

## Public Information Summary – Frontier Clearing Corp./FCC Securities BV

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### Host Country(ies)

Global in DFC-eligible countries.

### Name of Counterparty / Issuer

FCC Securities B.V.

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### Project Description

A loan to FCC Securities B.V. to support financial sector development by strengthening local money markets through financing the entry into repurchase agreements and other liquidity facilities.

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### DFC Product Type

Debt Financing

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### DFC Investment / Insured / Equity Amount

\$100,000,000

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### Total Project Costs

\$184,375,000

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### U.S. Involvement (If not applicable, put N/A)

N/A

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### Policy Review

#### U.S. Economic Impact

This Project has no potential for a negative impact on the U.S. economy.

#### Developmental Objectives

Interbank lending and money markets serve as the cornerstone of a mature and efficient financial ecosystem by introducing increased liquidity for financial institutions and thereby supporting banking activities, including expanding access to credit. However, many less developed markets lack the financial instruments, legal and regulatory framework, and financial infrastructure to transact in cross-border or even domestic money markets. Specifically, the lack of interbank liquidity increases liquidity risk at the local bank level, incentivizing local financial institutions to utilize deposits to purchase local bonds. In the absence of liquidity options, these institutions typically hold these bonds to maturity, further straining local lending.

In response to this challenge, the Project is expected to have a positive development impact by supporting increased liquidity in local money markets across DFC-eligible countries. The Project will support this capital deepening by purchasing government bonds held by local financial institutions in repurchase agreements (“repos”), with the objective of providing short-term liquidity that supports these institutions’ banking activities as well as the efficiency of financial markets. The Project is complemented

by Frontclear’s comprehensive technical assistance program, which seeks to address legal and regulatory challenges, improving related technology and financial infrastructure, and training on globally standardized liquidity management instruments. Given the Project’s characteristics, it is categorized as Highly Impactful per DFC’s Impact Quotient.

## **Environment and Social Assessment**

### *Screening:*

The Project has been reviewed against the DFC’s 2024 Environmental and Social Policies and Procedures manual (“ESPP”) and has been determined to be categorically eligible. DFC loans to financial market development companies for the purpose of engaging in repos with financial institutions are screened as Financial Intermediary C (FI-C) for environmental and social assessment. These downstream investments are expected to result in minimal adverse environmental and social impacts. Therefore, all those downstream investments have been pre-screened as low risk and further review and consent is not required for these investments. To ensure that the Borrower’s repos are consistent with the DFC’s statutory and policy requirements, the DFC loan will be subject to conditions regarding the use of proceeds. The primary environmental and social issues identified in this transaction relate to the need for an Environmental and Social Policy (“ESP”) that meets the 2012 IFC Performance Standards.

### *Applicable Standards:*

Under the DFC’s ESPP, the Borrower is required to comply with applicable local and national laws and regulations related to environmental and social performance and applicable provisions of the 2012 International Finance Corporation’s Performance Standard (“PS”) 1 and 2. A desk review-based due diligence assessment indicates that because the Project will use DFC support for repos with financial institutions for the growth of local money markets in developing countries, significant adverse impacts concerning community health and safety, biodiversity, land acquisition and resettlement, indigenous peoples, and cultural heritage are not anticipated; therefore, PS 3, 4, 5, 6, 7, and 8 are not triggered at this time.

### *Environmental and Social Risk and Mitigation:*

The Borrower does have an environmental and social policy as described in IFC PS 1, grievance mechanisms, and human resources policies generally commensurate with its investment strategy. However, the Borrower will be required to provide updates to the E&S Policy and Code of Conduct, and create an anonymous submission channel for the worker grievance mechanism to align with IFC PS 1, PS 2, and DFC’s 2024 ESPP.