debt management offices, and supranational institutions actively use the repo market to invest surplus liquidity and to maintain the secondary market for the bonds they issue.

- **Investment funds and other institutional investors:** they act both as borrowers to finance investment strategies and as lenders to generate safe returns on surplus liquidity.

- **Hedge funds:** they play an increasingly important role as buyers of government bonds and finance themselves predominantly in the repo market.

### Importance for the financial system

In the background, the repo market ensures that liquidity flows efficiently to where it is needed. Its enormous importance stems from several factors:

- **Liquidity management:** it allows banks and other financial institutions to quickly and easily obtain short-term funds to meet their payment obligations. This is done without having to sell the securities used as collateral.

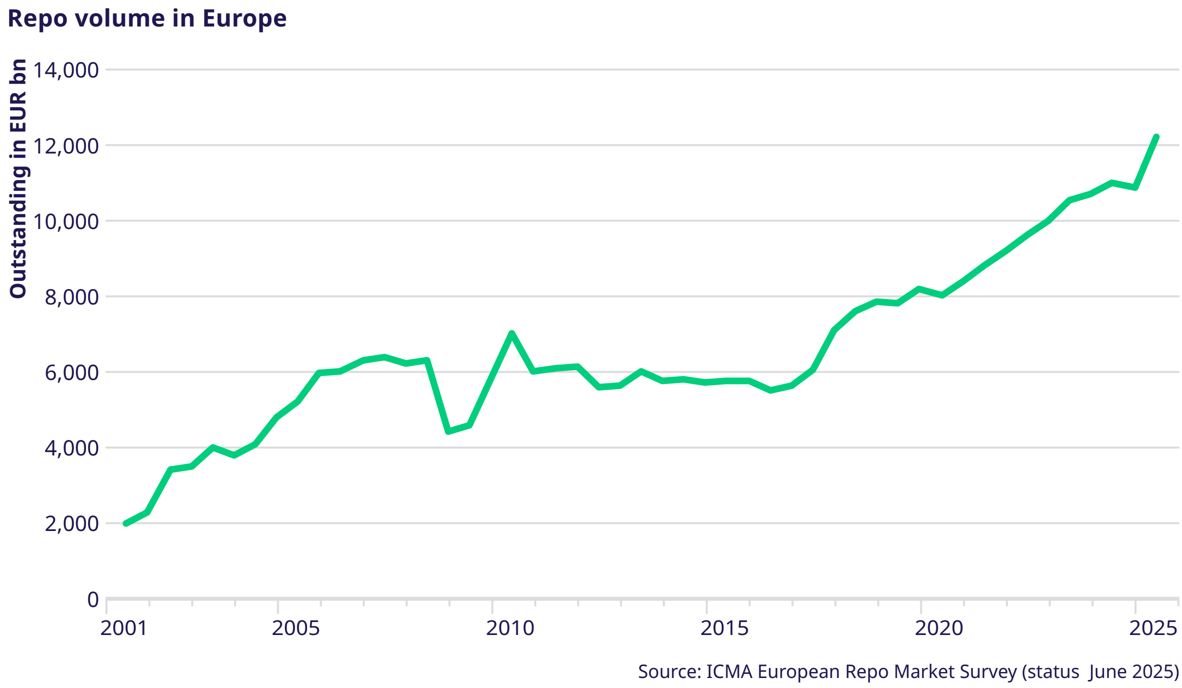
- **Monetary policy instrument:** central banks can use repo transactions to inject or withdraw liquidity from the banking system in a targeted manner, thereby directly influencing money market interest rates.

- **Financing function:** especially in times of globally rising government spending and increasing issuance of government bonds, the repo market is fundamentally important as an intermediary between investors and cash borrowers, enabling short-term financing for holding bond portfolios.

- **Cash investment:** an important instrument for secured cash investment, especially for public-sector and institutional actors who do not have access to the European Central Bank's deposit facility.

The European repo market has developed rapidly in recent years. According to the ICMA European Repo Market Survey[1], the outstanding volume reached a new record high of over EUR 12.4 trillion in June 2025, of which about 50% is denominated in Euros.

1 International Capital Market Association (ICMA) "European Repo Market Survey", conducted in June 2025 and published in November 2025
https://www.icmagroup.org/assets/documents/Regulatory/Repo/Surveys/ICMA-European-Repo-Market-Survey-number-49-conducted-June-2025-published-November-2025-271125.pdf




# The role of central counterparties in the repo market

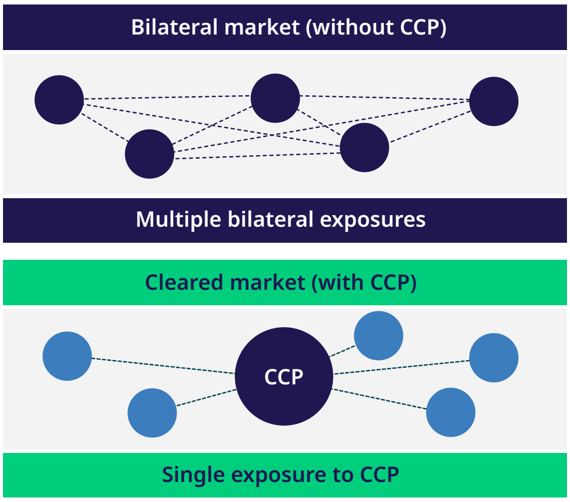
Analogous to settlement in stock markets, Central Counterparties (CCPs) such as Eurex Clearing AG are often used in the repo market to increase efficiency and safety. CCPs are highly regulated, state-supervised financial market infrastructures that play a critical role in risk management and market stability.

