

# **Global Operations Managers Conference**

**Ulf Bacher**

**Dresdner Bank**

**Frankfurt am Main, 24<sup>th</sup> April 2007**

# **Electronic trading**

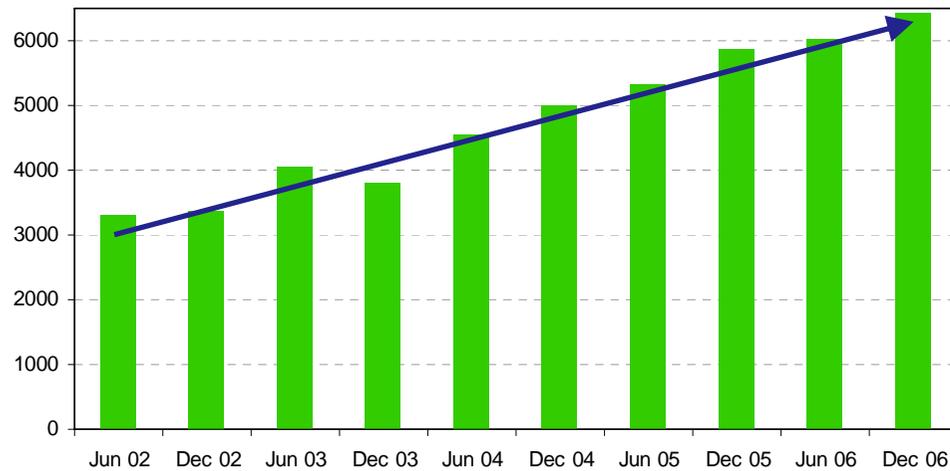
## **What was the plan originally?**

- 1) increase the trading volume**
- 2) increase price transparency**
- 3) increase settlement efficiency through STP**
- 4) increase customer flows**
- 5) reduce transaction costs**
- 6) reduce credit risk through netting and CCPs**
- 7) develop anonymous trading**
- 8) develop a liquid secured Euro money market across the curve**
- 9) move away from unsecured money market products**
- 10) create liquid collateral markets for various asset classes**

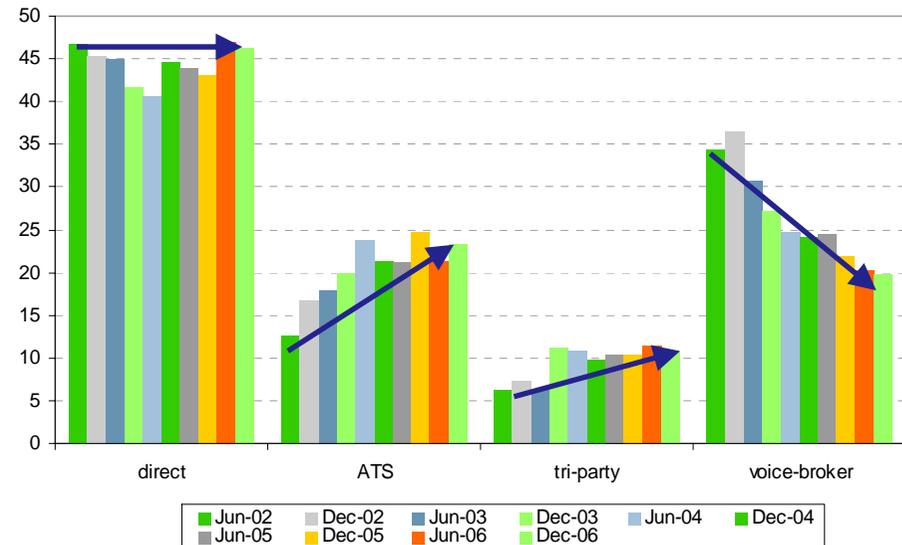
Now let's see what we have achieved so far...

