



STATE OF ARKANSAS
OFFICE OF THE ATTORNEY GENERAL
JUSTICE BUILDING, LITTLE ROCK 72201

STEVE CLARK
ATTORNEY GENERAL

(501) 371-2007

OPINION NO. 86-47

March 13, 1986

Charles L. Robinson, CPA
Legislative Auditor
State Capitol
Little Rock, AR 72201

Dear Mr. Robinson:

You have requested an opinion from this office regarding the following questions:

1. May the State of Arkansas purchase repurchase agreements?
2. Would the purchase of repurchase agreements be considered a deposit or investment in a financial institution, or would such transaction be considered a purchase of an obligation?

In response to your first question the State of Arkansas may purchase repurchase agreements. There is specific authority for this under Ark. Stat. Ann. §13-435 (Supp. 1985). Additionally it would appear that since a repurchase agreement is characterized as the purchase and sale of securities (and not a deposit or collateralized loan) this ability to purchase repurchase agreements would predate this specific statutory provision.

In response to your second question the repurchase agreement, if properly drafted, would appear to be an agreement to buy and sell securities. See generally, Attorney General's Opinion Number 86-48 issued on repurchase agreements as it affects county and local government. A copy of that opinion is attached hereto for

your convenience.

The foregoing opinion, which I hereby approve, was prepared by Assistant Attorney General Kay J. Jackson Demailly.

Sincerely,



STEVE CLARK
Attorney General

SC/KJD/ljm