

How does the EU Securitization Regulation affect US term securitizations?

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The Regulation imposes requirements on EU institutional investors, as well as on securitization sponsors, originators and issuers that are subject to EU jurisdiction. Importantly, the requirements imposed on EU institutional investors apply to them regardless of whether the issuer is subject to EU jurisdiction. Accordingly, the Regulation has an impact on term securitizations issued by US issuers as long as the securities are offered and sold in the EU, under Regulation S or otherwise.

US issuers that are not subject to EU jurisdiction, and that offer and sell securitizations that may be sold to EU investors, should include in the offering documents appropriate disclosure about the Regulation. Such disclosure should describe the relevant risks to EU investors, and should state whether or not a risk retainer will retain an economic interest designed to meet the requirements under the Regulation. However such disclosure should not state the issuer's conclusion that the securitization complies with the requirements under the Regulation.

Dentons details the requirements under the Regulation in this report, download it here.

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