



LINARI LAW FIRM

AVOCATS A LA COUR

Luxembourg: a place of choice for a securitization vehicle

Luxembourg firmly holds the ground in the European securitization market retaining nearly 30% market share. This year, the Luxembourg securitization market has witnessed further growth outpacing other European jurisdictions with no signal of any significant decline of its market share currently in sight.



This success is due, among others, to a fusion of a robust but flexible legal framework (notably, the law of 22 March 2004 on securitization), which was significantly upgraded in 2022 to allow securitization vehicles to actively manage debt portfolios and refinancing through loans. This strategic upgrade, coupled with the distinctive feature of "compartmentalization" of a securitization vehicle and a possibility to securitize a large selection of assets, has assisted Luxembourg in its quest for becoming one of the leading jurisdictions in the European securitization market. The vehicle can be set up as a commercial company or as a securitization fund.

Furthermore, an inclusive approach to investors further enhances Luxembourg's appeal, to securitization deals, with only limited restrictions on investor and types eligible for investing in the debt instruments issued by Luxembourg securitization vehicles. Investors can benefit from various protective clauses like non petition, limited recourse and subordination clauses.

In conclusion, a Luxembourg securitization vehicle has recommended itself as an efficient tool for financing and investment opportunities, offering a winning combination of flexibility, investor protection, reasonable costs and short time-to-market period.

Please visit our website and social media accounts for further information on the scope of services offered by our capital markets, structured finance and securitization practice or reach out to our team members directly to discuss your potential projects.