# ICMA Repo Survey

Outstanding Volumes in Repo

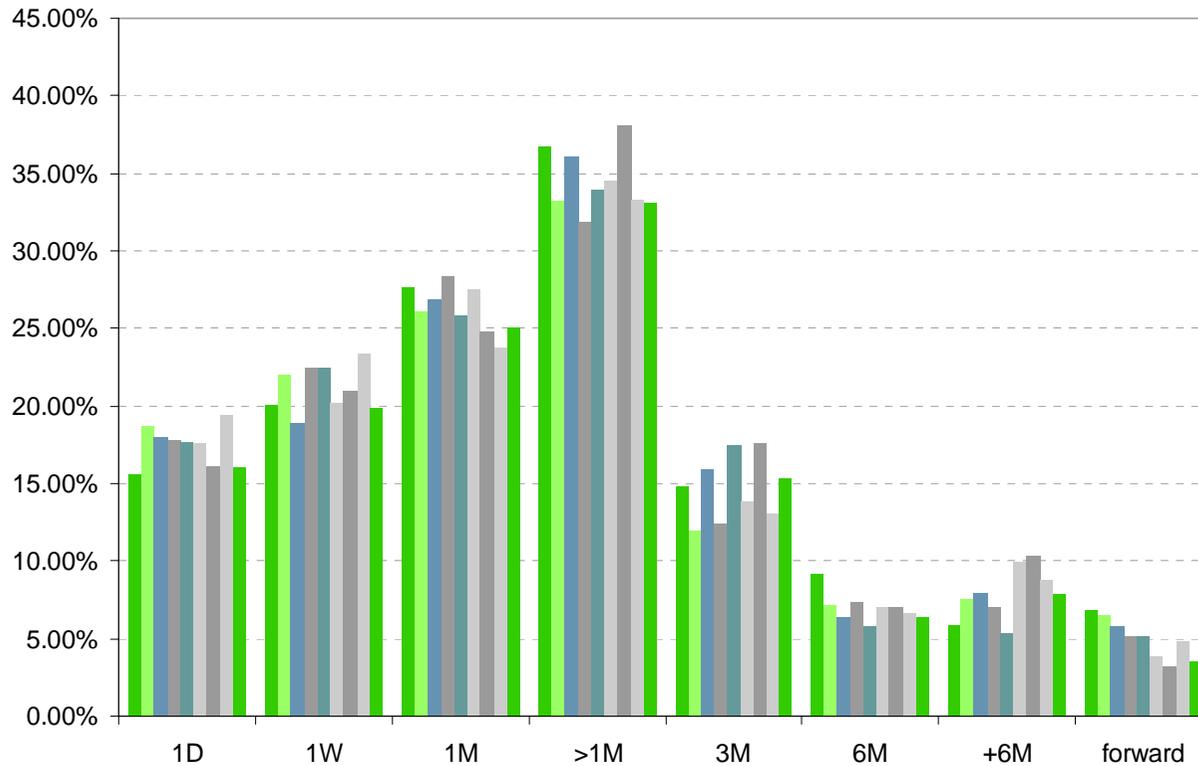


Counterparty analysis



- **Strong increase in repo activity**
  - **95% growth from June 2002 to December 2006**
  - **almost 20% year on year growth**
- **ATS shows substantial growth which may come from voice brokers.**
- **Direct business still has the lion share!**

