



Frontclear concludes a first GMRA documented cross-border repo in the Dominican Republic with Parallax Valores S.A. and Credit Suisse

May 2021. Frontclear, Credit Suisse and Parval concluded a USD 20 million repo trade, using locally issued Dominican Republic government bond collateral. This trade is the first ever cross-border repo trade in the country.

The repo transaction is documented under a standard GMRA 2011 and intermediated by FCC Securities (wholly-owned subsidiary of Frontclear), which established local custody infrastructure to secure title transfer of the collateral. The successful conclusion of this landmark trade demonstrates firsthand the benefits of using internationally accepted documentation and the importance of providing clarity on key aspects such as title transfer of collateral and enforceability of GMRA provisions in a close-out scenario.

“We are proud to have structured a first-of-its-kind cross-border repo transaction using locally issued government bonds as collateral. This trade will undoubtedly pave the way for Dominican financial institutions to access long-term offshore funding using existing local govies that otherwise do not allow for longer tenor stable funding. We believe that this trade sets a benchmark for the development of Dominican Republic’s money market going forward.”

– Daniel Baeza, VP Frontclear

“It’s a great satisfaction for the team to be part of the structuring of such an innovative financing alternative. We are confident that this will have an extremely positive impact in the Dominican market, with this transaction being only the beginning. We look forward to continuing to work with our clients and counterparties in developing a cross-border financing market.”

– Pedro Vázquez, Treasury Director, Parval

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About Frontclear

Frontclear is a development finance company dedicated to stable and inclusive money markets. Its investors are largely European development financial institutions. Frontclear has unlocked access to global and local interbank markets for EMDC banks by providing credit guarantees to cover counterparty credit risk, on the condition that local currency assets can be used for collateral management purposes. Complementarily, Frontclear offers technical assistance and implements regulator roundtables, advisory projects on legal enforceability, industry training and market infrastructure development – all targeting the development of a healthy money markets. To-date, Frontclear has issued over USD 240 million in guarantees on transactions with USD 490 million in notional. It has trained over 900 obligors and regulators in over 13 countries and signed a near dozen partnerships with central banks and local beneficiaries. For further information, please visit www.frontclear.com.

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