EUREX Architects of trusted markets

Repo Trading & Clearing 2025 / 2026

Driving Transformation Towards a More Integrated European Repo Market

Celebrating **25 years** of **Repo markets**

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Foreword

ECB easing sets the tone as Europe's repo markets surge in 2025

The ECB's monetary easing cycle continued in H1 2025, with the Deposit Facility Rate (DFR) eventually held steady at 2.0 percent as inflation projections pointed to a return to target. Excess liquidity in the Eurozone continued to decline as the ECB gradually wound down its monetary policy portfolios, allowing bonds to mature without reinvestment. This process contributed to a narrowing of the €STR-DFR spread. In Germany, asset swap (ASW) spreads showed divergent trends throughout 2025, influenced by a combination of domestic factors and global geopolitical developments, while Eurozone sovereign spreads generally continued to converge, with the exception of France. According to the ICMA Repo Survey, total outstanding volumes of the European repo market reached EUR 12.3 trillion in June, up from EUR 10.8 trillion in December 2024, representing an increase of 13.8 percent.

Eurex repo markets performed strongly in 2025, recording substantial growth in both daily average term-adjusted volumes (up 20 percent) and daily average outstanding volumes (up 22 percent). GC Pooling's strategic role as an efficient, reliable and representative pan-European cash-driven repo market was a key driver of this performance.

During the year, the reallocation of Eurozone reserves through our repo markets became increasingly important, reaching all-time highs in Q4. Collateral abundance has been reshaping pricing and liquidity dynamics. The sector remains robust, but participants must stay agile in the face of regulatory and geopolitical uncertainties.

This review highlights the key developments and trends for 2025 in the European repo market in general and the Eurex repo market in particular, as well as the challenges, opportunities, and issues likely to shape 2026.

Market development in European Repo Markets

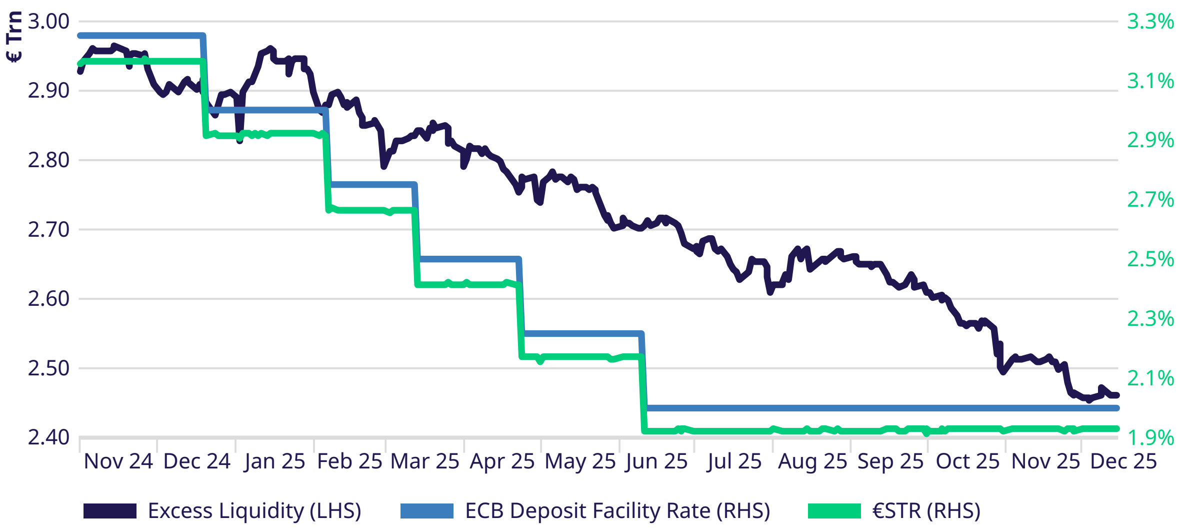
Over the past three years, the ECB's monetary policy normalization has created unprecedented conditions in the Eurozone, marked by a full tightening-to-easing cycle in short-term interest rates, a shift from collateral scarcity to abundance, and both abrupt and gradual reductions in excess liquidity.

