

GMRA – Sharia'a and Legal Issues

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Overall Structure

- Sale *and* repurchase “Two contracts in one”
- Need to separate sale from repurchase obligations

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GMRA Specific Issues

- Provision of margin
 - issues with granting securities
- Income payment to seller
- Underlying Assets : Sukuk and equities
 - sharia'a compliance

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GCC Specific Issues

- Recharacterisation risk
- Set-off and close-out netting
- Consideration for margin calls
- GCC securities/equities issues
 - foreign ownership
 - legal title and disclosure issues

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