

 Early Warning System

FMO-50742

FRONTIER CLEARING CORPORATION B.V.



Quick Facts

Financial Institutions	Netherlands Development Finance Company (FMO)
Status	Approved
Bank Risk Rating	C
Voting Date	2017-02-13
Borrower	Frontclear
Sectors	Finance
Ring Fence	No Restrictions
Investment Type(s)	Loan
Investment Amount (USD)	\$ 30.00 million
Loan Amount (USD)	\$ 30.00 million



Project Description

According to FMO website, Frontclear is a financial markets development company focused on catalyzing more stable and inclusive financial markets in emerging and developing countries. Frontclear facilitates more competitive access to interbank markets through issuance of Basel III compliant credit guarantees to cover a transacting institution's (the Obligor) counterparty credit risk. Frontclear covers money market instruments including but not limited to repo's, cross currency repo's and derivative instruments. The investment represents a significant increase in the capital of Frontclear and allows Frontclear to extend its efforts to support the development of more inclusive and more liquid interbank markets in emerging and frontier economies. Frontclear is a niche-player with a unique proposition. Given the company's start-up nature, FMO is highly additional. Further value is added by enabling Frontclear to access FMO's network and knowledge such as FMO's worldwide financial institution sector knowledge and client base. Frontclear's product offering is complementary to FMO since it is highly beneficial to many of our financial institutions clients: whereas DFIs provide long-term financing, Frontclear offers short - term money market solutions. Finally, Dutch interest is clearly represented in this transaction.



Investment Description

- Netherlands Development Finance Company (FMO)

Financial Intermediary

Financial Intermediary: A commercial bank or financial institution that receives funds from a development bank. A financial intermediary then lends these funds to their clients (private actors) in the form of loans, bonds, guarantees and equity shares. Financial intermediaries include insurance, pension and equity funds. The direct financial relationship is between the development bank and the financial intermediary.

- [Frontclear](#) (Financial Intermediary)



Private Actor Relationship

There is often limited information publicly available about what development banks are funding through financial intermediaries. In 2021, the Early Warning System partnered with Oxfam International to incorporate information on high-risk projects being funded by financial intermediaries receiving funding from the International Finance Corporation (IFC) and the Dutch Development Bank (FMO).

The information listed below describes the relationship between the different private actors linked to high-risk sectors and subprojects of IFC and FMO's financial intermediary investments and/or the financial intermediary's parent companies made from 2017 through 2020, including any associated ring fences.

The database, however, does not explicitly or implicitly imply that IFC or FMO have material exposure to or are contractually or legally accountable to the sub-projects financed by their financial intermediaries or the financial intermediary's parent companies. It only shows a seemingly financial relationship among the different private actors, the financial intermediaries, and IFC or FMO.



Contact Information

No contact information provided at the time of disclosure.

ACCOUNTABILITY MECHANISM OF FMO

Communities who believe they will be negatively affected by a project funded by the Dutch Development Bank (FMO) may be able to file a complaint with the Independent Complaints Mechanism, which is the joint independent accountability mechanism of the Dutch Development Bank (FMO) and the German Investment Corporation (KfW) . A complaint can be filed in writing, by email, post, or online. The complaint can be filed in English or any other language of the complainant. The Independent Complaints Mechanism is comprised of a three-member Independent Expert Panel and it can provide either problem-solving, compliance review or both, in either order. Additional information about this accountability mechanism, including a guide and template for filing a complaint, can be found at: <https://www.fmo.nl/independent-complaints-mechanism>