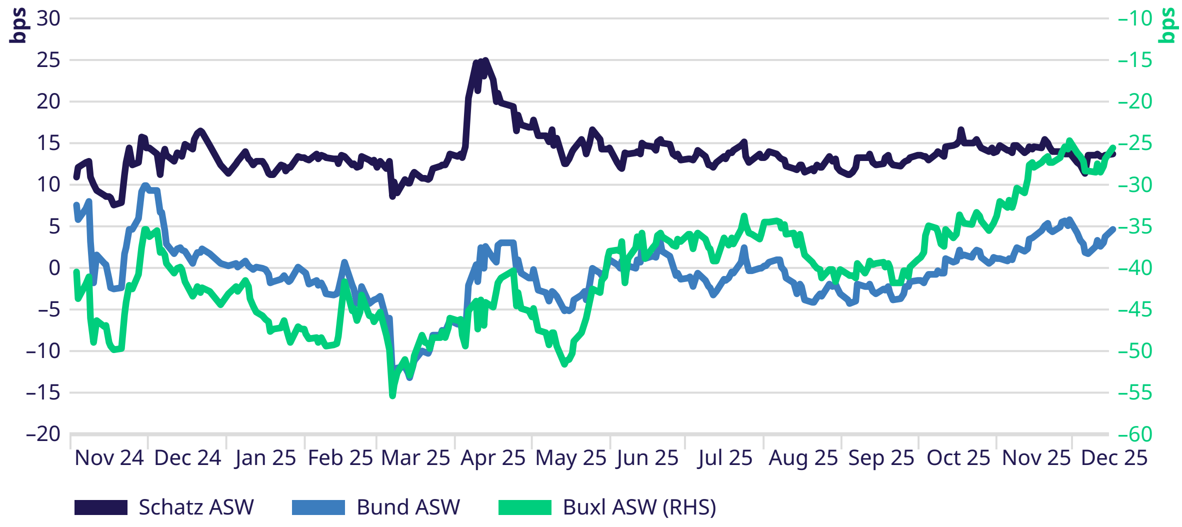
As the ECB steps back and excess liquidity continues to decline, with the Deposit Facility Rate at 2 percent, a narrowing €STR–DFR spread, and the re-emergence of term premia, Eurex's cleared repo markets have played a central role in helping the market adapt. Participation has expanded to more than 170 institutions, including new entrants such as central banks, pension funds, and alternative investment funds, enhancing market diversity and supporting refinancing needs.

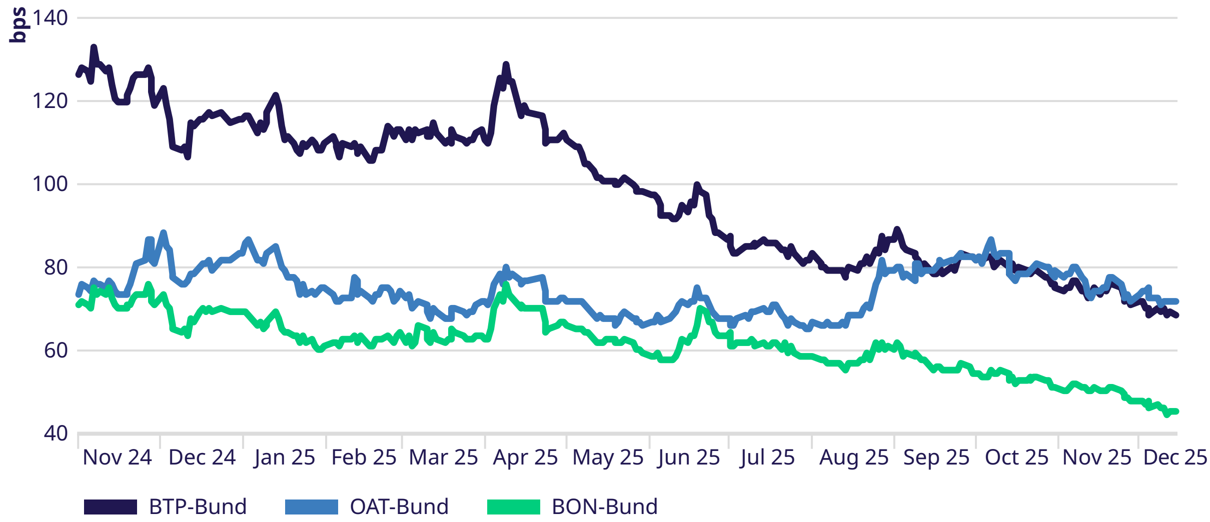
The ICMA Repo Survey, published in December 2025, reports that repo and reverse repo positions grew strongly over the most recent six-month survey period, broadly reflecting heightened market volatility and macroeconomic uncertainty triggered by a series of U.S. trade policy and tariff announcements.

