

Results of second survey of Asia repo markets published

(12 November 2020 - Hong Kong) ICMA's European Repo and Collateral Council (ERCC) and ASIFMA have published the results of a second survey of the Asia-Pacific repo market. Using similar methodology to the long-established ICMA ERCC European repo market survey, the latest Asia-Pacific survey reports the value of repos and reverse repo on 10 June 2020.

The report has split the Asian survey into two parallel surveys, one for the repo market in Japan and the other for the repo market in the rest of the APAC region. The Japan survey reported an outstanding value on June 10 of USD 215.7 billion and average daily turnover over the previous six months of USD 192.4 billion, with an average deal size of about USD 260 million.

The non-Japan Asia survey reported USD 216.7 billion in outstanding value and average daily turnover was USD 73.1 billion, with an average deal size of some USD 71 million.

Download the ICMA ASIFMA Asia-Pacific repo market survey [here](#)

Commenting on the survey Martin Scheck, ICMA Chief Executive said: *"Building on the lessons of the pilot in 2017 this current survey is intended to be the start of a regular annual survey of the cross-border Asian repo market which together with semi-annual European repo surveys will give a broad and detailed picture of this developing and increasingly vital financial product for our global membership"*.

Philippe Dirckx, Managing Director - Fixed Income, ASIFMA said: *"This report provides a unique mapping of the Asian repo landscape for ASIFMA and its industry members to identify, discuss and advocate how secured funding can become more prominent in the region and enable seamless access to collateral and liquidity"*

Main survey findings

- For reporting banks outside Japan, most of their counterparties were located in Europe and other regions outside Asia (probably the US) and the bulk of reported repo business outside Japan was cross-border.
- The overwhelming share of reported repos was executed directly between parties by telephone and electronic messaging. Voice-brokers played a more significant role in Japan than elsewhere in APAC. Automatic and automated trading was very limited.
- CCP-clearing accounted for most of the Japan survey but little of the remaining APAC survey.
- The Japanese yen predominated in the Japan survey, with the remaining business mainly in US dollars, euros and Australian dollars. While the yen was important in the rest of APAC, the predominant currency was the US dollar, with significant business also in Australian dollars and euros.
- The Japan survey was dominated by gentan repo, which means it was very different to the composition of the Japanese market as reported by the Bank of Japan and the JSDA (mainly

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gensaki). The non-Japan Asia survey was overwhelming in repurchase transactions and most of the remainder was documented buy/sell-backs. Chinese pledged repo had a small share.

- Almost 89% of APAC transactions (excluding Japan) were documented under the GMRA.
- All the reported transactions in the Japan survey were fixed-rate. In the rest of APAC, the proportion of floating-rate and open repos were similar to that in Europe.
- The maturity distribution of the Japan survey was similar to that of the ICMA European repo survey with two exceptions: forward repos were even more prominent in the Japan survey; and there was minimal business beyond three months in the Japan survey.
- As expected, Japanese securities dominated the Japan survey with small shares in US Treasuries and eurozone non-government securities. In the rest of APAC, Japanese securities were also the largest component but there was a much more diverse pool of collateral, with significant shares in Australian securities and US Treasuries, and material business in bonds issued by IFIs, other APAC issuers, eurozone governments, Chinese issuers, US non-government issuers and Singaporean issuers as well as in equity.

ICMA publishes June 2020 European repo market survey

The European Repo and Collateral Council (ERCC) of the International Capital Market Association (ICMA) will release the results of its 39th semi-annual survey of the European repo market later today.

[Download the 39th ICMA ERCC European Repo Market Survey](#)

Contact details for further information

ICMA

Allan Malvar, allan.malvar@icmagroup.org, +44 7738 696 451

Margaret Wilkinson, margaret.wilkinson@icmagroup.org, +447931100499

ASIFMA

Corliss Ruggles, cruggles@asifma.org, +852 9359 6996

Notes for editors

ICMA

ICMA is the trade association for the international capital market with over 600 member firms from 62 countries, including banks, issuers, asset managers, central banks, infrastructure providers and law firms. It performs a crucial central role in the market by providing industry-driven standards and recommendations for issuance, trading and settlement in international fixed income and related instruments. ICMA liaises closely with regulatory and governmental authorities, both at the national and supranational level, to help to ensure that financial regulation promotes the efficiency and cost effectiveness of the capital market. Since the early 1990's, ICMA has played a significant role in promoting the interests and activities of the international repo market, and of the product itself. The European Repo and Collateral Council (ERCC), a special interest group established under the auspices of ICMA, represents the major firms active in Europe's cross-border repo markets.

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ASIFMA

ASIFMA is an independent, regional trade association comprising a diverse range of over 130 leading financial institutions from both the buy and sell side, including banks, asset managers, law firms and

market infrastructure service providers. Together, we harness the shared interests of the financial industry to promote the development of liquid, deep and broad capital markets in Asia. ASIFMA advocates stable, competitive and efficient Asian capital markets that are necessary to support the region's economic growth. We drive consensus, advocate solutions and effect change around key issues through the collective strength and clarity of one industry voice. Our many initiatives include consultations with regulators and exchanges, development of uniform industry standards, advocacy for enhanced markets through policy papers, and lowering the cost of doing business in the region. Through the GFMA alliance with SIFMA in the US and AFME in Europe, ASIFMA also provides insights on global best practices and standards to benefit the region.

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