

The French Banking Federation has published a new version of its Master Agreement for Repurchase Transactions

October 2025

The French Banking Federation (*Fédération Bancaire Française* or **FBF**) has released a new version of its Master Agreement for Repurchase Transactions (the **2025 FBF Repo Agreement**). This marks the first update of this Master Agreement since 2007, reflecting legal and regulatory developments – most notably under the EU Securities Financing Transactions Regulation (**SFTR**) – as well as market-driven amendments aimed at promoting convergence with international standards, particularly the Global Master Repurchase Agreement (**GMRA**).

Unless otherwise defined herein, capitalised terms bear the meanings given to them in the 2025 FBF Repo Agreement and all references to Articles are to that Agreement.

1. Key change: introduction of a “Default Value” concept

An important innovation in the 2025 FBF Repo Agreement is the introduction of the concept of “**Default Value**” (Article 12.1.5) for close-out valuation purposes, replacing the previous reliance on “Market Value”. Modelled on the GMRA’s “Default Market Value”, this addition provides greater flexibility in volatile or illiquid markets where reliable market quotations may not be available.

When determining the value of the securities in a close-out scenario, the calculating party may now rely on prices actually obtained in buying or selling all or part of the relevant securities, as well as bid or offer quotations, and where no reliable quotations are available, or where it would be commercially unreasonable or impossible to rely on them, the calculating party may instead determine the fair market value of the securities.

2. Greater flexibility in valuation for margining

The definition of “Market Value” has also been revised for non-close-out scenarios to allow valuation based on generally recognised pricing sources agreed between the parties, when market prices are unavailable or if the standard methods – last quoted/official price – do not apply. If no such source can be agreed by the parties, the Calculation Agent(s) will then seek at least two independent valuations and take the arithmetic average. Fallback provisions apply where fewer valuations are obtained and, when none are available, the arithmetic average of the valuation(s) determined by the Calculation Agent(s) will be used.

3. Inclusion of hedging costs and gains in the Settlement Amount

In determining the Settlement Amount following an Event of Default or a Change of Circumstances, the calculating party may now take into account losses, costs or gains resulting from the unwinding, replacement or execution of hedging transactions – to the extent these are not already included (Article 12.1.4).

4. Overhaul of the margining framework

All margin-related provisions have been redrafted for greater clarity and facilitated implementation and are now consolidated in Article 8 (removing former Annex II.C), with the election for financial and operational parameters to be made in the Annex.

In addition, the provisions for cash margin remuneration have been refined and consolidated in a new Article 8.4 and now expressly address the treatment of negative interest rates (through an election in Annex I.C). The reference rate for euro-denominated transactions has been updated to €STR, in line with current market benchmarks.

5. Failure to pay or deliver and grace periods

The 2025 FBF Repo Agreement refines the treatment of payment and delivery failures and associated grace periods, aligning the framework more closely with international practice. Former Article 11.1.1.8 (delivery default “opt-in”) has been removed, while the scope of Articles 11.1.1.1 and 11.1.1.7 have been amended and a new Article 11.1.1.3 added, resulting in the following framework:

- **Failure to pay:** Event of Default, subject to a one Business Day grace period (reduced from three previously) (Article 11.1.1.1);
- **Failure to post Margin** (in cash or securities) within the applicable timeframe: Event of Default with no grace period (Article 11.1.1.1);
- **Other Breach of Agreement or Repurchase Transaction** (other than a failure to pay or post Margin or a misrepresentation under Article 11.1.1.2): Event of Default, subject to a seven Business Day grace period (Article 11.1.1.3);
- **Cross-Default:** “opt-in” Event of Default with a threshold amount to be agreed in Annex I.C (Article 11.1.1.7);
- **Failure to deliver Securities on the Purchase Date or Equivalent Securities on the Repurchase Date:** Change of Circumstances (a concept absent from the GMRA) (Article 11.2.1.3) – with revised consequences, including an opt-in right to close out all outstanding Transactions, in addition to the existing remedies of repayment or margining and the option to terminate only the affected transaction (Article 11.2.2.3).