This market shock not only increased demand for reliable funding but also prompted investors to seek refuge in money markets. "Repo benefited directly and indirectly through vehicles such as money market funds and ultra-short bond ETFs," the ICMA report notes. Rising demand for liquidity resulted in a rebound in the net reverse repo position across the firms covered by the survey.

Chart 1: Eurozone Excess Liquidity And Asset Spreads







Regulatory and market structure developments in 2025 and implications for cleared repo markets

Basel III and capital regulation
Basel III implementation in the EU (CRR III/ CRD VI) took effect on January 1, 2025. In the U.S., the Federal Reserve proposed lowering enhanced Supplementary Leverage Ratio (eSLR) requirements for G-SIBs. U.S. regulators are expected to issue a revised Basel III Endgame proposal in 2026. Meanwhile, industry groups continue to advocate for cross-product netting recognition across Standardized and Leverage Ratio regimes in the U.S., UK, and EU.

Liquidity regulation and payments in infrastructure in the EU
The EU has made favorable NSFR factors for reverse repos permanent and issued EBA guidance allowing cash inflows from open reverse repos to be recognized in the LCR. In addition, the final phase of the EU's Instant Payments Regulation has gone live, potentially increasing banks' demand for reserves and collateral transformation.

Increased focus on non-bank financial institutions

Regulators have intensified their scrutiny of non-bank financial institutions (NBFIs). The FSB's final report on leverage in NBFIs recommended a range of policy actions, while EU and UK authorities advanced similar initiatives. The Dutch central bank identified repo market capacity as a key vulnerability for the EUR 1.6 trillion pension sector.

Settlement cycle and treasury market reforms

Other notable developments include EU plans to assess a potential move to T+1 settlement with repo exemptions as a key consideration. In the U.S., the SEC delayed the implementation of mandatory treasury clearing to December 31, 2026 for cash transactions and June 30, 2027 for repo.

Implications for cleared repo markets

The implications for cleared repo markets are significant. Greater reliance on standardized approaches under Basel III is expected to tighten capital and balance-sheet constraints, supporting demand for cleared repo markets. Potential relief to the U.S. SLR regime could partially offset this effect by expanding bank balance-sheet capacity.

Increased regulatory focus on NBFI leverage creates opportunities to promote the benefits of centrally cleared repo and to influence reforms to UCITS, MMF, and Solvency II, key elements for building competitive and resilient European capital markets and for advancing buy-side repo access models.

Development at Eurex Repo Markets 2025

Central clearing remains a core theme in Europe's otherwise fragmented repo market, where most interbank activity is already centrally cleared without a regulatory mandate. The primary challenge lies in expanding access for non-bank financial institutions (NBFIs) and encouraging greater participation from the public sector, including central banks. Regulatory alignment – particularly with respect to risk management requirements (e.g., margins/haircuts) and Net Stable Funding Ratio (NSFR) treatment – will be essential to mitigate systemic risk and support broader adoption.

Measures such as permitting the reuse of cash or collateral (including through pledge structures) generated from repo and reverse repo transactions to meet CCP margin requirements, as well as easing collateral concentration limits for CCP-cleared reverse repos involving European money market funds and UCITS, would make central clearing more attractive and support further integration of European money markets.

Eurex's GC Pooling remains the preferred tool for interbank EUR-secured funding and cash investment, offering strong liquidity and resilience during stress. At the same time, its single-ISIN market has remained critical for financing European government debt inventories amid challenging monetary conditions and historically high issuance levels.

