



C L I F F O R D
C H A N C E

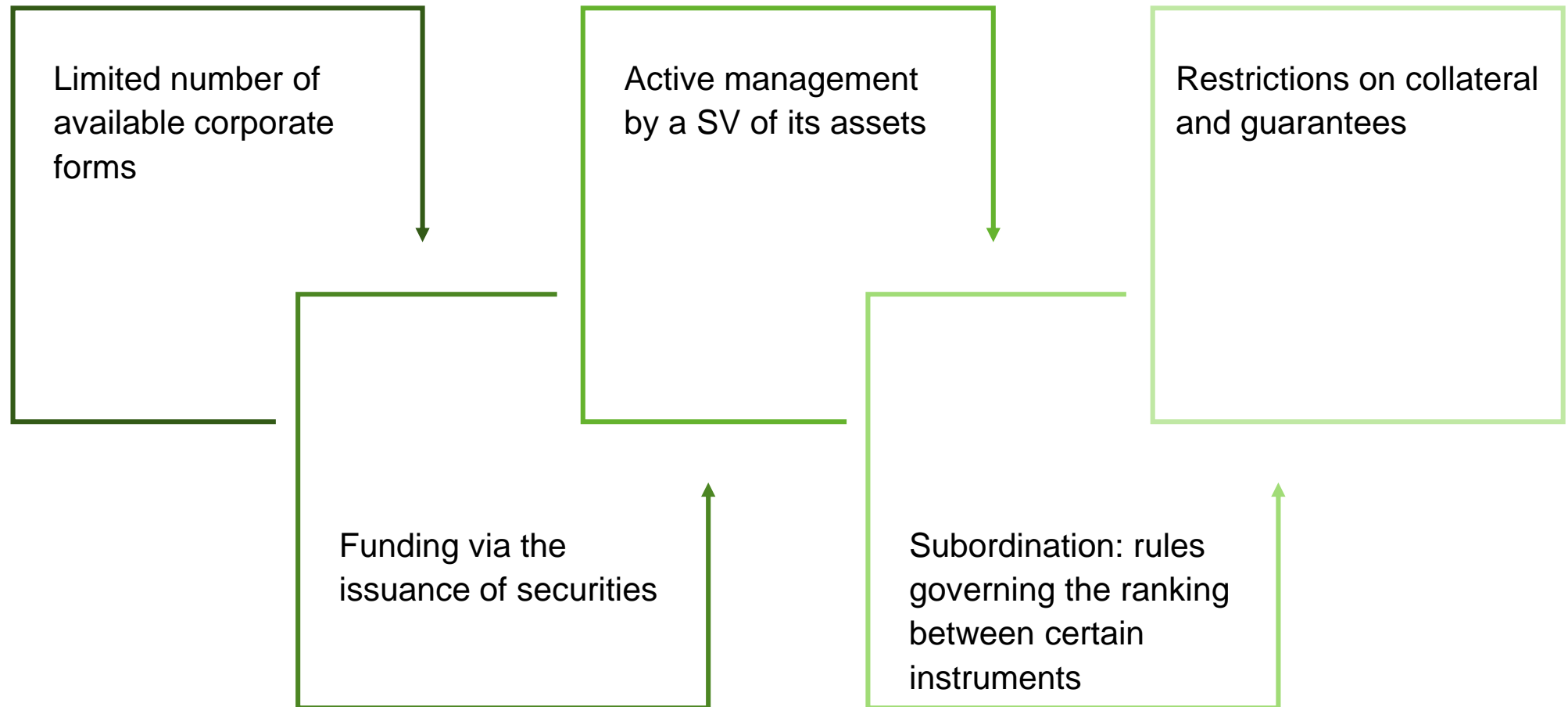
LUXEMBOURG PERSPECTIVES SERIES | SPRING 2021
THE MODERNISATION OF THE LUXEMBOURG SECURITISATION LAW
JUNE 2021

THE LAW OF 22 MARCH 2004 ON SECURITISATION

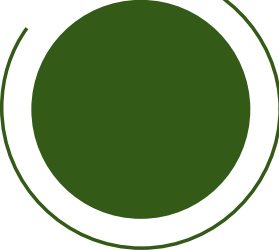
Vast scope, few restrictions in the Law

Regulatory practice: CSSF FAQ dated October 2013

Concerns addressed by the Bill:




1. AVAILABLE CORPORATE FORMS



Securitisation fund and
securitisation companies

Until now: SA, SCA
and SARL



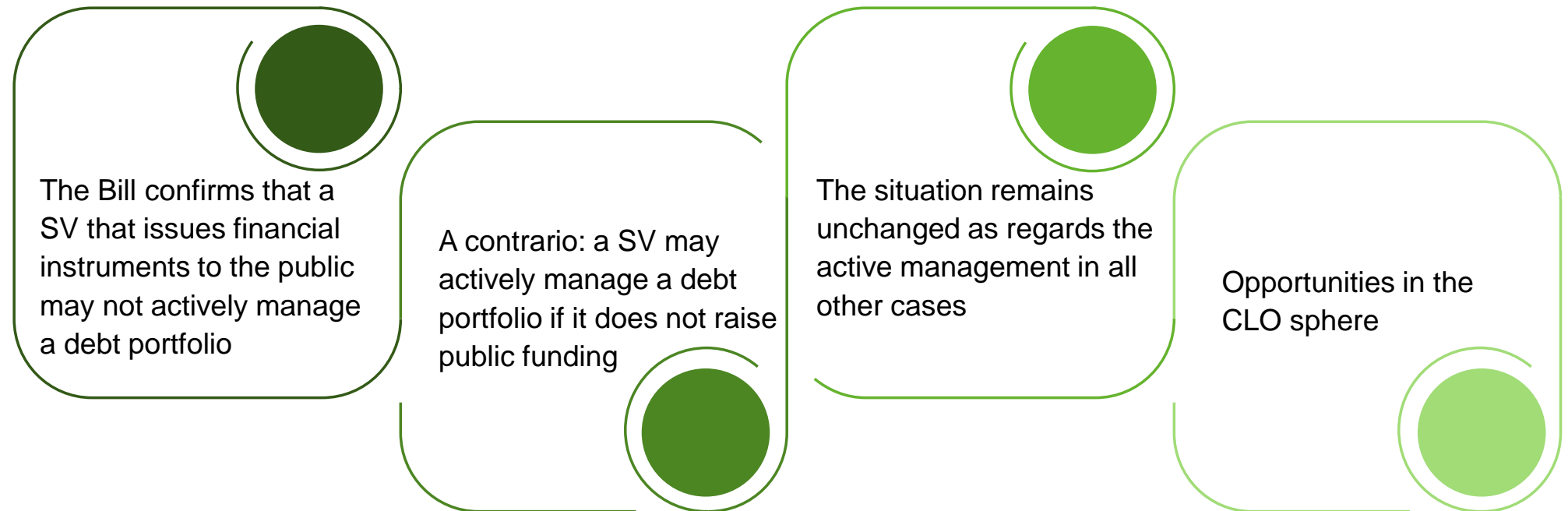
The Bill will add Partnerships
such as SCS, SCSp and SNC

2. AVAILABLE FORMS OF FUNDING

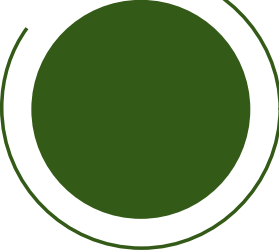
- Requirement to issue securities
- Uncertainty regarding the legal qualification as a Security
- Borrowing within strict limits only
- The Bill extends the available sources of funding by including financial instruments and borrowings the value and/or return of which depends on the securitised assets

3. ACTIVE MANAGEMENT BY THE SV OF ITS ASSETS

Currently there is a debate as to whether active management is possible and what constitutes active (and passive) management.





4. SUBORDINATION: RULES ON THE RANKING OF DIFFERENT SOURCES OF FUNDING



Rules on subordination between equity, profit participating debt and other debt

Opt-out is possible



How will this work in the context of the concept of “tranching” in the securitisation regulation ?

5. OTHER TECHNICAL POINTS

- **Granting of guarantees and security**
 - No longer limited to securing own obligations
 - Permitted to grant credit support to third parties if justified by the securitization structure
- **Legal definition of what is a public offer**
 - Issuances not reserved to professional clients (MiFID)
 - Denomination < EUR 100k
 - Not distributed by way of private placement
- **Accounting rules in relation to compartments funded by equity**
 - Individual accounts
 - Profit/ reserve determined per compartment



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