# Maturity Analysis



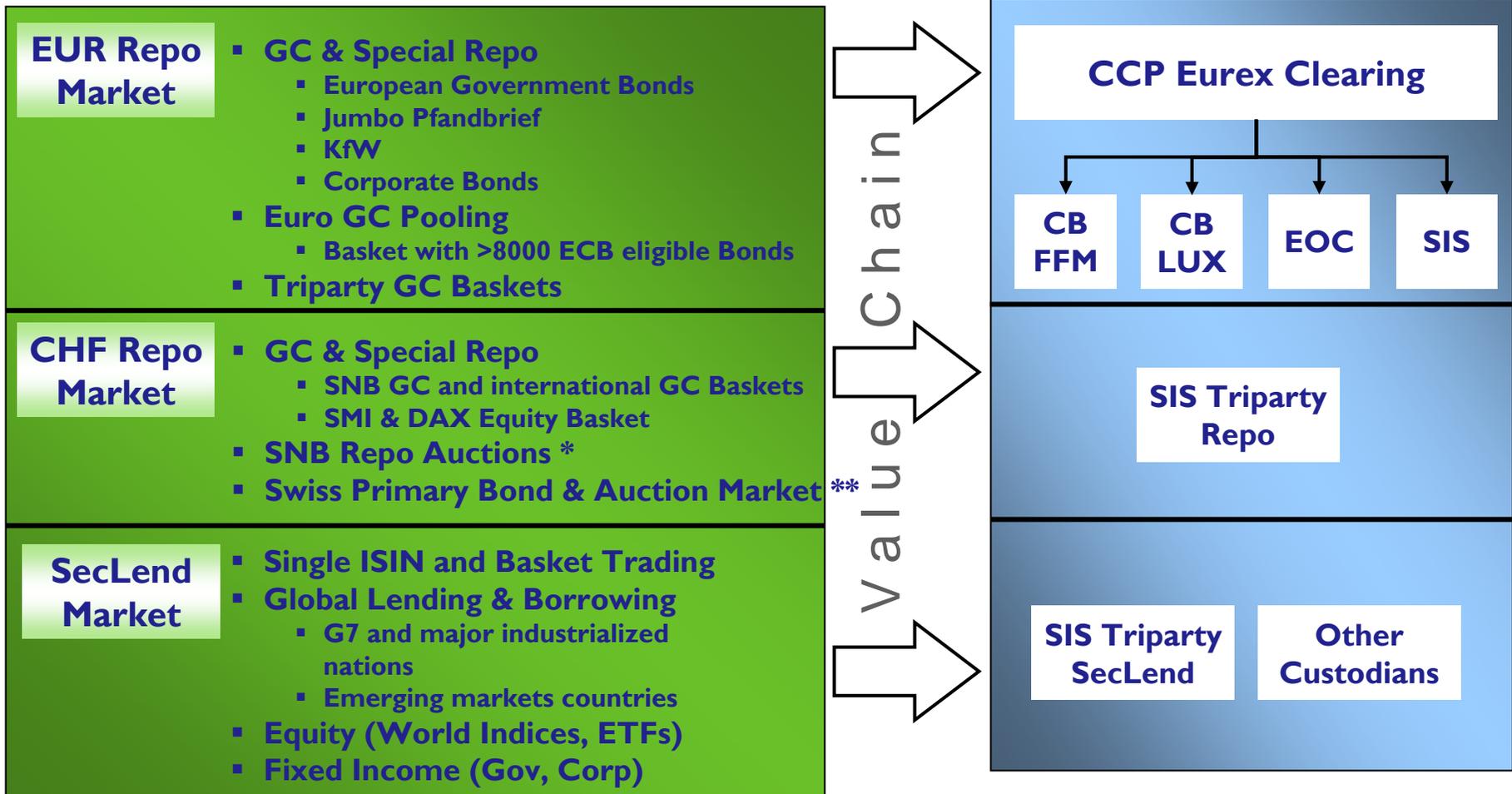
	<1M	open	1D	1W	1M	>1M	3M	6M	+6M	forward
<b>Dec-02</b>	<b>63.30%</b>	-	15.60%	20.10%	27.60%	<b>36.70%</b>	14.80%	9.20%	5.90%	6.80%
<b>Jun-03</b>	<b>66.80%</b>	-	18.70%	22.00%	26.10%	<b>33.20%</b>	12.00%	7.10%	7.60%	6.50%
<b>Dec-03</b>	<b>63.90%</b>	-	18.10%	18.90%	26.90%	<b>36.10%</b>	15.90%	6.40%	8.00%	5.80%
<b>Jun-04</b>	<b>68.10%</b>	-	17.80%	22.00%	28.30%	<b>31.90%</b>	12.40%	7.30%	7.00%	5.20%
<b>Dec-04</b>	<b>66.10%</b>	-	17.70%	22.50%	25.90%	<b>33.90%</b>	17.50%	5.80%	5.40%	5.20%
<b>Jun-05</b>	<b>65.40%</b>	-	17.60%	20.20%	27.60%	<b>34.60%</b>	13.90%	7.00%	9.90%	3.80%
<b>Dec-05</b>	<b>61.90%</b>	-	16.10%	21.00%	24.80%	<b>38.10%</b>	17.60%	7.00%	10.30%	3.20%
<b>Jun-06</b>	<b>66.60%</b>	-	19.40%	23.40%	23.80%	<b>33.40%</b>	13.00%	6.70%	8.80%	4.90%
<b>Dec-06</b>	<b>66.90%</b>	6%	16.00%	19.90%	25.00%	<b>33.10%</b>	15.30%	6.40%	7.90%	3.50%

# Electronic trading platforms in Europe

- **Eurex Repo: founded in 1999 (Switzerland) / 2001 (Germany)**
  - German Government Securities
  - German Supra/Sovereigns
  - Covered bonds (German/French/Portuguese/UK)
  - GC Pooling
- **BrokerTec Repo: founded in 2000**
  - European Government Securities
  - Euro Supra and Sovereigns
  - Covered bonds
  - US Treasuries
  - Corporate bonds (Euro, Sterling and USD)
  - UK Government Securities
  - Sterling Supra and Sovereigns
  - Skandinavian (Sweden)
- **MTS Repo: founded in 1997**
  - European Government Securities
  - Covered bonds (German)

# Eurex

Eurex Repo offers electronic trading in short-term secured funding products. Products traded are fully automated in the post-trading value chain.