Record highs and substantial term repo

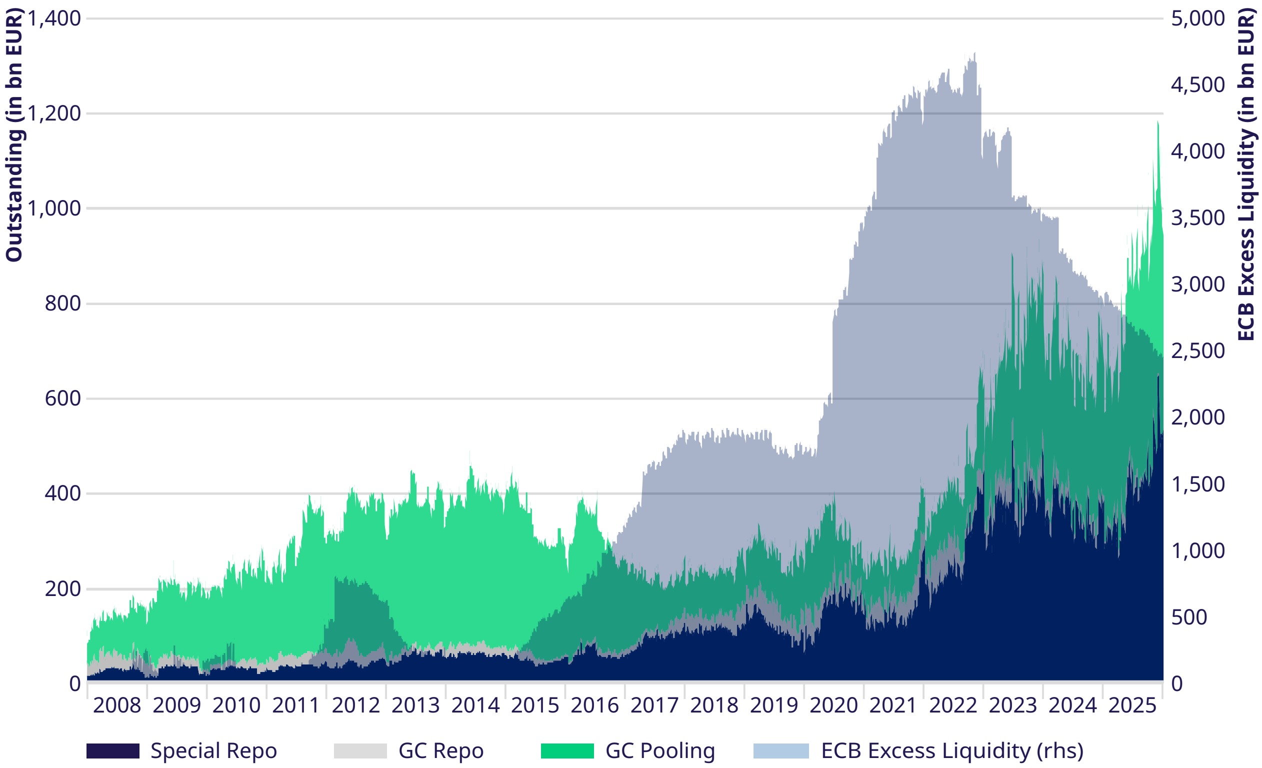
The year was characterized by a significant divergence in the activity in our two repo market segments. While cash-driven GC Pooling activity grew consistently, the securities-driven repo activity was subdued, particularly in Q1.

A number of factors led to a resurgence in activity, including U.S. tariff announcements in April, spending commitments by the German government, Eurozone sovereign spread convergence, and banks' ongoing rotation out of cash into European government bonds for their LCR requirements. Overall, outstanding volumes increased by more than 22 percent, driven by a strong performance in the GC Pooling segment (up 34 percent). In contrast, Single ISIN and GC volumes came under pressure, increasing by only 5 percent. The higher level of activity was partly attributable to increased participation by public-sector entities. Eurex now counts six central banks, three debt management offices, and seven agencies among its repo members. Total outstanding volumes reached all-time highs during Q4, exceeding EUR 1.2 trillion, representing an increase of more than 100 percent compared with 2024 and underscoring the growing demand for Eurex's centrally cleared funding and financing solutions.

The upgrade of Spain's credit rating and the subsequent inclusion of Spanish government bonds in the GC Pooling ECB basket, along with increased use of non-ECB-eligible collateral, provided additional support to GC Pooling. Amendments to Eurex Clearing's risk management framework fostered a significant increase in Italian government bond repo activity, which now accounts for approximately one-third of the outstanding volume in the Single ISIN and GC repo segment.

