



Luxembourg Securitization Vehicles: An attractive Solution

Luxembourg Securitization Vehicles are an attractive structuring solution in the current EU regulatory environment

In 2004, Luxembourg enacted a flexible legal framework for securitization vehicles. Today, around 25 percent of the European securitization transactions are performed via Luxembourg. More than 1,800 securitization vehicles are established in Luxembourg.

The first MBS listed on the Luxembourg Stock Exchange was in 1983.

The attractiveness of Luxembourg stems from our flexible and specialized legal framework:

- Possibility of setting up special purpose vehicles with the "limited recourse concept"
- Possibility of achieving tax neutrality;
- Possibility of creating "compartments"
- Possibility of securitizing a wide range of asset classes
- Increased investor protection (ring-fencing)
- Possibility of creating supervised and unsupervised vehicles

The complexities of today's securitization

Today's securitization vehicles are highly complex in part due to a large number of roles in securitization vehicle setups (e.g., servicer, manager, agents) and to elaborate tranching rules. This complexity creates information friction that increases both the time required to issue the notes and the operating costs of the setup.

The new EU securitization regulation (2017/2401 and 2017/2402) is aimed at restoring confidence in securitization as a useful risk transfer mechanism for a well-functioning European capital market. In particular, the new simple, transparent and standardized (STS) approach of the EU regulation creates an incentive to rethink securitization setups.

Deloitte's value proposition for a new and smarter generation of securitization vehicle

Deloitte has over 25 years of global experience in securitization and structured finance markets. Deloitte was awarded as the Top CPA Firm of Securitization by the International Securitization Report (ISR) of Thomson Financial for 11 consecutive years.

With our global team of 800 ABS professionals, Deloitte continues to be active in the auditing of securitization vehicles and in providing the best end-to-end technology to issuers.

Today, Deloitte Luxembourg helps you reduce the complexity and costs by providing integrated services for most of your securitization needs. We can assist in both setting up and managing a securitization vehicle.

We leverage our proprietary technology to consume data from servicers to produce accounting records, investor reports, and regulatory filings.

Deloitte offers the following services (subject to conflict of interest rules):

- Audit and audit-related services
- Securitization process manager (Arranger)
- Master Servicer
- Calculation Agent/Reporting Agent
- Tax adviser
- Due-diligence provider/evaluation
- Vehicle administration and accounting
- Securitization software provider

Combining multiple services under a single framework agreement could reduce costs by streamlining data flows and reducing complexity.

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Luxembourg offers a flexible legal securitization framework.

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