

Press release

News from the International Capital Market Association (ICMA)

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Please see foot of release for contact details

ICMA/2013/01

Wednesday, 20 February 2013

For immediate release

ICMA publishes new legal documentation in support of Russian repo market.

(Zurich, Switzerland) The International Capital Market Association (ICMA), the leading trade body for the international debt capital markets, has today published a legal opinion on the enforceability and validity of the Global Master Repurchase Agreement (GMRA) in Russia. The GMRA is the most widely used legal agreement for documenting cross-border repo transactions and is also used in many domestic repo markets.

ICMA commissions legal opinions from leading law firms every year on the enforceability of the GMRA, its transfer of title provisions and its netting in insolvency mechanism for transactions with banks and other entities. For the first time the Russian opinion joins legal opinions already obtained by ICMA in more than 60 jurisdictions, in Europe and worldwide, all of which are available to its members.

Commenting on the importance of the Russian repo documentation Martin Scheck, Chief Executive of ICMA said: "With the publication of the legal documentation today we have secured a sound legal basis for the further development of the repo market in Russia. This milestone is the result of many years of intensive international cooperation channelled through ICMA's European Repo Council (ERC), with the support of its Russian members, the Central Bank of the Russian Federation, the National Securities Market Association (NSMA) and the legal team at ICMA".

Godfried De Vidts, Chair of the ERC, welcomed today's publication: "This is one more step on the way to the robust development of the repo product in Russia. The successful co-operation between the ERC and NSMA looks set to continue in an environment where regulatory changes are high on the agenda, particularly the initiatives on shadow banking directed at repo".

The publication of the Russian legal opinion on the GMRA, together with a Russian annex to the agreement, has been made possible by amendments made in 2011 to the Russian insolvency and securities market legislation which recognised close out netting arrangements on the insolvency of a Russian counterparty to transactions documented under eligible agreements and where certain reporting requirements are satisfied. The GMRA is recognised as an eligible agreement for the purposes of the legislation by virtue of ICMA being listed as an eligible international industry body by the Russian Federal Service for Financial Markets (FSFM). A Russian translation of the GMRA 2011 has also been published today.

As part of the suite of netting legislation developed, the FSFM adopted a regulation obliging parties to report certain transactions which are entered into under a master agreement (including repo transactions under the GMRA) to a Russian trade repository. The National Settlement Depository (NSD) will function as a trade repository for this purpose and maintain a register of contracts concluded on the basis of, inter alia, the GMRA. In the event of the insolvency of a Russian counterparty, close-out netting of the outstanding obligations is done on the basis of the information held by the NSD.

The 2013 Russian legal opinion is available to ICMA members at www.icmagroup.org

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Notes for editors

ICMA

The mission of the International Capital Market Association (ICMA) is to promote resilient and well functioning international debt capital markets, which are necessary for economic growth.

ICMA is a membership association, committed to serving the needs of its members, which include issuers, primary and secondary market intermediaries, asset managers, investors and capital market infrastructure providers, through its activities as a trade association and as a self regulatory organisation.

ICMA is an active force in standardising repo documentation. The Global Master Repurchase Agreement is the most predominantly used standard master agreement for repo transactions in the cross border repo market. www.icmagroup.org

ICMA European Repo Council

The ICMA European Repo Council (ERC) has become the industry representative body that has fashioned consensus solutions to the emerging, practical issues in a rapidly evolving marketplace, consolidating and codifying best market practice. The discussions that take place at the ERC meetings underpin the strong sense of community and common interest that characterises the professional repo market in Europe.

The ICMA European Repo Council is also responsible for promoting the wider use of repo in Europe, particularly among banks, by providing education and market information. The ICMA bi-annual survey of the repo market has become established over the past decade as the only authoritative indicator of market size and structure and the dominant trends.

Membership of the ERC is open to ICMA members who transact repo business in Europe. For more information contact: erc@icmagroup.org

Russian Repo Market

According to a survey conducted by the National Securities Market Association (NSMA) and Moscow Exchange between 1 December 2012 and 31 May 2012, the total volume of transactions in the Russian repo market during this 6 month period amounted to RUB 97.3 Trillion (EUR 2.4 Trillion), based on the business of 86 participating institutions. Contact: info@nfa.ru