

## EBRD & Frontclear executed 1st AMD repo

*Posted by [Damian Rozo](#) on 10 April 2018*

On 19 March 2018, the European Bank for Reconstruction and Development (EBRD) executed its first reverse repo transaction with Armswissbank, one of the leading banks in Armenia.

EBRD is lending circa AMD 2.3bln to Armswissbank for one year against Armenian government US Dollar Eurobonds. The transaction is guaranteed by Frontclear, a leading money markets development company funded by European governments and development finance institutions. This is the first transaction with Frontclear in Armenia.

Established in 2004, Armswissbank is a dynamically growing financial institution, operating as a private, corporate and investment bank, with a strong emphasis on brokerage services and liquidity management for Armenia's financial sector. The execution of this repurchase agreement is a milestone for the EBRD's on-going efforts to develop the Armenian Dram and the local capital markets. The transaction has a strong demonstration effect on the local financial markets as it is under the first Global Master Repurchase Agreement (GMRA), signed between EBRD and Armswissbank in January 2018, which allows parties to trade in repos.

The transaction is made possible due to the strong commitment from the Central Bank of Armenia that ensured the adoption of a legal and regulatory framework for derivative and repo transactions in Armenia. This legal reform was supported through EBRD's Technical Cooperation funds. Participating in the AMD repo market is a strong signal to the authorities and international investors that EBRD is not only providing technical expertise to help to develop local money markets, but is also participating in the markets.