Activity accelerated in the second half of the year as demand for term repo transactions increased and the ECB's monetary easing cycle appeared to reach an endpoint. Three-, six-, nine-, and twelve-month tenors are now observable on a regular basis. For the first time this year, three-year repo transactions were originated. While this trend is not yet widespread across the market, some counterparties are showing an appetite for ultra-long repo contracts, while simultaneously making

Chart 2: Eurex Repo Daily Average Outstanding Volume Development



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

Daily average outstanding volume

+22% 2025 vs 2024

Source: Eurex Repo

use of efficient netting dates. This development is driven by specialist structured financing trades negotiated between counterparties on a pre-arranged basis.

On November 28, 2025, Eurex repo markets set a record high for daily traded volume, largely driven by the outage of a repo market infrastructure provider for several hours. The record volume was approximately 66 percent above the average daily traded volumes. This demonstrates the breadth and resilience of the European repo market, which enables several market participants to easily redirect liquidity to alternative trading venues, CCPs, brokers, or bilateral transactions.

General year-end commentary (GC Pooling & Special Repo)

At the beginning of December, short-term GC Pooling rates showed a brief uptick, with the ECB basket trading as high as 2.07 percent. At the same time, the spread versus the ECB EXTended basket widened to 3–4 bps. Market participants attributed this move to increased USD funding needs, resulting in stronger EUR–USD swap activity and temporary outflows from EUR into USD.

By mid-December, conditions normalized again: overnight and short-term GC Pooling rates in the ECB basket moved back towards the deposit facility rate, and the spread to the ECB EXTended basket tightened to around 1 bp from 3 bps earlier in the month. Ahead of year-end, demand for cash has increased noticeably. The pure turn (Dec 31 – Jan 2) traded at 2.06 percent in the ECB basket and slightly higher at 2.07 percent in the ECB EXTended basket, indicating that over the turn, "cash was king." This represents a clear reversal from the previous year, when overnight GC Pooling rates dropped sharply-, on average around 75 bps below the depo rate over the year-end period.

A return to the traditional year-end drop in GC Pooling

Year-end dynamics this year resembled earlier patterns, with GC Pooling overnight rates declining on December 31, despite elevated turn levels observed since early December. While the move was not as pronounced as last year, the ECB basket traded on average around 25 bps below the depo rate (versus roughly –75 bps in 2024). Transactions ranged from a low of 1.55 percent to a high of 1.98 percent. The ECB EXTended basket traded on average around 23 bps below the depo rate, though with very low turnover, and rates spanning from 1.40 percent at the low end to 1.98 percent at the high end. The benchmark STOXX GC Pooling EUR Deferred Funding Rate fixed at 1.869% on December 31. These comparatively low levels – despite the broader trend of higher financing costs – highlight persistent year-end balance sheet constraints and reduced repo activity in GC Pooling during the turn.

In the Special Repo segment, German Bund specials traded cheaper than last year, with average levels around depo –9 bps, compared with depo –25 bps in 2024.

European Central Bank joins Eurex repo market

The ECB's decision to join the cleared repo market in Q1 2026 highlights the importance of a resilient, efficient clearing infrastructure. By shifting part of its monetary policy securities-lending activities to centrally cleared repo transactions, the ECB aims to diversify its lending infrastructure, support the resilience and smooth functioning of Euro area repo markets, and enhance its market intelligence. We highlight the move as a significant endorsement of centrally cleared repo and of Eurex as the key market infrastructure within the European financial markets.

Eurex Repo advanced its leading position for trading in SSA Repo in 2025

Supranationals, Sub-sovereign and Agencies (SSA) bonds average monthly trading volumes increased by 70 percent in 2025. This was mainly driven by higher trading volumes in EU Bonds, where average monthly trading volumes increased by 116 percent while trading in other SSA bonds remained flat. In addition, the launch of Euro EU Bond Futures in September 2025 aims to complement the above developments and leverage Eurex's strong position across derivatives and repo markets.