Within the clearing process, the CCP acts as an intermediary for all transactions by stepping between the original trading parties. Through this process, the CCP becomes the legal counterparty to both the buyer and the seller. As a result, the direct bilateral contractual relationship between trading parties is either terminated or never established in the first instance.

This structure replaces direct counterparty exposure to the borrowing party with exposure to the CCP, whose default risk is significantly lower due to its robust regulatory framework and comprehensive risk controls. To guarantee the fulfillment of all payment and delivery obligations, the CCP requires its clearing members to post collateral in the form of margins and to contribute to a mutual default fund. Together, these resources form a layered protection mechanism that secures the clearing process.

A further core function of the CCP is the offsetting of opposing positions through netting. By consolidating multiple transactions into fewer net obligations, netting significantly reduces the volume of cash and securities movements. This, in turn, reduces operational complexity, settlement costs, and settlement risk.

### Multilateral netting

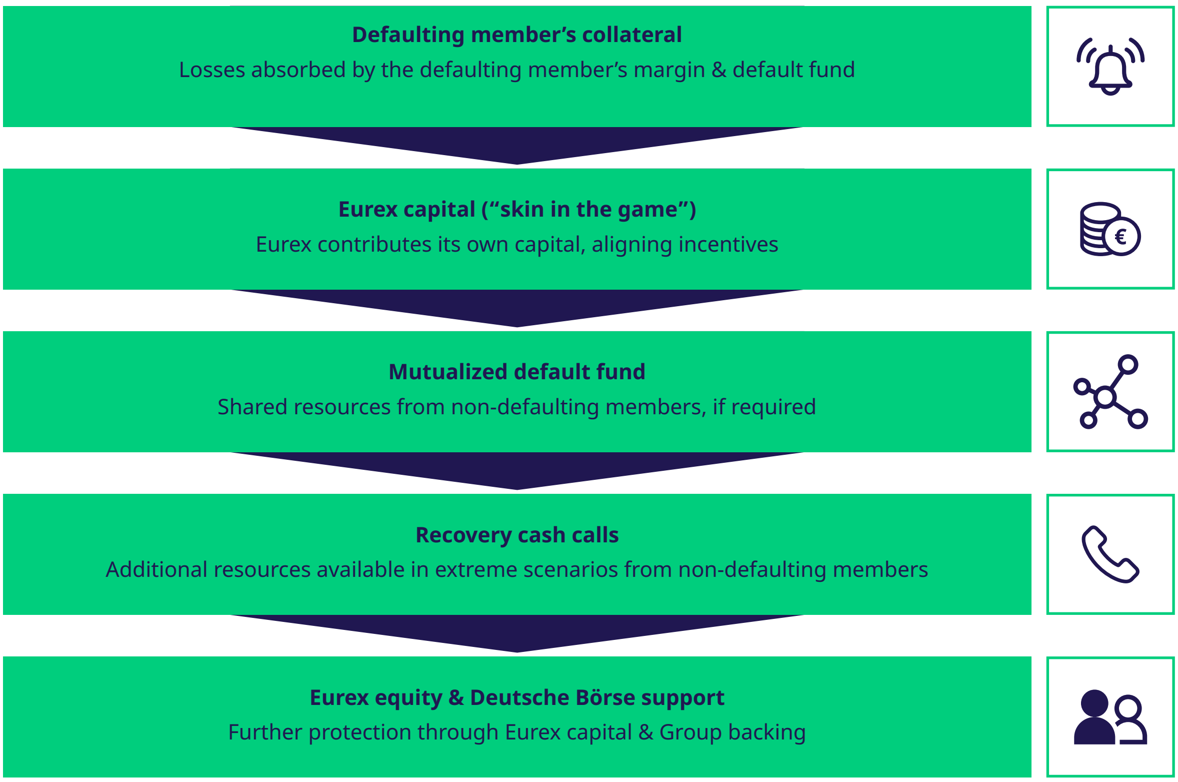



Source: Eurex

In the event of a clearing member's default, the CCP nets all claims and liabilities against the defaulted member. Any remaining exposures are covered by the member's posted margins. If losses exceed this collateral, the CCP's own capital is applied next, followed — if necessary — by the mutualized default fund, which is jointly funded by all clearing members. This loss-sharing mechanism closely resembles the principles of a mutual insurance scheme.

For the investor, the default of the original trading partner has no direct impact. Acting as the central intermediary, the CCP ensures — backed by its comprehensive risk management framework — that investors receive their cash at maturity in exchange for the return of the securities collateral.

### CCPs' lines of defense




Source: Eurex

The use of a CCP offers a range of additional material benefits:

- **Automated and frictionless settlement:** repo transactions often require initiating and monitoring securities deliveries and cash payments within very short timeframes, often within minutes. When transactions are cleared via a CCP, the CCP acts under powers of attorney over settlement accounts to issue delivery instructions directly to the central securities depositories. This centralized and automated process eliminates settlement delays and reconciliation errors, enabling rapid delivery-versus-payment (DvP) settlement of both cash and securities.