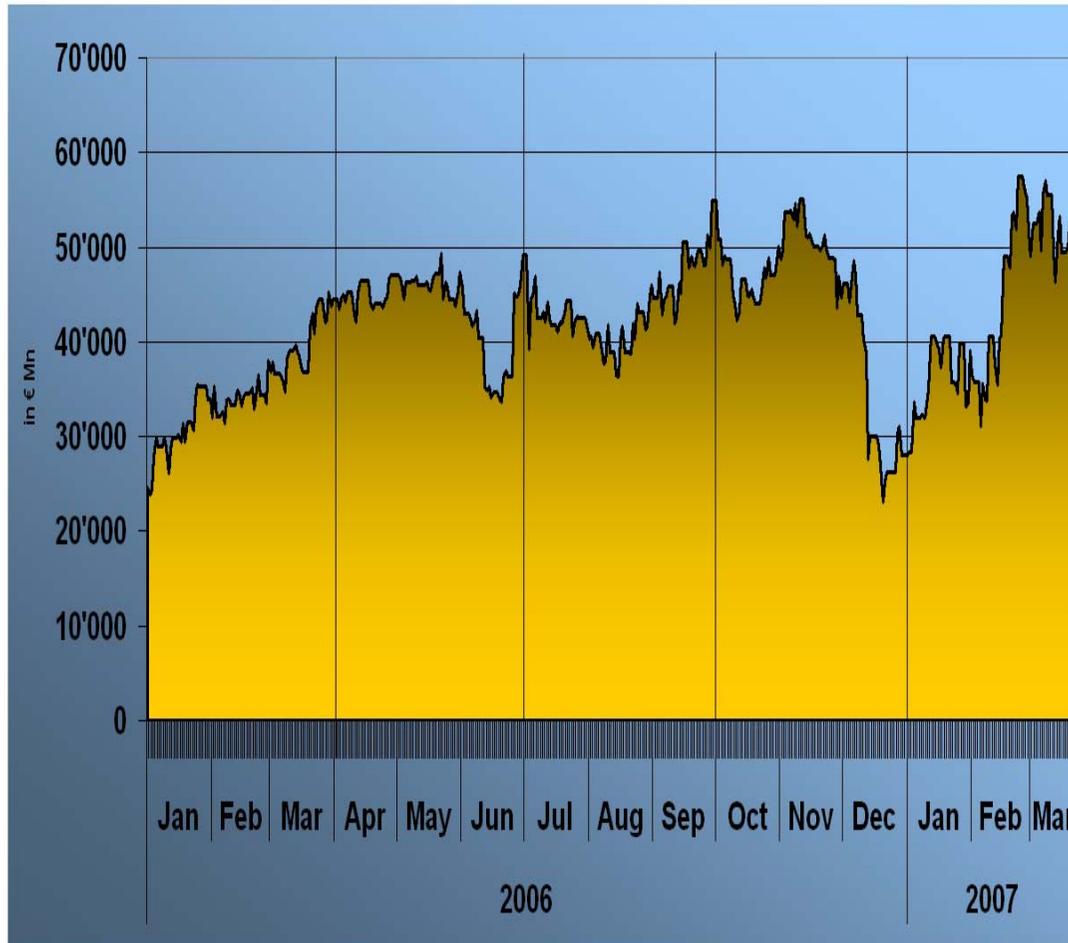


\* Daily Swiss National Bank SNB open market operations and intraday liquidity supply

