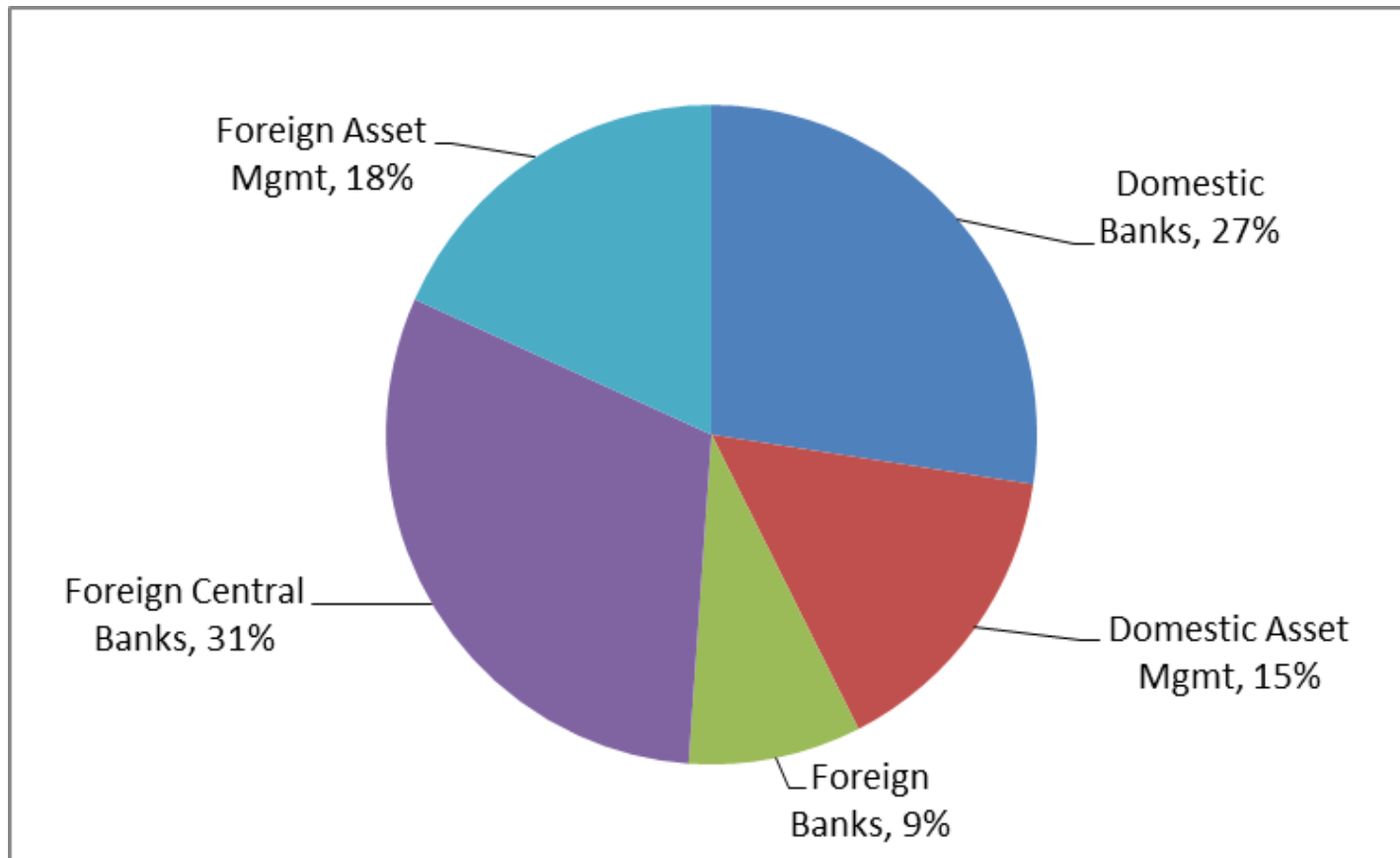




Repo Markets for German Government Bonds

Money Market Contact Group – Paris / June 2015