- **High settlement discipline and security:** a strict set of rules from the CCP on settlement discipline ensures that buyers and sellers meet their delivery and payment obligations at a fixed point in time by depositing securities or cash into the corresponding accounts. Combined with the CCP's automated issuance of settlement instructions, this framework delivers settlement efficiency rates close to 100% on the agreed settlement date. Even intraday trades, where the trade and settlement dates are the same, can be settled within a few minutes.

- **Standardized legal framework:** The CCP's rulebook, often in combination with a trading venue's rules, constitutes the only necessary legal framework. As a result, time-consuming negotiations of bilateral master agreements with each trading partner, such as the Global Master Repurchase Agreement (GMRA) common in non-cleared business, are no longer necessary. Because the CCP acts as the single legal counterparty, requirements related to counterparty due diligence and anti-money-laundering checks are also significantly simplified.

- **Regulatory capital efficiency:** for many financial market participants, transactions settled via a CCP offer significant regulatory advantages, for example, through a lower counterparty risk weight (RWA). Reduced capital requirements enhance balance sheet efficiency and enable participants to offer more competitive pricing and terms than would typically be achievable in bilateral trading.

Central counterparties play a pivotal role in the repo market by significantly improving efficiency, security, and resilience. In particular, cash investors benefit from reduced counterparty risk, highly reliable settlement, and improved capital efficiency, making CCP-cleared repo an increasingly attractive market structure.

# Flexibility and return profile of reverse repo transactions

Beyond the fundamental aspect of security, flexibility and short-term availability of invested funds are key considerations when investing liquidity. To ensure high tradability, electronic trading of centrally cleared reverse repos is standardized. At the same time, the parameters for each transaction can be tailored very granularly and individually to the investor's specific needs.

This individual customization is manifested in several areas:

1. **Flexible term structure:** investors can choose from a variety of standardized terms to precisely manage their liquidity planning. These include terms such as:

    - **Overnight:** starts immediately, ends the next business day.
    - **Tom/Next:** starts the next business day and ends the following business day.
    - **Spot/Next:** starts after two business days and ends the following day.
    - **Longer-term standard terms:** such as "Spot/1W" with a term of one week from the spot date.
    - **Flexible Dates:** Eurex Repo also offers the possibility to define the start and end date of a transaction completely flexibly.

2. **Standardized collateral:** investors can choose from a wide range of standardized securities baskets. These baskets are clearly defined by pre-established criteria such as issuer groups, countries of issuance, ratings, and the remaining maturities of the included securities.

3. **Variable investment amount:** the amount to be invested can be determined individually. For reverse repos traded on Eurex in the GC Pooling market, a minimum volume of €1 million per transaction applies.

4. **Choice of investment currencies:** at Eurex, investments can be made in Euros, U.S. dollars, British pounds, and Swiss francs by default, allowing for flexible management of currency risk.

5. **Refinancing:** a key structural advantage of centrally cleared reverse repos is the ability to access longer-term invested liquidity ahead of maturity, should the need arise. This flexibility is achieved by entering into an offsetting transaction, namely a collateralized borrowing (repo), which can be concluded with the same or an any other trading counterparty. Under Eurex's Select Invest access model for corporate treasurers and pension fund managers, such transactions may be executed up to the original investment amount, enabling efficient and predictable liquidity management.

    This option allows investors—provided their investment guidelines permit it—to benefit from a term premium on longer-term transactions without sacrificing the flexibility of short-term availability.

**Conclusion:** Reverse repo transactions are an extremely flexible investment instrument. They offer a wide range of structuring options and allow funds to be invested on the same day or, if necessary, to liquidate long-term committed funds at short notice through an opposing transaction.

## The return profile of investments via reverse repos

Repo market interest rates primarily reflect banks' liquidity needs. They are driven by the level of excess liquidity in the financial system, prevailing market liquidity conditions, and the volume of securities financing.

The current trend is clear: while excess liquidity in the eurozone is declining, the supply of securities continues to expand in parallel. As a result, banks have been increasingly required to finance a larger share of their balance sheets via the repo market over the past year. This structural dynamic has led to a gradual but persistent increase in short-term money market and repo rates.

Many short-dated repo transactions now trade 1 to 3 basis points above the ECB's deposit facility rate (2.00% as of March 2026) and therefore also materially above the unsecured benchmark, the Euro Short Term Rate (€STR; 1.93% as of 12 March 2026). The attractiveness of reverse repos as a liquidity investment is illustrated by a simulated reverse-repo portfolio consisting of rolling one-day transactions collateralized by a basket of central-bank-eligible, investment-grade bonds. With daily reinvestment of interest, such a portfolio exhibits an exceptionally stable and predictable return profile (see STOXX® GC Pooling EUR Deferred Funding Rate). Over the long term, the returns generated significantly exceed those of comparable investments in the unsecured money market.

