



Clifford Chance

Asset Finance Legal Update September 2026

CLIFFORD CHANCE BRIEFINGS



Clifford Chance Comment: EURIBOR Manipulation and Loan Agreements: CJEU Rules Against Automatic Invalidity. The CJEU's landmark judgment in Livronsa (Case C-60/25) definitively closes the debate?



Real risk, not certainty: the Catalan Sea and sanctions clauses in shipping contracts

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CASE SUMMARY



Riyad Bank, London Branch v Dragados Industrial SA [2026] EWHC 2204 (Comm) - High Court implies term to provide for an alternative rate to LIBOR

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In recent years, EURIBOR-related litigation has emerged as one of the most significant areas of banking disputes across Europe. Following the European Commission's

decisions finding that a group of banks had manipulated EURIBOR in the euro interest rate derivatives sector (the “EIRD Decisions”), borrowers have brought a wave of claims arguing that EURIBOR-referenced interest clauses in loan agreements are automatically void.

Clifford Chance has prepared a briefing paper examining the CJEU's key findings in relation to loan agreements and considering the implications for lenders, borrowers and national courts.

Links:

- [Website version](#)
- [PDF version](#)

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Real risk, not certainty: the Catalan Sea and sanctions clauses in shipping contracts

When does a shipowner's apprehension of sanctions exposure justify refusal to comply with a charterer's instructions to lift cargo, and abandonment of the charterparty? The UK Court of Appeal answered that question in *Tonzip Maritime (Singapore) Pte Ltd v 2 Rivers Pte Ltd* [2026] EWCA Civ 641, considering a sanctions risk avoidance clause, and clarifying the threshold a shipowner must meet before invoking a sanctions clause to refuse to comply with cargo orders.

Clifford Chance has published a post on our Regulatory Investigations and Financial Crime Insights (RIFC) Blog on the scope and implications of these decisions.

Links:

- [Blog post](#)
- [RIFC Blog](#)

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LEGAL AND REGULATORY



LSTA publishes diligence and collateral controls memo

The Loan Syndications and Trading Association (LSTA) has published the final version of its diligence and collateral controls memo.

The memo is intended to provide guidance on diligence practices and collateral controls in senior secured lending transactions, covering leveraged lending (both cash flow loans and operating company asset-based loans (ABLs)) and fund level ABLs, including collateralised loan obligations (CLOs) and warehouse financing.

It provides narrative overview of the due diligence process lenders typically conduct in lending transactions, covering borrower corporate structure and governance, credit and financial analysis, collateral diligence and perfection, operational control of collateral and cash flows, and regulatory compliance and ongoing monitoring.

The memo is accompanied by a comparative table, which provides a comparison of how collateral controls operate across cash flow loans, operating company-level ABLs and fund-level ABLs. The table covers loan sizing, cash and lockbox mechanics, borrowing base and availability controls, financial covenants, field examination practices, perfection and priority of security interests, and enforcement.

Please note the document is only available to LSTA members.

Links:

- [LSTA homepage](#)
- [Final version of memo](#)
- [Comparison table](#)

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CASE SUMMARY



Riyad Bank, London Branch v Dragados Industrial SA [2026] EWHC 2204 (Comm) - High Court implies term to provide for an alternative rate to LIBOR

This High court case may be of interest as it considered the question of what to do with a provision in a counter-indemnity in respect of a bank guarantee which provided for interest on unpaid sums to be calculated by reference to LIBOR, with no fallbacks specified. The Judge followed the approach in *Standard Chartered plc v Guaranty Nominees Ltd and others* [2024] EWHC 2605 (Comm) to imply a term that there was an entitlement to interest at a reasonable rate similar in nature to what was previously LIBOR. In this case SOFR (as per the claimant's suggestion, although the judge indicated that a slightly higher rate would have been justifiable).

By way of reminder, the *Standard Chartered* case was heard under the Financial Markets Test case scheme and considered the rate of dividends for Non-Cumulative Redeemable Preference Shares which was set at 3-month USD LIBOR. The Issuer sought guidance from the court and a binding declaration on an alternative rate in view of three-month USD LIBOR no longer being operative. The court was prepared to imply a term that the reasonable alternative to three-month USD LIBOR was to be used. Clifford Chance published a briefing paper on this case in October 2024.

While the *Standard Chartered* case concerned preference shares, the court also provided some helpful guidance for the financial markets, indicating obiter that an implied term would be a suitable approach for unamended legacy debt instruments referencing LIBOR in any calculation mechanism. The current case is an example of this guidance being employed in practice and sets a precedent for the *Standard Chartered* approach in a debt finance context.

Links:

- [Judgment](#)
- [Clifford Chance website version](#)
- [PDF version](#)

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