

Press release

News from the International Capital Market Association (ICMA)

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Please see foot of release for contact details

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ICMA publishes 2008 legal opinions on repo agreement for 68 jurisdictions

(London, UK) The International Capital Market Association (ICMA) has published the 2008 legal opinions on the Global Master Repurchase Agreement (GMRA), the standard agreement used for international repo transactions. The opinions now support the use of the GMRA in 68 jurisdictions.

Opinion seeking exercise to date

During the past years, ICMA obtained and annually updated legal opinions on the GMRA from numerous jurisdictions worldwide. In some of these jurisdictions the opinions were jointly obtained and updated with the Securities Industry and Financial Markets Association (SIFMA).

Combination of opinion seeking exercises by ICMA, SIFMA and the SLRC with effect from 2008

In autumn 2007, ICMA, the International Securities Lending Association (ISLA), SIFMA and the Securities Lending and Repo Committee Capital Adequacy Directive Working Group (SLRC) agreed to combine the legal opinion seeking exercises conducted separately in the past on the GMRA on the one hand and the securities lending agreements¹ (collectively the “SLAs”) on the other and to seek combined opinions on the GMRA and the SLAs with effect from 2008.

Format of the combined opinions

The combined opinions consist of the following parts:

- (i) core opinion covering both the GMRA as well as the SLAs (the “**Core Opinion**”);

¹ Overseas Securities Lender's Agreement (October 1994 version), Overseas Securities Lender's Agreement (December 1995 version), Master Gilt Edged Stock Lending Agreement (1996 versions) and the Global Master Securities Lending Agreement (May 2000 version)

- (ii) specific appendix covering the GMRA (the “**GMRA part**”); and
- (iii) specific appendix covering the SLAs (the “**SLAs part**”).

Availability of the combined opinions

ICMA makes available to its members and associate members the Core Opinion together with the GMRA part.

The Core Opinion together with the SLAs part is available on subscription from the Freshfields SLRC Extranet in London (for further information contact Freshfields Bruckhaus Deringer (kbdsupport@freshfields.com) and Simeon Rudin or Michael Raffan).

2008 opinions on the GMRA

ICMA obtained the 2008 update opinions on the GMRA for 58 jurisdictions (of which 53 are combined opinions consisting of the Core Opinion and the GMRA part) and new opinions on the GMRA for ten jurisdictions (of which eight are combined opinions consisting of the Core Opinion and the GMRA part) (collectively the “**2008 GMRA Opinions**”).

New 2008 GMRA Opinions have been obtained for ten jurisdictions; Anguilla, Barbados, Iceland, India Indonesia and five further Emirates of the United Arab Emirates, Ajman, Fujairah, Ras Al Khaima, Sharjah and Umm Al Quwain. These, in line with the existing opinions, have been obtained from locally appointed law firms and cover the enforceability of the netting provisions of the GMRA and the validity of the GMRA as a whole.

Furthermore, all 2008 GMRA Opinions cover the 1995 and 2000 versions of the GMRA. In comparison to the 2007 opinions, the 2008 GMRA Opinions now cover the central/national bank of the jurisdiction as a party to the GMRA where one exists².

In relation to the precise scope of the opinions ICMA members are also referred to the Association’s circulars no. 2 of February 2008, no. 3 of March 2008 and no. 4 of April 2008 which are available on the ICMA website and in particular to the relevant opinions.

Godfried de Vidts, Chairman of ICMA’s European Repo Council said: “The 2008 combined opinion seeking exercise on the GMRA and the SLAs has been successfully concluded thanks to the combined efforts of ICMA, who had the overall responsibility for the management of the exercise, ISLA, SIFMA and the SLRC”

The GMRA is jointly maintained by ICMA and SIFMA.

² The 2008 GMRA Opinion for Spain does not cover the Bank of Spain.

ICMA member firms can obtain the 2008 GMRA opinions free of charge from the ICMA website www.icmagroup.org. Non-member firms wishing to access the opinions should contact ICMA's membership department on membership@icmagroup.org.

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Notes for editors

1. List of jurisdictions for the 2008 legal opinions

2008 GMRA Opinions obtained jointly by ICMA and SIFMA:

- 1 Anguilla
- 2 Austria
- 3 Barbados
- 4 Belgium
- 5 Canada
- 6 China
- 7 Cyprus
- 8 England
- 9 Finland
- 10 France
- 11 Germany
- 12 Greece
- 13 Guernsey
- 14 Hungary
- 15 Iceland
- 16 India
- 17 Indonesia
- 18 Ireland
- 19 Italy
- 20 Japan
- 21 Jersey
- 22 Luxembourg
- 23 Netherlands
- 24 Norway
- 25 Poland
- 26 Portugal
- 27 Spain
- 28 Switzerland
- 29 USA

2008 GMRA Opinions obtained by ICMA alone:

- 30 Abu Dhabi
- 31 Ajman
- 32 Australia
- 33 Bahamas
- 34 Bahrain
- 35 Bermuda
- 36 Brazil
- 37 British Virgin Islands
- 38 Cayman Islands

- 39 Croatia
- 40 Czech Republic
- 41 Denmark
- 42 Dubai
- 43 Estonia
- 44 Fujairah
- 45 Hong Kong
- 46 Israel
- 47 Kuwait
- 48 Latvia
- 49 Lithuania
- 50 Malta
- 51 Mexico
- 52 Netherlands
- 53 New Zealand
- 54 Philippines
- 55 Ras Al Khaimah
- 56 Saudi Arabia
- 57 Scotland
- 58 Sharjah
- 59 Singapore
- 60 Slovakia
- 61 Slovenia
- 62 South Africa
- 63 South Korea
- 64 Sweden
- 65 Taiwan
- 66 Thailand
- 67 Turkey
- 68 Umm Al Quwain

2. The repo market

Repos, or repurchase agreements, are simply short-term loans, where a security, usually a government bond, is used as collateral. They are principally used to fund bond positions in the wholesale financial markets, which in turn are used for hedging and arbitrage strategies against derivatives; the repo market therefore underpins the functioning of the financial markets as a whole. Despite being pivotal to the securities market in Europe, figures on repo market size are difficult to obtain. ICMA's latest semi-annual survey set the lower limit for market size at almost Eur 6.8 trillion.

3. International Capital Market Association (ICMA)

The International Capital Market Association is the self-regulatory organisation and trade association representing constituents and practitioners in the international capital market worldwide. ICMA's members are located in 49 countries across the globe, including all the world's main financial centres, and currently number some 400 firms in total. ICMA performs a crucial central role in the market by providing and enforcing a self-regulatory code of industry-driven rules and recommendations which regulate issuance, trading and settlement in international fixed income and related instruments. ICMA liaises closely with regulatory and governmental authorities, both at the national and supranational level, to ensure that financial regulation promotes the efficiency and cost effectiveness of the capital market.

<http://www.icmagroup.org>

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