Total Holdings of German General Government Debt

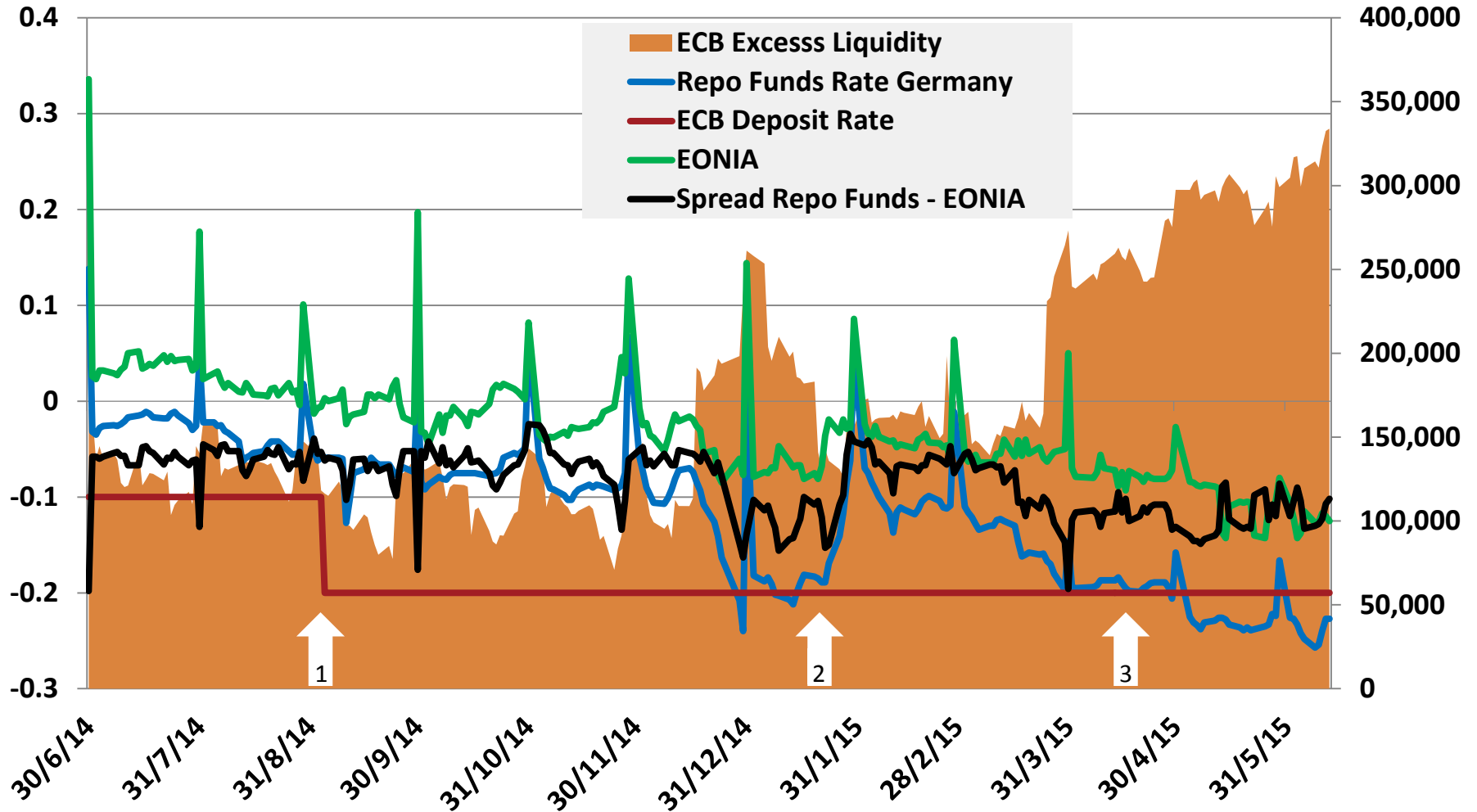


Source: IMF, ECB, Eurostat, Commerzbank Research (Data as of Q3/2014)