\*\* Periodic new issuing of Swiss government debt securities

# Eurex

## Development of Outstanding Volume



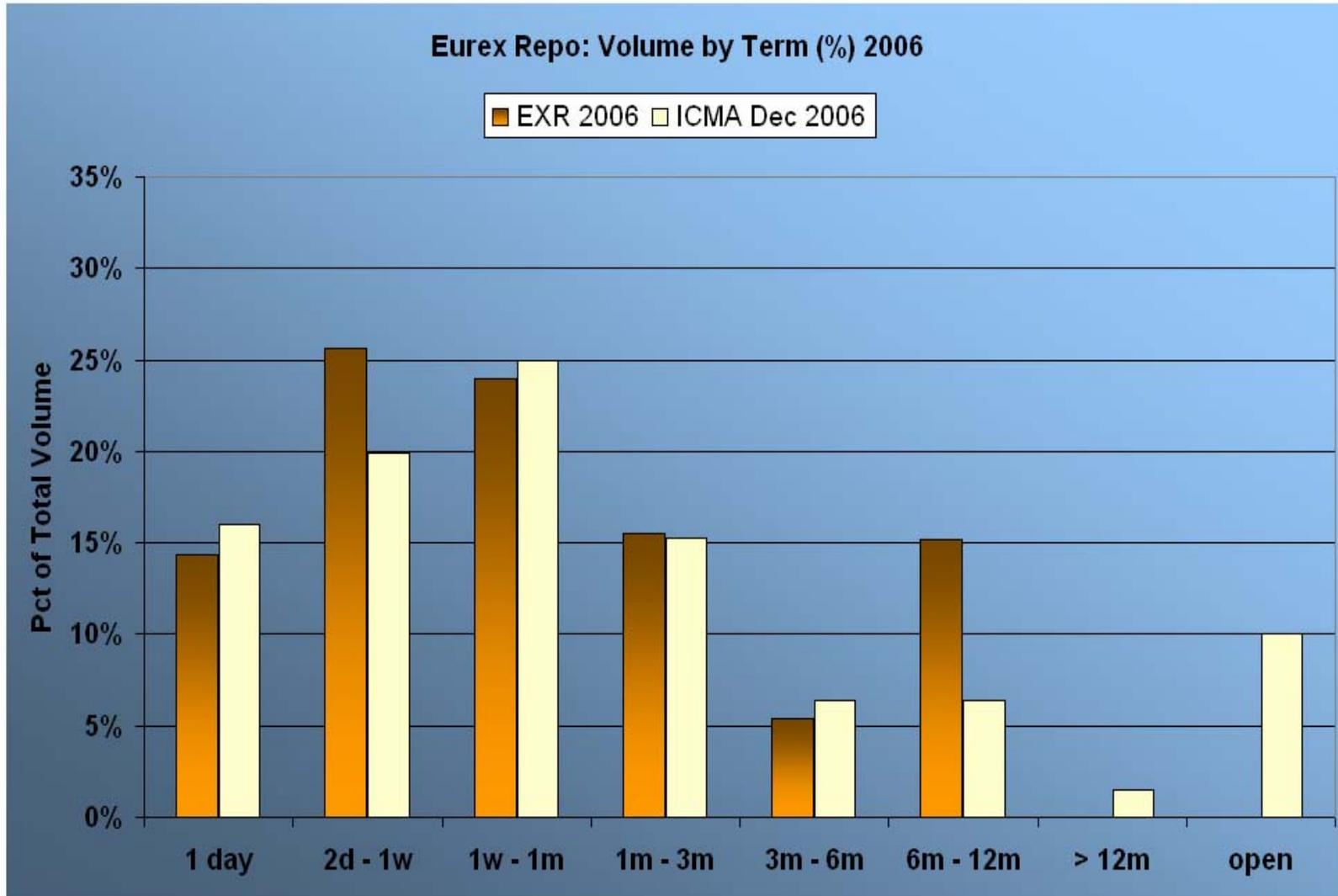
Source: Eurex Repo

## Eurex Repo Euro Market

- Annual average growth rate is 89% (2002-2006)
- Outstanding volume ytd. grew +38% from 2005 to 2006 (€29.9bn – €41.5bn)
- Daily outstanding €58 bn reached Feb. 2007
- Outstanding volume grew +31% from Feb 2006 to 2007

