

Press release

News from the International Capital Market Association (ICMA)

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Please see foot of release for contact details

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For immediate release

ICMA publishes 2011 Global Master Repurchase Agreement (GMRA) and associated legal opinions for over 60 jurisdictions.

(Zurich, Switzerland) The International Capital Market Association (ICMA), which represents capital market participants globally, has published the 2011 version of the Global Master Repurchase Agreement (GMRA); the most widely used legal agreement for documenting transactions in the cross-border repo market. At the same time, updated legal opinions on the enforceability of the agreement have also been made available; these cover the use of the GMRA for repo transactions in over 60 jurisdictions.

ICMA has promoted the development and use of the GMRA since 1992 as an important measure to improve and standardise market practice in the international repo market. The review of the 2000 version of the GMRA began over a year ago as part of the ICMA European Repo Committee's response to the financial crisis and was overseen by a working group of market practitioners and legal specialists. The provisions of the new GMRA 2011 allow market participants to take into account increasingly challenging market conditions in the post-Lehman default environment, changing repo market practice and changing insolvency and bankruptcy regimes. The new agreement also reflects calls for harmonisation across master agreements.

Godfried De Vidts, Chairman of ICMA's European Repo Committee said: "The GMRA 2011 is the result of a wide ranging and thorough review of the repo agreement and has involved a broad cross-section of the users who rely on the agreement in their daily repo trading activities. The intention is that the revised agreement will satisfy their requirements and provide a firm foundation for the repo market in the years to come."

Amongst the revisions to the agreement are:

- amended methodology in calling an Event of Default;
- expansion of the Act of Insolvency definition;
- increased flexibility as regards the default valuation time;
- introduction of the concept of margin percentage ;
- introduction of a cash equivalent amount for margin maintenance where equivalent margin securities are not available; and
- introduction of a set-off clause.

The 2011 GMRA is available to download from ICMA's website www.icmagroup.org

The updated 2011 GMRA legal opinions are also available (to ICMA members only as a benefit of membership) from this link www.icmagroup.org/legal1/GMRA_Legal_opinions.aspx

Notes for Editors

Repo and the Repo Market

Repo is the generic term for repurchase agreements (also known as 'classic repos') and buy/sell-backs. These are financial instruments typically used by securities dealers to fund the purchase and holding of securities and other assets. Repo is therefore part of the wider market in securities financing (along with securities lending and borrowing). ICMA's most recent survey of the European Repo Market, conducted in December 2010, sets the baseline value for repo market size at EUR 5,908 billion.

International Capital Market Association (ICMA)

ICMA represents financial institutions active in the international capital market worldwide. ICMA's members are located in 50 countries, including all the world's main financial centres. Its market conventions and standards have been the pillars of the international debt market for over 40 years, providing the framework of rules governing market practice which facilitate the orderly functioning of the market. ICMA actively promotes the efficiency and cost effectiveness of the capital markets by bringing together market participants including regulatory authorities and governments. See: www.icmagroup.org

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