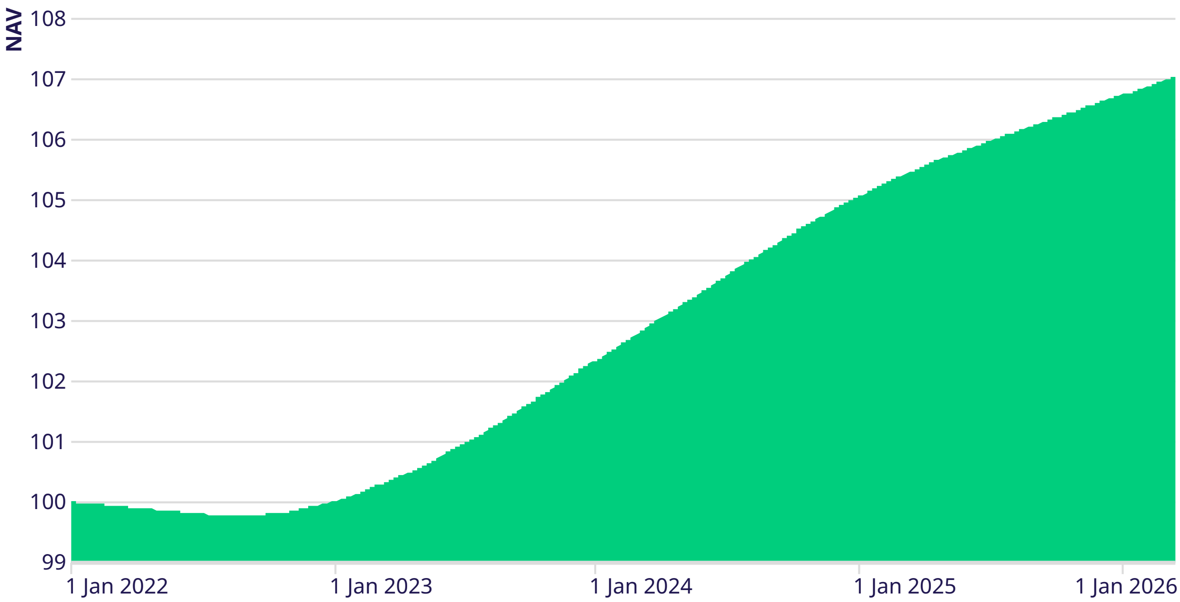
## Additional return opportunities through term premiums

After several years of an inverted yield curve, term structures have normalized, with higher yields available at longer maturities. This allows investors to earn attractive term premiums through longer-term investments in the repo market.

Although the repo market is generally very short-term-oriented, this is less due to a lack of demand from borrowers and more due to a smaller number of long-term-oriented investors. Cash investors with an investment horizon of more than a week or a month are therefore highly likely to meet corresponding demand and can capitalize on these term premiums.

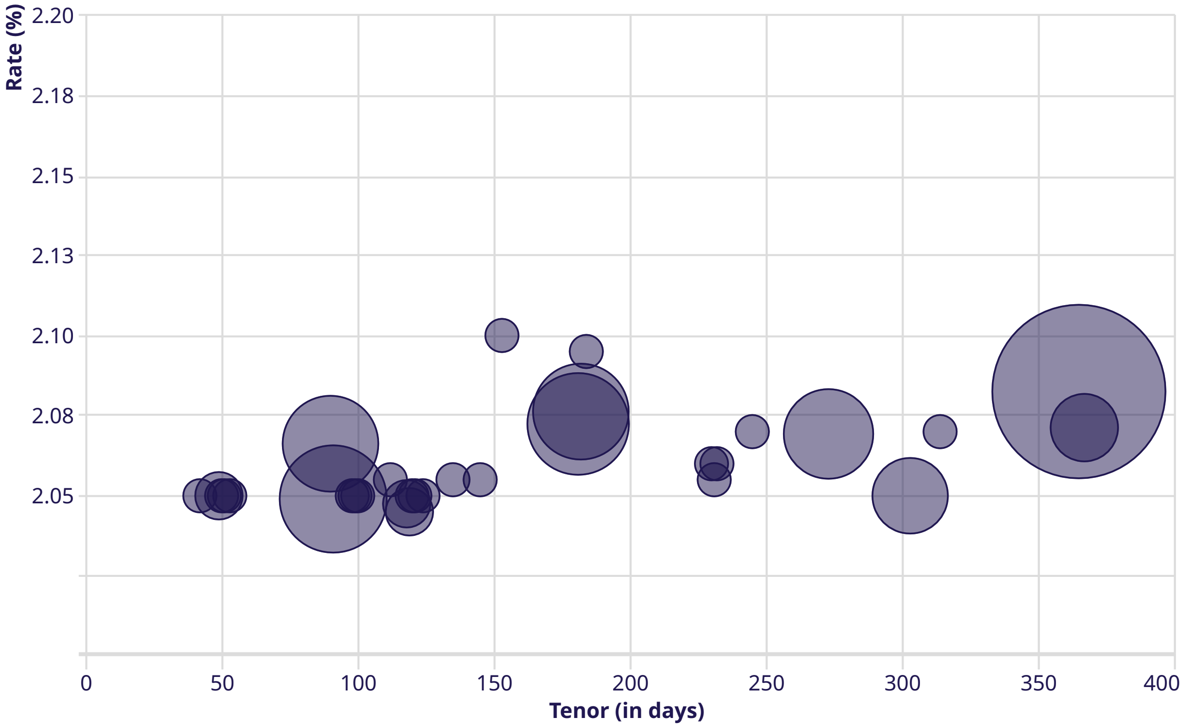
In the current market environment, attractive term premiums can be achieved in the Eurex GC Pooling market. This is particularly true for the two most liquid collateral baskets (GC Pooling ECB Basket & GC Pooling ECB Extended Basket) within the one-year maturity band.