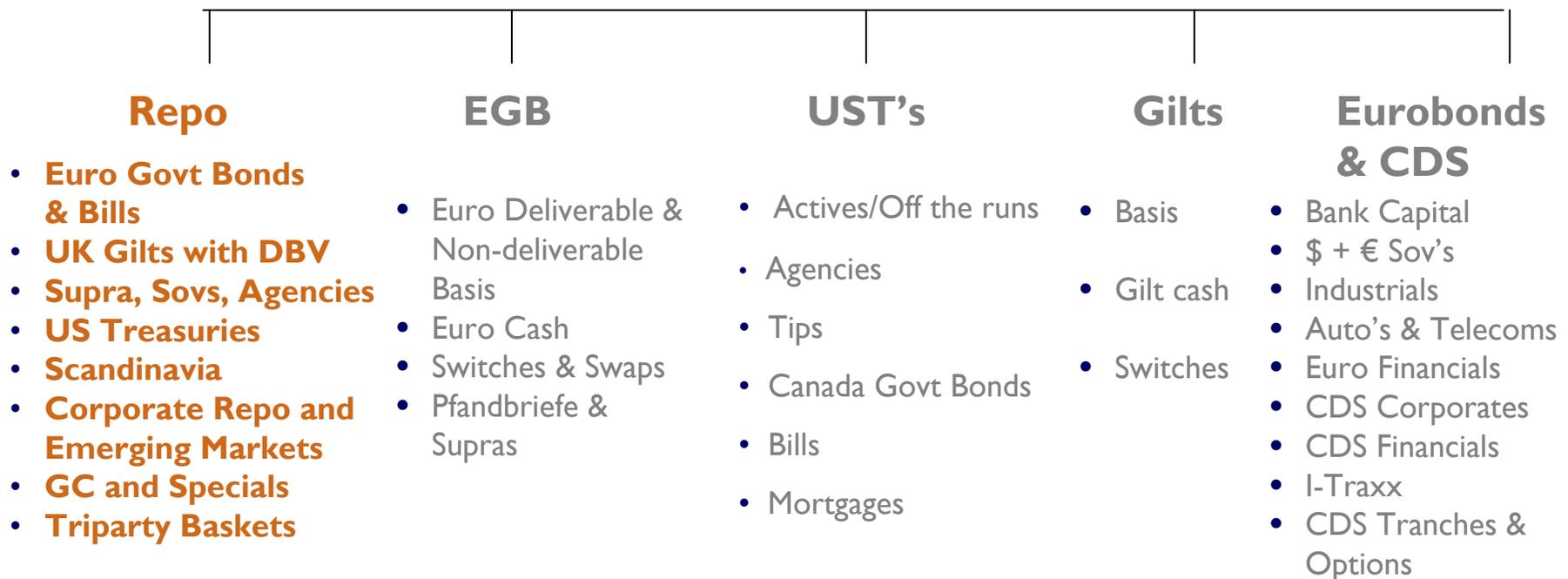
# Eurex

## Eurex Repo / ICMA Term Structure



Source: Eurex Repo / ICMA  
GLOBAL OPERATIONS MANAGERS CONFERENCE 2007

# BrokerTec - Multiple Products & Markets – ‘One trading system’



# **ICAP Electronic Broking - BrokerTec Europe Repo Clients**

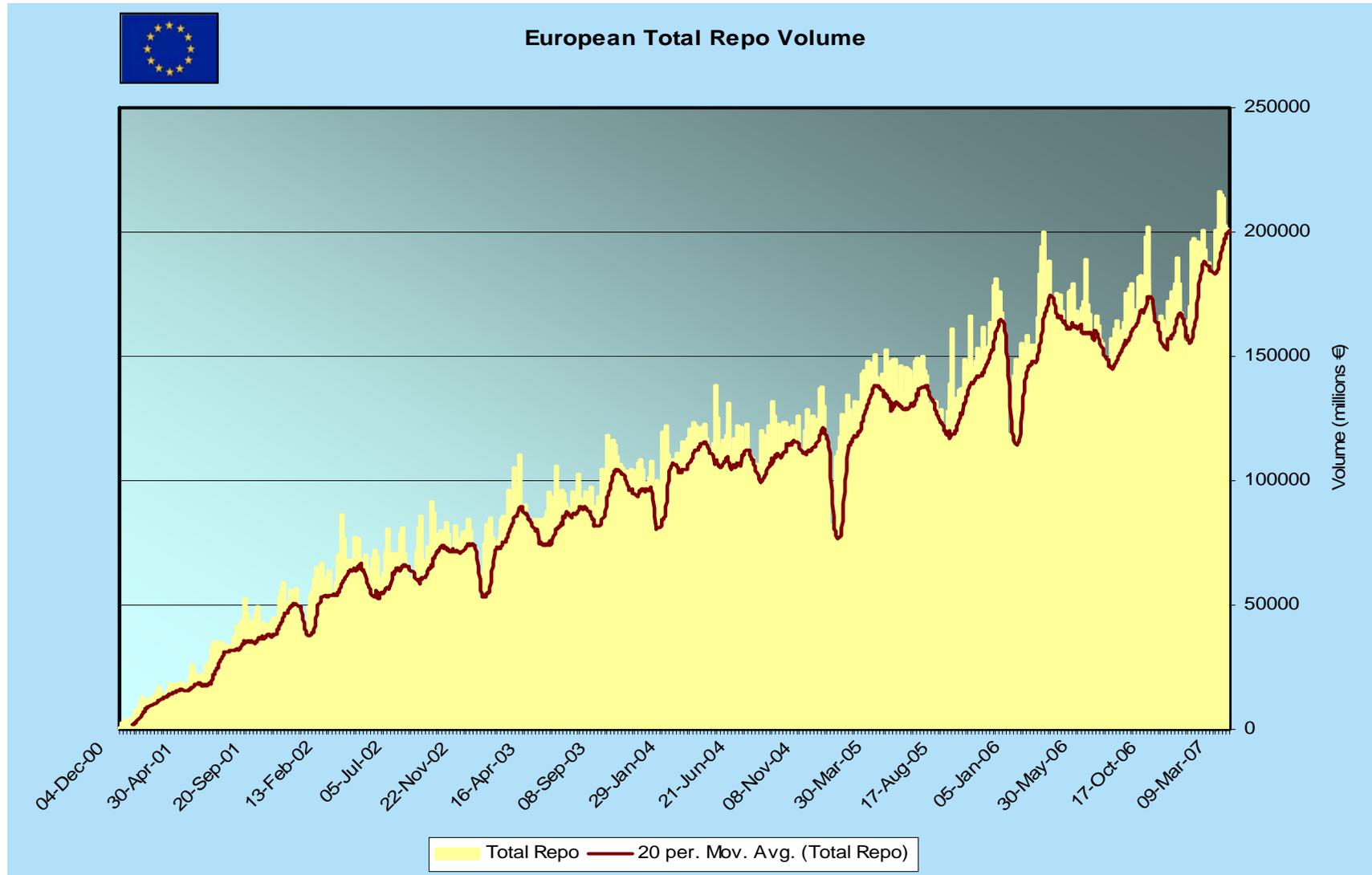
- **Inter-dealer participants (B-2-B only, banks and professional market counterparties only)**
- **Access/Membership to Central Counterparty (direct or via a third party)**
- **70 entities transacting Repo on BrokerTec**