Market Participants in the German Repo Market

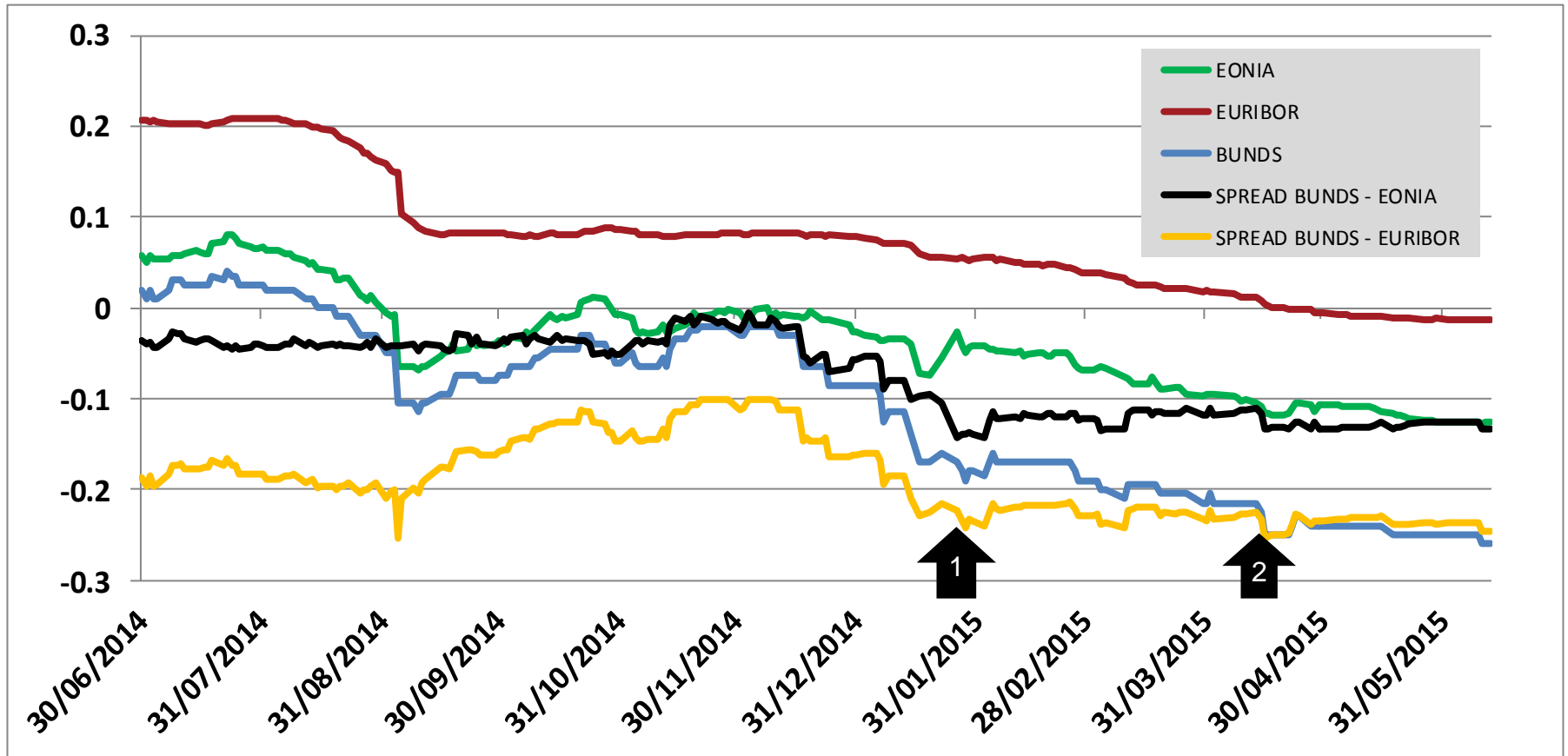
- **Primary Dealer / Market Maker**
 - Collateral taker (short coverage) / Collateral provider (longs funding)
- **Foreign Central Banks**
 - Cash provider: bunds taken as collateral
- **Domestic & Foreign Asset Manager**
 - Collateral provider
- **Domestic Banks**
 - Collateral provider
- **Eurex Futures Trader**
 - Collateral taker: Physical delivery for BUND / BOBL / SCHATZ
- **Bundesbank / German Finance Agency**
 - Collateral provider: The German Finance agency uses retained parts in repo transactions supporting smooth trading in German government securities

German Repos – Overnight Market



Source: ICAP, Bloomberg

German Repos – 3 Month Term Market



Source: Commerzbank, Bloomberg

Public Sector Purchase Program - Secured Lending Agreements for German Government Bonds

- **Bundesbank (as of June, 8th)**
 - Automated Securities Lending Programme (ASL) – live (Fee 1.35%)
 - Automated Securities Lending Programme plus - intended (Fee to be negotiated)
 - Bilateral Repos – initialised
 - Securities Lending – initialised

- **European Central Bank**
 - Activity delegated to its existing lending agent Deutsche Bank (Fee 0.40%)
 - Euroclear Bank SA/NV's Securities Lending and Borrowing Programme called SLB (Fee 1.00%)

Summary

- **GC Pricing for German Government paper driven by excess liquidity**
- **So far only a few German Government bonds trade at special rates (e.g. Cheapest – to – deliver bonds for BUND future)**
- **A significant increase in German Government bonds trading at special rates is likely in late summer / autumn due to continuation of the PSPP.**