**Portfolio-NAV of 1-day-rolling EUR Tom-Next trades**



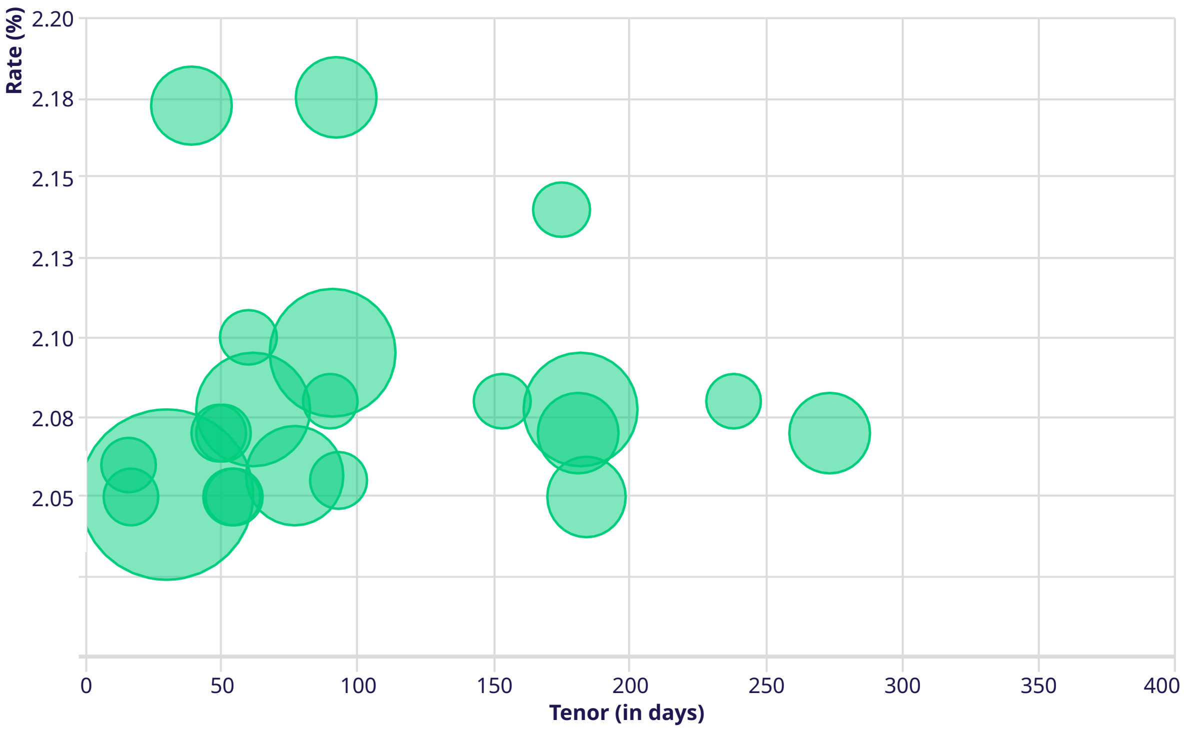

Source: Eurex

**Term premium within the GC Pooling ECB basket**




Source: Eurex The graph is based on EUR trades, with rates above 2.05%, during the period August 2025 to January 2026.

**Term premium within the GC Pooling ECB EXTended Basket**




Source: Eurex The graph is based on EUR trades, with rates above 2.05%, during the period August 2025 to January 2026.

### Structural reasons for higher interest rates despite collateralization

At first glance, it may seem counterintuitive that secured reverse repo investments often offer higher interest rates than unsecured money market investments. This apparent paradox is explained by market structure.

In the unsecured segment, lenders are predominantly corporates or other non-banks that typically lack direct access to the repo market or the ECB's deposit facility. In the repo market, however, demand for liquidity is largely driven by banks' need to finance securities portfolios. Moreover, not all major market participants benefit from stable and low-cost funding sources such as customer deposits.

An additional factor lies in the internal organization of many banks, where the treasury and repo desks operate independently. Repo desks are typically charged internal funding costs for unfinanced securities holdings, which are often above both the secured and unsecured market rates. For cash investors with access to the repo market, this structure creates an opportunity to profit from yield premiums.

For corporate treasurers and asset managers who use the Euro Short-Term Rate (€STR) as their primary benchmark, this dynamic can translate into a meaningful outperformance. Even without considering term premiums, a positive yield differential of 5 to 10 basis points is possible after deducting infrastructure and settlement costs. Importantly, this additional return is earned alongside higher security and greater flexibility than those offered by conventional unsecured short-term investments.

### Differentiation from established investment forms

Compared with traditional investment options, centrally cleared reverse repos offer a favorable risk-return profile.

- **Differentiation from bank deposits:** while unsecured deposits that exceed the statutory or private deposit insurance limits are subject to the full default risk of the respective bank, reverse repos offer structurally superior protection. This is ensured by two key factors: continuous collateralization with highly liquid securities and additional safety through a central counterparty (CCP).