# ICAP BrokerTec Repo Participants - April 2007

- **ABN**
- **Abax**
- **Anglo Irish Bank**
- **Alpha Bank**
- **Dexia**
- **Bank of America**
- **Barclays Capital**
- **BBVA**
- **Banco Espirito Santo**
- **Banca IMI**
- **Bank of Ireland**
- **Bayern LB**
- **BNP Paribas**
- **Bred**
- **Bear Stearns**
- **Calyon**
- **Caja Madrid**
- **Cater Allen**
- **Commerzbank**
- **Natixis**
- **Citigroup**
- **CIAL**
- **Credit Suisse**
- **Danske Bank**
- **Daiwa SMBC**
- **Deutsche Bank**
- **Deka**
- **DZ Bank**
- **Dresdner Bank**
- **Deutsche Postbank**
- **EFG Eurobank**
- **Fortis**
- **Goldman Sachs**
- **HBOS**
- **Helaba**
- **HSBC**
- **HSH**
- **HVB Munich**
- **Intesa**
- **ING**
- **JP Morgan**
- **KBC**
- **LBBW**
- **Lehman**
- **Man Financial**
- **Mizuho**
- **Merrill Lynch**
- **Morgan Stanley**
- **National Australia Bank**
- **National Bank of Greece**
- **Nomura**
- **Nordea**
- **Nord LB**
- **NRW**
- **Pireaus**
- **Rabobank**
- **Royal Bank of Canada**
- **Royal Bank of Scotland**
- **RZB**
- **Societe Generale**
- **Toronto Dominion**
- **Mitsubishi UFJ Sec Inc**
- **HVB Milan (UBM)**
- **UBS**
- **West LB**