Growing NBFI demand for cleared repo

Eurex Repo continues to see rising demand for cleared repo from a broad range of non-bank financial institutions (NBFIs), including pension funds, insurers, public institutions, investment funds, and corporate treasuries. Increased buy-side participation has driven new inflows, complementing strong activity in 2024 and 2025 via Clearstream's triparty offering. This growth reflects largely new activity rather than a migration from uncleared to cleared repo. Many of these participants had previously limited exposure to securities financing markets and are now using both cleared and uncleared channels to manage liquidity in a more fragmented and demanding environment.

Expanding access to centrally cleared repo markets

Eurex continues to onboard new clients through the ISA Direct clearing access models, with 10 additional pension funds, insurers and asset managers joining cleared repo in 2025. ISA Direct now accounts for approximately 10 percent of Eurex volumes. Deutsche Bank also joined as the latest bank acting as a Clearing Agent in our market-leading ISA Direct Clearing Model.

Ongoing onboarding initiatives, including TreasurySpring, continue to broaden buy-side participation in cleared repo. TreasurySpring, a treasury investment platform with offices in London, Jersey and New York, exemplifies this trend. Already active in Clearstream's triparty ecosystem, TreasurySpring has expanded its offering by accessing cleared liquidity via Eurex Repo. "For our counterparties, this unlocks a new universe of diversified funding sources within a capital-efficient ecosystem," says TreasurySpring CEO and Co-founder Kevin Cook. Building on this, TreasurySpring has launched next-day fixed-term funds (FTFs) through its One+ product. These euro-denominated instruments are backed by centrally cleared overnight repo with a one-day maturity, combining next-day liquidity with the risk management and capital efficiency benefits of central clearing using ECB-eligible high-grade collateral.

Simplifying market access

To further simplify market access for buy-side clients, Eurex has introduced a new "custodian model" in partnership with State Street. Under this framework, State Street handles account opening and key operational functions for smaller buy-side clients, reducing onboarding complexity and operational burden. In addition, ABN AMRO Clearing successfully launched its agency repo clearing model with the first client transactions completed in Eurex Repo markets in Q4 2025.

Eurex, Clearstream, and SimCorp have collaborated to simplify and standardize the reconciliation and management of Eurex-cleared and Clearstream TriParty repo transactions through SimCorp Dimension, driving efficiency for our joint clients. Further integration initiatives are being scheduled in the near future.

Adding digital assets to the collateral pool

In January 2025, Eurex received regulatory consent from BaFin, the German regulator, to offer DLT-supported collateral mobilization to its clients. This enables securities collateral to be mobilized instantly to meet CCP margin requirements, regardless of its location. The initiative is based on a collaboration between HQLAx and Clearstream, with J.P. Morgan acting as a pilot clearing member.

Through its collaboration with HQLAx, Eurex has continued to make strong progress in developing digital repo solutions, including digital securities cash baskets and digital cash solutions. Successful tests of intraday delivery-versus-payment GBP repo with HQLAx, along with participation in the ECB's DLT settlement trials, demonstrate the potential for centrally cleared intraday repo transactions using distributed ledger technology. These initiatives are paving the way for a more efficient, resilient, and innovative market infrastructure.

Eurex Repo's flagship GC Pooling Funding Service turns 20

Since 2005, GC Pooling has brought together nearly 170 European financial institutions from 20 countries. It is a joint initiative of Eurex and Clearstream, offering fully integrated trading via Eurex Repo, clearing through Eurex Clearing, and real-time collateral management and settlement through Clearstream. GC Pooling has played a key role in reducing fragmentation in European capital markets by providing a standardized, pan-European funding instrument and reliable repo liquidity, even during periods of severe financial stress.

Its standardized baskets and predefined terms make transactions straightforward, regardless of currency. GC Pooling delivers unparalleled liquidity and operational efficiency through automated processing, eliminating concerns about credit risk or security allocation. In addition, the ability to reuse collateral for further transactions, including central bank refinancing, maximizes financial flexibility.

