

CBA introduces Master Documentation for Derivatives and Repurchase Transactions in Armenia

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The Central Bank of Armenia (CBA), with technical assistance from the European Bank for Reconstruction and Development (EBRD) and financial support from the Japanese government, has introduced master documentation for derivatives and repurchase transactions that is governed by Armenian law.

The introduction of this local master documentation will strengthen domestic market participants' confidence in Armenian financial markets, particularly in the derivatives and repo segments.

Based on the 2002 ISDA Master Agreement and the 2022 ISDA Securities Financing Transactions framework, the documentation is aligned with international best practices and is tailored to Armenia's legal and regulatory requirements. It provides local market participants with a robust legal framework, supporting the growth and stability of Armenia's derivatives and repo markets.

Andersen provided local legal advice for the project and undertook the localisation of the ISDA documentation.

Armen Nurbekyan, Deputy Governor of the CBA, emphasised the importance of this development: "This initiative marks the introduction of a universal, flexible and high-quality standardised agreement governing local financial transactions. It may unlock new opportunities to execute large-scale and reliable repo, derivatives and securities lending transactions with local and international partners. Moreover, significant volumes of exchange-traded repo transactions concluded under the Armenian law-governed master documentation may serve as a basis for developing a credible and market-based money market benchmark rate – a key element for moving forward and deepening other financial markets."

Gursu Keles, Associate Director of the EBRD's Treasury Department, said: "The introduction of Armenian law-governed master documentation will encourage the advancement of the country's derivatives and repo markets, leading to improved risk

management in the financial sector and enhancing the resilience of the Armenian economy.”

Initiatives such as this are testament to the EBRD’s enduring commitment to supporting sustainable economic growth and financial market development in Armenia.

The EBRD is the leading institutional investor in Armenia, being active in all sectors of the economy. Since the start of its operations in the country, the Bank has invested almost €2.5 billion in 229 projects in the financial, corporate, infrastructure and energy sectors, with 84 per cent of that investment going to the private sector.