- **Differentiation from direct investments in bonds:** a crucial advantage of reverse repos over a direct investment in bonds is the precise control over the maturity and thus the exact alignment with the investor's cash flow profile. Bonds are issued with a fixed, unchangeable final maturity. For many treasury departments, corporates, or pension funds, this is a problem because a bond's maturity profile rarely aligns perfectly with their liquidity needs, and interim maturities, seasonal cash peaks, or short-term payment obligations cannot be flexibly managed with a classic bond maturity. Reverse repos, on the other hand, are an investment product that allows the investor to freely choose the maturity and thus precisely align it with upcoming cash flows, payment deadlines, or balance sheet dates.

- **Differentiation from money market funds:** money market funds have enjoyed great popularity in recent years and have seen strong inflows. Nevertheless, institutional investors such as corporate treasurers and asset managers should not overlook the potential risks. Although money market funds are increasingly investing in reverse repos, a significant portion of their investment volume still flows into unsecured bank deposits or less-liquid asset classes such as commercial paper. Particularly in phases of market turmoil, such as during the 2008 financial crisis, these investments can lead to significant risks—for example, a "gate risk," where the redemption of fund units is temporarily suspended to prevent fire sales from the portfolio. Investors in money market funds also have no direct influence over the fund's investment strategy and the selection of individual investments made by the fund.

The repo market has repeatedly demonstrated a high degree of resilience during past banking and financial crises. Even in periods of market stress, it has consistently provided ample liquidity, enabling investors to increase positions on short notice or unwind transactions ahead of maturity. In such stress scenarios, a typical "flight-to-quality" effect can be observed, with the value of high-quality government bonds used as collateral tending to rise, thereby further reinforcing the robustness of the collateralized investment structure. In addition, repo transactions offer a high level of flexibility through individually configurable parameters, including maturity profiles and eligible collateral sets. This ability to tailor transactions to specific investment requirements provides a clear advantage in designing and adjusting liquidity strategies, particularly in volatile market conditions.

# Market access for corporate treasurers and pension fund managers

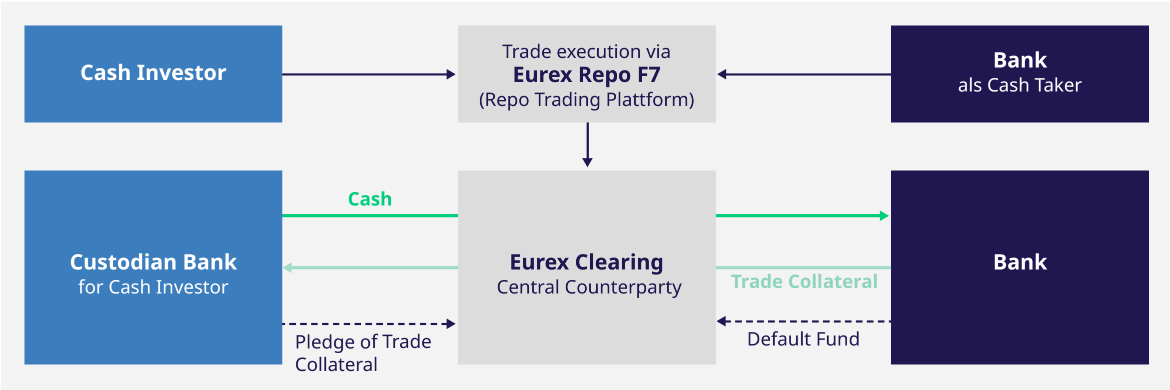
Direct access to the centrally cleared repo market — traditionally reserved for banks and regulated financial intermediaries — has now been extended to a broader investor base. Through its subsidiary Eurex, Deutsche Börse, has created access to the GC Pooling repo market specifically tailored to the needs of corporate treasurers, pension fund managers, and managers of special funds based in Germany, France, and the Netherlands.

Under this model, companies act as direct trading and clearing participants, granting them full control over their reverse repo transactions. Trades are executed electronically via the Eurex Repo trading system with approximately 150 participating financial institutions. Alternatively, investors may appoint a bank to act on their behalf as a representative or commission agent for trade execution.

From an operational perspective, the process is straightforward. Investors first define the key investment parameters, such as the investment amount, term, collateral basket, and currency. The corresponding trade request can then be directed to specific or all banks connected to the trading system, which respond with offers for repo rates. A transaction is concluded as soon as the investor accepts one of these offers.

In the next step, Eurex Clearing AG is legally interposed as the central counterparty between the investor and the bank. This is subject to the investor having prefunded the required cash amount in a designated settlement account.

### Transaction process overview




Source: Eurex

The securities provided as collateral are automatically booked via accounts at a settlement bank and are subject to a lien in favor of Eurex Clearing. This lien secures the unlikely event that the investor defaults during the term of the transaction. Conversely, should Eurex Clearing itself default despite its comprehensive security mechanisms, the investor would gain direct access to the securities collateral to liquidate it independently.

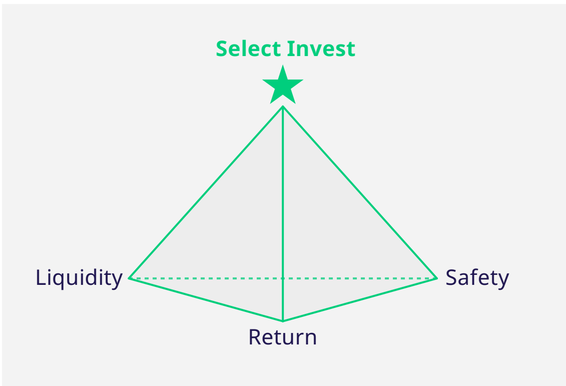
Any fluctuations in the market value of the collateral during the term of the transaction are automatically compensated, so that in the event of falling prices, additional securities are delivered to keep the level of collateralization constant at all times.

