

AGENDA

FINANCIAL MARKET CONTACT GROUP

- BANKS



27 April 2023 at 13:00-15:00 CET
Danmarks Nationalbank

31-03-2023

AGENDA

1. **Opening remarks** from Danmarks Nationalbank

2. **DESTR**

Danmarks Nationalbank published an analysis in March 2023 on the first year of DESTR and the work done on preparing the market-infrastructure for supporting the DESTR-swap market ([link](#)). Currently, there is a fragmented DKK swap-market where it would be beneficial for the market liquidity and functioning to consolidate the turnover on a single reference rate. Due to its robustness and alignment with international standards, DESTR is seen as the future for the Danish market.

Danmarks Nationalbank gives a presentation on the first year with DESTR.

At the meeting we would like to discuss:

- a. What are your thoughts on the future reference rate in Danish kroner?
- b. How can we improve the market functioning and liquidity by consolidating the market on fewer reference rates?
- c. Is there any market infrastructure missing to facilitate a well-functioning DESTR swap-market?

3. **DKK Bond Market**

The bond markets have gone through large changes since the financial crisis with increased regulation affecting the way markets function. In addition, the volatile period during covid-19 crisis and rapid rate hikes from central banks have challenged the markets. A broad investor base and the importance of the issuance method have hence been of increased focus from issuers to ensure a well-functioning and liquid primary and secondary market. Danish krone bonds are issued in different ways depending on the asset. Mortgage bonds are primarily issued via multiple daily auctions while government bonds are primarily issued at larger biweekly auctions.

Danmarks Nationalbank will make a presentation of the primary market in Danish krone bonds.

You are invited to discuss:

- a. Pros and cons of the different issuance methods from both an investor and market-maker perspective?
- b. Foreign market-makers in DKK bonds

Mandatory clearing and optimization of lines, liquidity and settlement management etc. have put increased focus on collateral eligibility of bonds. In addition, repo-clearing has enabled an increased liquidity pool with a broad range of counterparties.

You are invited to discuss:

- c. Use of Repo CCPs and collateral eligibility of DGBs and mortgage bonds

4. EUR/DKK

Danmarks Nationalbank will present some initial insights from the new FX market statistics on e.g. turnover volumes.

You are invited to discuss:

- a. How is the perceived liquidity in DKK?
- b. Market composition between Danish and international counterparts.

5. Closing remarks