

Frontclear and Parallax Valores (Parval) close a market first GMRA documented cross-border repo against DOP-denominated collateral

March 2024. Frontclear and Parval concluded a USD 12 million repo trade, using locally issued, DOP-denominated Dominican Republic government bond collateral. This trade is the first ever cross-border repo trade in the Dominican Republic against local currency collateral.

The repo transaction is documented under standard GMRA 2011 and funded by FCC Securities (a 100% owned subsidiary of Frontclear), which established local custody infrastructure to secure title transfer of the collateral and DOP cash. The successful conclusion of this landmark trade demonstrates first-hand the benefits of using international market standard documentation including clarity on key aspects such as title transfer of collateral and enforceability of GMRA provisions in a close-out scenario.

Money markets are the most fundamental layer of financial markets, supporting maturity transformation and responsible lending practices of banks, deepening of government security markets, and allowing for effective transmission of monetary policy signals.

"We are proud to have structured a first-of-its-kind cross border repo transaction using locally currency government bonds as collateral. Frontclear has built the necessary custody and cash account infrastructure needed to secure local currency repos and we believe that this trade sets a benchmark for the development of Dominican Republic's money market going forward." – Daniel Baeza, SVP Frontclear

"We are honored by Frontclear's trust in Parval for this landmark transaction, the first of its kind in the Dominican Republic. This initiative, which uses Dominican peso-denominated bonds, demonstrates our commitment to innovation and progress in the financial market. It is a significant step to not only deepen and strengthen our market's resilience but to also consolidate our financial infrastructure, paving the way for further growth and stability." – Pedro Vazquez, Treasury Director, Parval

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About Parval

Parallax Valores Puesto de Bolsa, S. A. (PARVAL), a subsidiary of Grupo Rizek, is a distinguished brokerage firm in the Dominican Republic. Specializing in securities intermediation, PARVAL operates in strict adherence to Law No. 249-17. As the first entity to be granted the SVPB-001 license, PARVAL upholds financial regulations, emphasizing its commitment to industry standards. Registered with the BVRD under PB-002, the firm contributes to the enhancement of the financial market's infrastructure and stability. PARVAL's service offerings extend beyond investment services to include structuring and placement services, demonstrating its dedication to providing comprehensive market solutions. For further details, visit www.parval.com.do

About Frontclear

About Frontclear Frontclear is a development finance institution that aims to support stable and inclusive money markets in emerging and developing countries. Frontclear provides credit guarantees and technical assistance to facilitate access and liquidity in the interbank markets, especially for local

financial institutions. Frontclear's global technical assistance program works in partnership with central banks to develop the financial infrastructure, legal environment and the skills and capacity of the domestic market participants. Frontclear is funded by European development finance institutions and global development agencies. Frontclear is rated A- by Fitch and Baa3 by Moody's and is furthermore counter-guaranteed by KfW, a AAA-rated German development Bank. For more information, please visit www.frontclear.com.

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