The usual requirements, such as posting additional collateral for the central counterparty (CCP) or making contributions to the default fund, are waived for the cash lender in this model. Likewise, there are no costs for trading and clearing.

At maturity, the cash lender automatically receives the invested amount plus the repo interest paid into their account.

This dedicated access model, offered under the name "*Select Invest*," combines all the requirements of corporate treasurers and pension fund managers. It resolves the traditional trade-off between security, liquidity, and return by addressing all three objectives simultaneously. This is achieved through extensive security measures within central clearing, full collateralization, flexible and individualized structuring of investment parameters, and a highly liquid marketplace that allows for investment increases or the premature termination of transactions at any time, while simultaneously offering an above-average return perspective.

### Resolution of the trade-off




Source: Eurex

# Who is Eurex Repo?

As part of the Deutsche Börse Group, Eurex Repo is Europe's leading trading venue for secured cash investment and financing. This marketplace for repo and reverse repo transactions is characterized by the combination of electronic trading with efficient clearing, standardized collateral management, and reliable settlement processes.

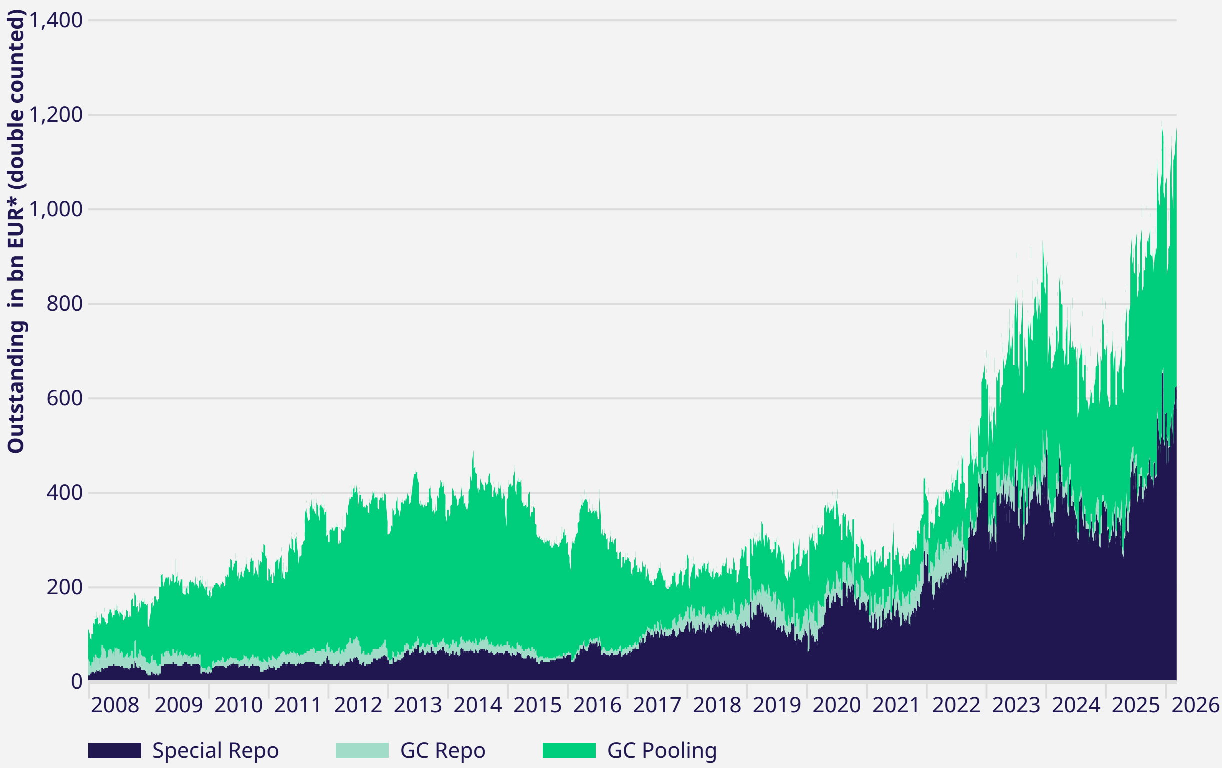
Eurex Repo enables trading in EUR, USD, GBP, and CHF currencies, collateralized by fixed-income securities. The offering is divided into the market segments General Collateral (GC), Special Repo, and GC Pooling. GC Pooling, in particular, has established itself as the European benchmark for standardized, secured cash investment and financing.

The markets of Eurex Repo are specifically tailored to the needs of banks and non-banks and are open to international institutions. A uniform contractual framework for all trading participants and the use of modern technology ensure a high degree of transparency and integrity. Regulatorily, Eurex Repo is operated as a Multilateral Trading Facility (MTF) in accordance with the MiFID directive and is supervised by the German Federal Financial Supervisory Authority (BaFin).

