



EUROPEAN CENTRAL BANK

EUROSYSTEM

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Update on the European Master Agreement (EMA)

This presentation states the personal views of the presenter which might not be identical with the views of the European Central Bank

History and Background

- **The Master Agreement for Financial Transactions, commonly known as the European Master Agreement (EMA)**
- **Sponsored by the EBF, in cooperation with the European Savings Bank Group and the European Association of Cooperative Banks**
- **Multi-language, multi-jurisdictional and multi-product agreement: Rather than only repo or only derivatives the EMA allows the use across these two different product categories and is used by the ECB also for further financial transactions.**
- **The ECB started using the EMA in 2005 (the 2004 version of the EMA) for its own funds and foreign reserves activity, later also for certain monetary policy purchases.**

Update of the EMA

- Over time, especially due to regulatory developments following the financial crisis, the 2004 version of the EMA required an update.
- The ECB, together with some other Eurosystem NCBs and some commercial banks, elaborated in cooperation with the EBF a new version of the EMA, the 2020 version of the EMA consisting of:
 - General provisions ([PDF](#))
 - Product Annex for Repurchase Transactions ([PDF](#))
 - Product Annex for Securities Loans Transactions ([PDF](#))
 - Margin Maintenance Annex for Repurchase Transactions and Securities Loans ([PDF](#))
 - Deposit Annex ([PDF](#))
 - Derivatives Annex ([PDF](#))
 - Index of Defined Terms ([PDF](#))
 - Interest Rate Transactions ([PDF](#))
 - Clearing Annex ([PDF](#))
 - EMIR Annex ([PDF](#))
 - Special Provisions ([PDF](#))
 - Explanatory memorandum 2020 ([PDF](#))

Legal Opinions

- **Legal Opinions in relation to the EMA are crucial mainly due to:**
 - (i) **insolvency robustness and**
 - (ii) **(ii) regulatory capital (recognition of exposure reduction due to netting effect with the proviso that Article 295 CRR ff. set requirements for such risk reduction (which is not needed for exposure towards euro area NCBs but for the use among commercial banks it is indispensable).**
- **Legal Opinions for the EMA now exist for the following jurisdictions (plan to update LOs every two years):**
 - **United Kingdom**
 - **Germany**
 - **France**
 - **Belgium**
 - **Luxembourg**
 - **Italy**
 - **The Netherlands**
 - **Austria and Switzerland**

Thank you for your attention!

Any questions?