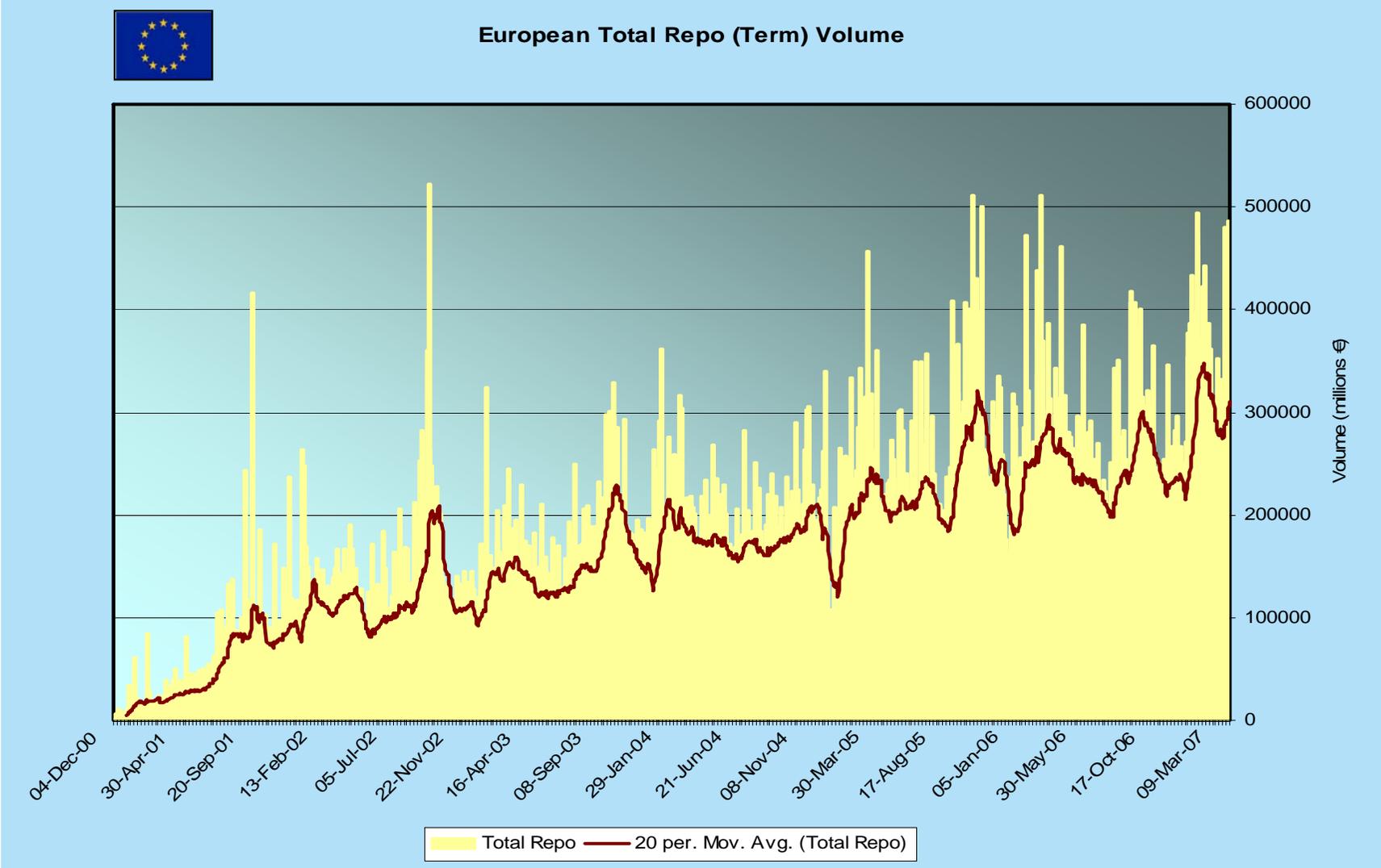
# ICAP- BrokerTec

## Daily Nominal Repo volumes (single sided)



# ICAP – BrokerTec

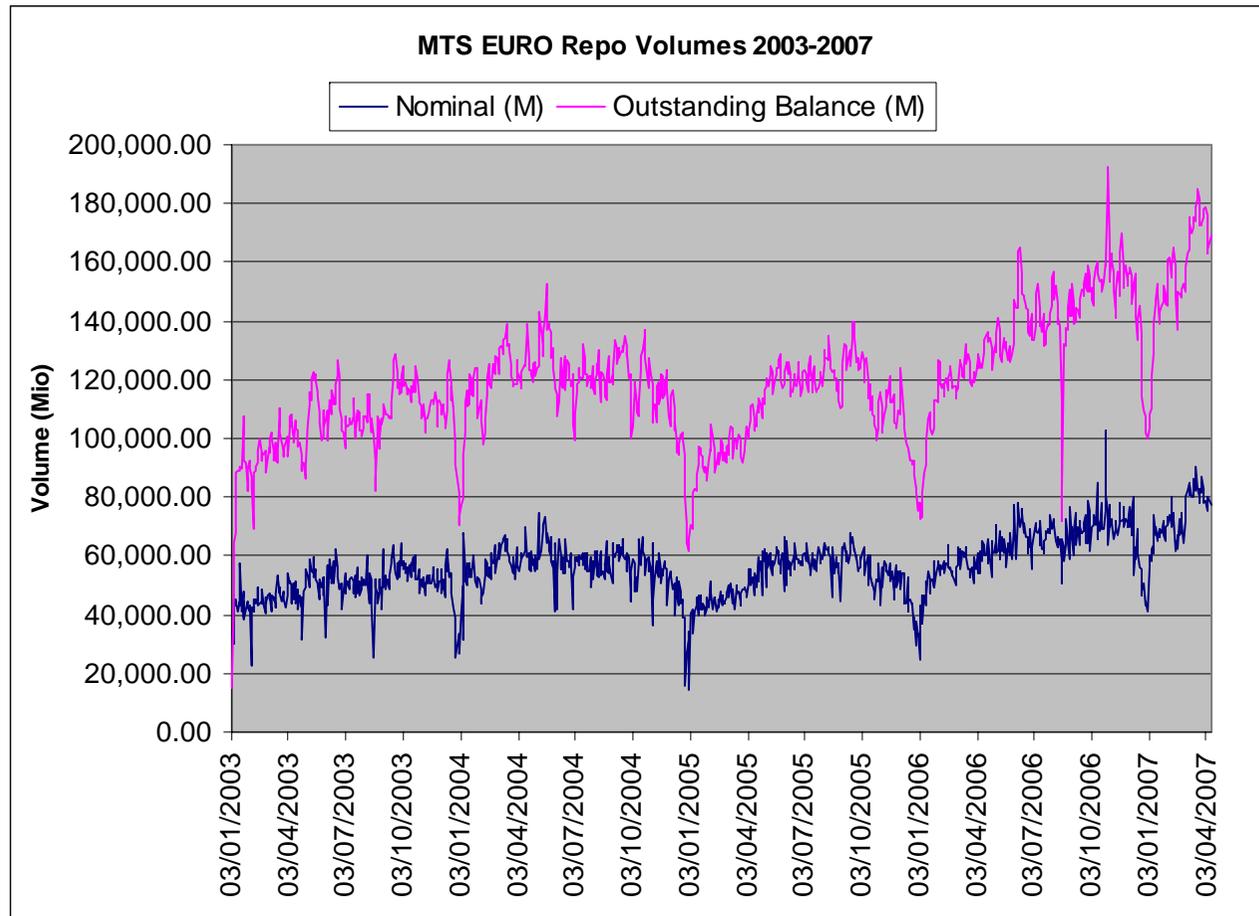
## Daily Term Adj Repo volumes (single sided)



# MTS – MMF Repo Platform Highlights

- **The MTS Repo Markets on the Money Market Facility (MMF) platform are a dedicated segment of MTS for the electronic transaction of repurchase agreements and Buy Sell Backs through an efficient and transparent marketplace.**
- **The MMF Repo platform brings together over 160 unique participants across Europe, including International and Domestic Banks and Institutional Buy-side institutions.**
- **A wide range of collateral is offered to include all Eurozone government bonds and selected Pfandbriefe, Covered, Corporate and Supras.**
- **Term adjusted daily volumes average in excess of €100 billion.**
- **Settlement instructions are sent automatically to the designated settlement institutions for each and every transaction.**

# MTS Repo Market Volume Growth



# Vision for Electronic Trading in the Future

