



INTERNATIONAL SECURITIES MARKET ASSOCIATION  
EUROPEAN REPO COMMITTEE

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AS/AT/ys

**To all firms active in the repo market**

**Confirmation of second leg of buy/sell back transactions**

At its most recent meeting the European repo committee noted that some firms currently only confirm the first leg of buy/sell back transactions (i.e., the purchase of securities) upon entering into a transaction and then confirm the second leg (i.e., the sell back of securities) not earlier than two days before the execution of the second leg.

The European repo committee considers this to be problematic in all cases and particularly in cases of long-term buy/sell backs where mismatched trades remain undetected for a long period of time.

The Global Master Repurchase Agreement and the Buy/Sell Back Annex provide for confirmations to be made either on this basis or for a single confirmation to be delivered in respect of both legs of the buy/sell back transaction (see paragraph 3 of Annex III to the GMRA 1995 and paragraph 3(b) of the Buy/Sell Back Annex to the GMRA 2000).

The European repo committee encourages firms in the future, to **confirm both legs of buy/sell back transactions promptly upon entering into a transaction.**

Godfried De Vidts  
Chairman