In 2025, GC Pooling not only celebrated its 20th anniversary but also served as the clear growth driver, with consistent increases in volumes, outstanding balances, and term activity, exactly at a time of exceptional demand for cash-driven repo, as European banks contended with declining excess liquidity, uncertain interest-rate conditions, and a challenging geopolitical backdrop. While the broader repo market has shown a more uneven trajectory, it continues to trail the strong momentum seen in GC Pooling. Overall, these dynamics point to a robust secured-funding environment fueled by heightened demand for high-quality collateral, term funding, and diversified liquidity.´

Celebrating the GC Pooling Journey

- **2005** – Launch of GC Pooling (cleared tri-party repo)
- **2008** – GC Pooling ECB EXTended Basket
- **2010** – USD GC Pooling USD Cash Currency
- **2011** – GC Pooling Equity Basket
- **2013** – STOXX GC Pooling Indices; Select Invest for corporate clients
- **2016** – Select Finance for buy-side clients (ISA Direct)
- **2019** – First GC Pooling CTD Basket
- **2023** – ISA Direct Indemnified buy-side model
- **2024** – GC Pooling Green Bond Basket

Strategic outlook for 2026

Cash funding needs are expected to continue to grow as net issuance of European government debt increases, driving demand for financing across the Single ISIN, GC, and GC Triparty repo markets. Centrally cleared repo is likely to benefit disproportionately given its ability to reduce pressure on commercial bank balance sheets and its operational and risk-mitigating features.

The biggest impact on Eurex Repo's market in 2026, and European repo in general, will continue to be the actions of the ECB.

According to Isabel Schnabel, ECB Executive Board Member, the central bank is changing its provision of liquidity from a supply-driven model to one that is demand-driven.[1] As excess liquidity declines, banks are rotating out of cash and into HQLA bonds to manage their liquidity coverage ratios (LCR). This is expected to sharply increase the utilization of repo as a funding mechanism in the Eurozone. Cleared repo creates a market-based solution for accessing funding and enables the monetization of arbitrage opportunities against ECB facilities until they are eliminated. The Quantitative Normalization (QN) policy ends the expectation that banks should turn to the ECB for liquidity first and markets second, if at all. Now, the ECB wants banks to seek market liquidity first, but the central bank will be available if and when marginal liquidity is needed. This is an on-demand view of providing liquidity instead of asset purchases that tie up reserves for a longer period and may unintentionally create excesses in the monetary system. Eurex Repo is responding to this development by working to ensure that as many market participants as possible can access our infrastructure and our deep liquidity pools.

Concurrently, government debt levels are expected to continue to rise in the Eurozone, creating more financing demand. Analysis by Amundi shows that net European debt issuance will rise by 5 percent in 2026, with the "free float" rising by 8 percent.[2] Most of this will be in short-term debt as governments face excessive term premiums. While issuing short-term debt to cover long-term investments creates a potential future trap if interest rates rise when the debt needs to be rolled over, this duration management trend is on the rise globally. Eurozone banks will be the main buyers of European government debt, and this inventory will need to be financed in the repo market.

GC Pooling – the largest European liquidity pool for secured funding

In 2026, we will continue to expand the number of cash providers by encouraging broader participation from national central banks and state authorities for cash management, while leveraging dealer-to-client initiatives to attract European pension funds, insurance companies, investment funds, and corporates. In addition, we will focus on improving settlement processes and strengthening intraday liquidity to address lower excess liquidity and rising funding requirements.

1 "Speech by Isabel Schnabel, Member of the Executive Board of the ECB, at the ECB Conference on Money Markets 2025," European Central Bank, November 6, 2025, available at https://www.ecb.europa.eu/press/key/date/2025/html/ecb.sp251106~1133f93311.en.html

2 "European bonds in 2026 and beyond: strong supply, strong demand," Amundi, December 15, 2025, available at https://research-center.amundi.com/article/european-bonds-2026-and-beyond-strong-supply-strong-demand

Importance of NBFIs to cleared repo

Broad participation of Non-Bank Financial Institutions (NBFIs) in the funding and financing markets, especially in cleared repo, will be beneficial for a well-functioning market and of strategic importance in times of stress. Eurex offers a suite of access pathways into centrally cleared repo markets for buy-side clients. We will continue to promote the understanding and recognition of the suite of Eurex buy-side repo access models to buy-side firms, clearing agents and regulators. We expect additional banks to complete their readiness in H1-2026 to become a clearing agent supporting our buy-side access models.