All repo transactions concluded on Eurex Repo are cleared by the central counterparty Eurex Clearing AG, a sister company of Eurex Repo.

Trading activity on the platform shows very dynamic development. The outstanding repo volume across all market segments exceeded EUR 1.2 trillion at the end of 2025, underscoring high liquidity and active market participation.

**Eurex Repo trading volume**




Source: Eurex

*since 2016 Outstanding methodology of the ICMA semi-annual survey of the European repo market (both sides)

# Collateral baskets

The collateral baskets at Eurex Repo are highly standardized, allowing investors to easily choose the basket that meets their individual needs and investment criteria. A prior agreement with the trading counterparty on permissible securities thus becomes obsolete. During the transaction settlement, the bank can deliver securities that meet the criteria of the selected basket. Firmly established processes between Eurex Clearing AG and Clearstream Banking as the tri-party agent fully automate the adherence to the criteria and the specific selection from the bank's depots.

**Eurex Repo collateral baskets**

| Broad bond baskets | | | | |
|---|---|---|---|---|
| **Basket** | **Eligible bonds** | **Minimum rating** | **Average haircut** | **Number of bonds** |
| ECB | ECB eligible assets database | A-/A3 | 3.9% | ~4,100 |
| Green bonds | | A-/A3 | 3.3% | ~100 |
| ECB EXTended | | BBB- / Baa3 | 7.6% | ~11,200 |
| INT MXQ | Central government, supranational & covered bonds | AA-/Aa3 | 2.6% | ~1,900 |

| EU government bond baskets | | | | |
|---|---|---|---|---|
| **Basket** | **Eligible bonds** | **Maximum bond maturity** | **Average haircut** | **Number of bonds** |
| Germany | **Central government bonds** (incl. floater; except inflation-linked bonds & strips) | 35 years | 2.9% | ~180 |
| France | | 15 years | 1.5% | ~80 |
| Italy | | 15 years | 2.8% | ~140 |
| Spain | | 15 years | 2.6% | ~80 |
| European Union | | 15 years | 2.3% | ~60 |

Source: Eurex

**Cleared reverse repos as a strategic alternative for managers of mutual and money market funds**

For managers of mutual funds, such as equity or bond funds, the need to optimize liquidity management is increasingly coming into focus. On the one hand, liquidity must be sufficient to cover short-term payment obligations, such as fund redemptions and ongoing expenses, and to respond flexibly to market opportunities. On the other hand, it should be kept as low as possible so that the maximum portion of the funds is available for the actual investment purpose, i.e., long-term investments in stocks or bonds.

Although the liquidity portion in investment funds, at 3 to 5% of the fund's assets, often represents the largest single item in the portfolio, it is surprising how little is found in fund publications and market commentaries about the associated opportunities and risks. It is common practice for this liquidity to be held in bank accounts at the fund's custodian bank or invested with the custodian bank as a term deposit. However, no information is found in fund publications about the risks of unsecured cash investments and the interest rates achieved. This is surprising since the interest earned on a fund's largest single position should play a not insignificant role in its overall performance. Only isolated reports from fund managers indicate unsatisfactory interest rates.

Given the intense competition in the investment fund market, pressure is mounting on fund managers to continuously optimize their portfolios. With considerable effort, they generate additional income for the fund, for example, by temporarily lending securities for a fee (securities lending). The resulting income varies but rarely exceeds 5 to 10 basis points.

A targeted optimization of liquidity investment in the repo market could also unlock additional returns of a comparable magnitude for fund managers, depending on their cash ratio and the alternative interest rate.

Managers of money market funds have already discovered the advantages of reverse repos. Since these funds invest exclusively on a very short-term basis and place their entire volume in the money market, the benefit of a better-yielding and at the same time safer investment form is more directly apparent to them than to equity or bond funds. In recent years, money market fund managers have steadily increased their allocation to reverse repos, which now stands at 20 to 30% of the fund's assets. A high reverse repo ratio not only significantly boosts fund performance but also reduces the risks to which fund investors are exposed in unsecured investments such as term deposits, commercial papers, or bonds of individual issuers. However, the share of centrally cleared reverse repos in money market funds is still low.

Mutual funds and money market funds are subject to strict regulation by European and national laws. With regard to investments in reverse repos, there are clear legal requirements, for example, the maximum maturity and the required diversification of the securities held as collateral.

To allow investment funds to benefit from these return and security advantages for their investors, Eurex now provides mutual funds and money market funds with access to the reverse repo market. The "*Select Finance*" access model is similar to that for corporate treasurers but also involves a so-called clearing agent who performs specific operational tasks for the fund manager.

# Conclusion

For corporate treasurers, pension fund managers, and investment fund managers, centrally cleared reverse repos are becoming a strategically valuable addition to modern liquidity management. This instrument enables capital investment with minimized counterparty risk. At the same time, it offers an attractive, market-based return with high flexibility. The one-time implementation effort is offset by sustainable strategic advantages, which manifest primarily as increased security and additional return potential.

The progressive opening of the repo market to corporate treasurers and managers of pension and investment funds offers an excellent opportunity to manage liquidity reserves more proactively and to sustainably optimize the overall portfolio's risk profile. In this way, the classic conflict of objectives in the investment of liquidity reserves — the balance between security, availability, and return — is effectively resolved and put into practice.

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