6. SFTR and other regulatory updates

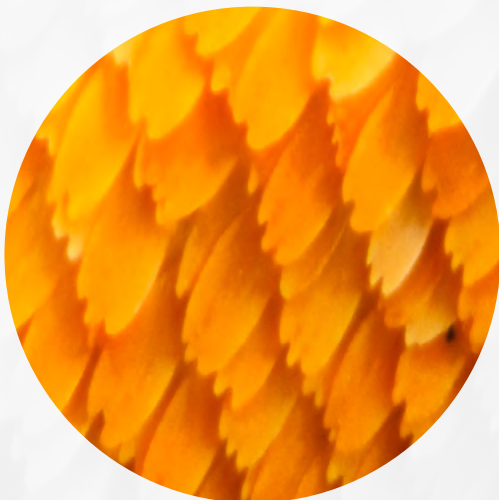
The 2025 FBF Repo Agreement incorporates a series of regulatory updates, particularly to address transparency and reporting obligations under SFTR, as well as other regulatory developments:

- **A new representation on information disclosure** (Article 10(xi)) to address information disclosure requirements under SFTR relating to the risk and consequences of granting a right of re-use on margin;
- **A new duty to cooperate on SFTR reporting** (Article 13.9);
- **A new Event of Default** (Article 11.1.9) covering suspension or delisting from exchanges or regulatory sanctions, resulting from failure to comply with financial resources, credit rating or AML compliance requirements.

7. Reference rates and indices

The 2025 FBF Repo Agreement incorporates several Technical Schedules relating to rates and benchmark events previously published by the FBF for use in connection with its Master Agreements for transactions on forward financial instruments:

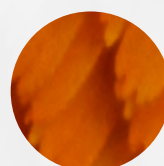
- The *Collateral Definitions Technical Schedule*;
- The *2021 Rates Definitions*; and
- The *Benchmarks Events Technical Schedule*.



8. Additional clarifications and enhancements

Other noteworthy updates include:

- **Expanded scope** (Preamble): now extends beyond repurchase transactions meeting the tax-driven criteria in Articles L.211-27 to L.211-34 of the French Monetary and Financial Code – though parties should consider potential implications of the inclusion of such transactions, in particular tax implications.
- **No hierarchy between Events of Default** (Article 1): confirming the prevailing market understanding that there is no hierarchy among the various Events of Default.
- **Refined “Business Day” definition:** distinguishing uses in the context of payment, delivery and Change of Circumstances, as well as providing for a general catch-all definition. This mirrors the approach adopted in the 2013 FBF Master Agreement for transactions on forward financial instruments.
- **New definition of “Equivalent Securities”:** with consequential amendments made throughout the Agreement.
- **New Article 7.4 and 7.5 addressing open-ended repurchase transactions** and organising amendments or extensions of Repurchase Dates.
- **New remedy for inability to return Equivalent Securities** (Article 9.5): introducing a mechanism broadly aligned with the 2011 version of the GMRA, whereby a party unable to deliver equivalent margin securities shall instead make a cash payment of equal value to the other party and, where the non-delivery continues for more than two Business Days, the other party may require payment of the Default Value in cash of the relevant equivalent margin securities.



- **New representations:**

- “no-agency” representation (unless otherwise provided in Annex I.C) (Article 10(xii));
- confirmation of full ownership of securities and absence of encumbrances over transferred or margined securities (Article 10(xiii)).

- **Electronic notices** (Article 13.1): removal of fax and telex references, inclusion of electronic communication methods and specification of effective timing.

- **Assignment to Third Parties** (Article 13.5): express statement that claims over the Settlement Amount may be transferred, assigned or granted as a security interest or guarantee without prior written consent.

- **Electronic signatures** (new Article 16): recognition of electronic execution in line with current market and legal practice.

- **Jurisdiction** (Article 17): update to refer to the exclusive jurisdiction of the Paris Economic Affairs Court (*Tribunal des affaires économiques de Paris*).

Conclusion

The 2025 FBF Repo Agreement represents a significant modernisation of the French repo documentation framework, bringing it closer to international market standards, while enhancing flexibility, legal certainty and regulatory alignment. This substantive update is the opportunity for market participants to revisit their existing contractual frameworks and consider whether and when to transition to the 2025 form.

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