

Article



Comparative table on key legislative features on covered bonds in different countries

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Comparative table on key legislative features on covered bonds in different countries

Country	Name of the Act	Bankruptcy/Ring Fencing of Assets	Covered bonds issuance cap over total assets of the entity	Over-collateralization levels of the total issuance	Cover pool consists of	Cover pool assets
United Kingdom	Regulated Covered Bonds Act 2008 ¹	Full segregation of the asset pool from the issuer in a separate legal entity (the SPV) on which bondholders have a priority claim if the issuer becomes insolvent.	Case to case basis	108%	All assets on the cover register and all assets transferred to SPE	<ol style="list-style-type: none"> 1. Exposures to public sector entities 2. Mortgage loans (Mortgage loans for the purpose of this question are taken to include guaranteed real-estate loans.)
New Zealand	Reserve Bank of New Zealand (Covered Bond) Amendment Act 2013 ²	The assets are transferred to a SPE (Special Purpose Entity). The covered bond holders are ranked equally with unsecured creditors, upon a cover pool default, on the insolvency estate of the credit institution.	10 % of the total assets of the issuer	103% and 111% depending on the programme.	All assets on the cover register and all assets transferred to SPE	<ol style="list-style-type: none"> 1. Exposures to public sector entities 2. Mortgage loans (Mortgage loans for the purpose of this question are taken to include guaranteed real-estate loans.) 3. Exposures to credit institutions
Korea	Korean Covered Bonds Act 2014 ³	Held in the issuer's balance sheet. Covered bonds holder have preferential claim over the cover assets. The covered	8% of the total assets of the issuer	105%	All assets on the cover register	<ol style="list-style-type: none"> 1. Exposures to public sector entities 2. Mortgage loans (Mortgage

¹ <http://www.hypo.org/DocShareNoFrame/docs/1/IPBFDAHDMNJLMGGLFPEPGLIPDBW9DBD7G>

² <http://www.legislation.govt.nz/act/public/2013/0103/latest/DLM4456806.html>

³ http://www.fsc.go.kr/eng/new_search/eng_search_board.jsp

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		bond holders are ranked equally with unsecured creditors, upon a cover pool default, on the insolvency estate of the credit institution				<p>loans for the purpose of this question are taken to include guaranteed real-estate loans.)</p> <ol style="list-style-type: none"> 3. Group originated Senior MBS 4. Senior MBS issued by third parties 5. Ship loans 6. Aircraft loans 7. Exposures to credit institutions
Netherland	Financial Supervision Act 2015 ⁴	All the assets are transferred to Special Purpose Entity (SPE). The covered bondholders have a claim against the SPE owning the cover pool. The claim against the issuer is an ordinary, unsecured claim which is guaranteed by the SPE. The claim against the SPE is secured (indirectly through the security trustee) by a right	Ratio between covered bonds to total assets has to be "healthy", DNB decides on a case by case basis	105% and 100% of the nominal value of assets	All assets transferred to SPE	<ol style="list-style-type: none"> 1. Exposures to public sector entities 2. Mortgage loans (Mortgage loans for the purpose of this question are taken to include guaranteed real-estate loans.) 3. Ship loans 4. Exposures to credit institutions

⁴ <https://www.rijksoverheid.nl/documenten/brieven/2009/11/16/engelse-vertaling-van-de-wft>

		of pledge on the cover pool.				
Singapore	MAS 648 Notice ⁵	The MAS requirement remains for an issuer to provide legal confirmation of the ring fencing of assets, whether via an SPV or through declaration of trust	4%	103%	All assets that are 1. legally or beneficially owned or legally and beneficially owned by the bank or an SPV, 2. held by the bank as trustee, or a replacement trustee, on behalf of an SPV, or 3. both	Shall consist of mortgage loans and any of the following assets 1. any other loans 2. assets including intangible properties 3. Singapore Government Securities 4. MAS Bills 5. cash (including foreign currency) 6. derivatives held for the purpose of hedging risks arising from the particular 7. issuance of covered bonds
Australia	APS 121 ⁶	Held in an insolvency remote Special Purpose Vehicle (SPV). Covered bond holders remain as direct, unconditional obliga-	8%	103%	All assets transferred to SPV	1. Call deposit held with an ADI and convertible into cash within 2 business days 2. A bank accepted bill or certificate of deposit that:

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<http://www.mas.gov.sg/~media/MAS/Regulations%20and%20Financial%20Stability/Regulations%20Guidance%20and%20Licensing/Commercial%20Banks/Regulations%20Guidance%20and%20Licensing/Notices/MAS%20Notice%20648%20on%20Covered%20Bonds%204%20June%202015.pdf>

⁶ <http://www.apra.gov.au/adi/PrudentialFramework/Documents/120719-APS121-Covered-bonds-final2.pdf>



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		tions of the issuer).				<p>matures within 100 days; and is eligible for repurchase transactions with the Reserve Bank and was not issued by the ADI that issued the covered bonds secured by the assets in the cover pool</p> <ol style="list-style-type: none">3. A bond, note, debenture or other instrument issued or guaranteed by the Commonwealth, a State or a Territory;4. A loan secured by a mortgage, charge or other security interest over residential property in Australia;5. A loan secured by a mortgage, charge or other security interest over commercial property in Australia;6. A mortgage insurance policy or other asset related to a loan covered by paragraph (4) or (5);7. A contractual right relating to the holding or management of another asset in the cover pool
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