Strengthening flexibility and readiness in a changing collateral landscape

Collateral management continues to evolve, with new baskets and models designed to meet the needs of a broader range of cash providers. The expansion of the GC Pooling ECB basket, along with updates to CTD baskets in Germany, Italy, France, Spain and EU Bonds, is increasing flexibility across the market. In addition, we will continue to promote the advantages of cleared repo, including multilateral balance sheet netting and efficiencies, including those gained by funding Single ISIN repos through GC Pooling. Making repo clearing more attractive to our clients is paramount to our strategy. Eurex Clearing is expected to roll out its new repo margin methodology, which should reduce the amount of margin required in most circumstances and will help to maintain our competitive position.

T+1 readiness

Close coordination with ICSDs will remain essential to ensure smooth settlement and maintain efficient collateral mobility as settlement cycles shorten. In advance of the implementation of T+1 in the EU in 2027, Eurex is working to improve its settlement efficiency and reduce potential frictions, in particular for same-day settling repo transactions.

ECMS Phase II rollout in June 2026

Together with Clearstream, Eurex is working with the ECB's ECMS project to apply the Correspondent Central Banking Model (CCBM) to create new opportunities for a pan-European funding and financing market. This will enable greater collateral optimization, allowing the reuse of collateral for triparty and GC Pooling transactions with domestic central banks across the Eurozone. We expect our pan-European client base to engage with their local central banks to achieve the same collateral reuse capabilities that German clients have benefited from for more than two decades.

Fostering repo clearing by lifting regulatory hurdles

Regulators worldwide are examining how to address vulnerabilities exposed during recent periods of market stress, particularly related to liquidity and resilience in the growing non-bank financial intermediation (NBFI) sector and government bond markets. In December 2023, the SEC adopted a final rule requiring central clearing of certain secondary-market repo and cash market transactions involving U.S. Treasuries.

Following the U.S. decision to mandate central clearing for U.S. Treasuries and related transactions, other regulators, central banks, and standard-setting bodies are also exploring policy measures ranging from mandating repo clearing and facilitating broader access to central counterparties to imposing enhanced risk management standards in non-cleared markets. Cleared repo markets have demonstrated strong resilience in both stressed and normal market conditions and offer tangible benefits to market participants, including improved risk management, greater operational efficiency, optimized use of financial resources, and increased transparency.

Finding a balanced approach

While the EU's response to the current debate remains uncertain, the region's heterogeneous government bond markets and fragmented market structure call for a balanced approach. Eurex advocates policies that focus on lifting legacy market structures and regulatory barriers and letting the European repo market evolve towards an ecosystem where central clearing plays a more prominent role.

Through our ongoing dialogue with non-bank financial institutions, we have jointly identified several regulatory hurdles that limit the broader adoption of centrally cleared repos in Europe. Eurex encourages regulators to address these disincentives for clearing brokers and clients so that voluntary clearing becomes economically viable. Such a balanced approach would deliver tangible benefits for market participants and help address regulators' concerns. This view is shared by European industry bodies, including CCPGlobal and the European Association of Clearinghouses (EACH).

In summary, Eurex will focus on attracting additional buy-side participants to cleared repo, expanding its momentum in GC Pooling as the largest pan-European liquidity pool, and growing its market share in the D2D Special repo segment, supported by improved margin efficiencies and highly effective settlement processes.

Contact us

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Further information – Publications from 2025

Extending the reach of secured funding and finance: A meeting point for the market
December 15

European Central Bank to join Eurex Repo market
November 6

Eurex Clearing becomes first CCP globally to launch DLT-enabled collateral mobilization service
July 29

Unlocking liquidity and stability: The buy-side case for cleared repo
June 24

Central clearing for repo markets: Is Europe putting the cart before the horse?
May 26

GC Pooling: a liquid market for a range of economic conditions
May 22

GFF Summit 2025 – Navigating uncertainty: geopolitics and market dynamics (Whitepaper)
March 25

Central clearing of repo markets in Europe – lift the barriers and watch the market evolve (Whitepaper)
March 1

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January 24

European repo market to benefit from balance sheet netting solutions with central bank money settlement (Whitepaper)

January 21

Funding and financing in an age of geopolitical uncertainty

January 20

Published by
Eurex Repo GmbH
Mergenthalerallee 61
65760 Eschborn
Germany

www.eurex.com

ARBN Number
Eurex Frankfurt AG ARBN 100 999 764

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eurex.com/repo