

## Brexit strengthens Luxembourg as a securitisation location

*Luxembourg, 13 December 2021 – Brexit is causing increasing political and regulatory risks in the UK and the Channel Islands. “In the securitisation market, institutional investors and asset managers are also looking for alternatives to traditional locations such as London, but also in particular to the Channel Islands of Jersey or Guernsey”, said Daniel Knoblach, Board Member at FAIR ALPHA. “The Luxembourg location benefits disproportionately from this.”*

While the Channel Islands are not officially part of the United Kingdom, they are directly assigned to the British Royal Family as a Crown Estate. “Many laws are particular, some also particularly loose – and this is currently causing uncertainty among investors”, said Knoblach. Whereas up to now the rights for the Channel Islands were essentially based on EU rules, their continued existence is now no longer certain.

“Especially for securitisations, the Channel Islands were an interesting address for some investors”, Knoblach pointed out. “After all, trading strategies or new ideas could be cast into tradable securities there quickly and quite cheaply.” Unlike products created in Luxembourg, for example, there is no requirement for an annual audit by auditors in the Channel Islands. “Risks in the strategies or even in the balance sheets can thus remain undetected for longer”, said Knoblach.

The special role of the Channel Islands could become a burden in the future. “The dispute over fishing rights has shown how hard the battle is fought”, said Knoblach. “Future political risks can therefore arise for investors as well as for initiators or portfolio managers, products could no longer be purchasable, there is a threat of reputational damage”, according to Knoblach.

In view of this uncertainty, an increased demand for EU products is apparent. “We have observed strong increases in enquiries since the middle of the year”, said Knoblach. Luxembourg law explicitly recognises securitisation transactions and is internationally recognised and accepted. “In addition, securitisations from Luxembourg are legally obligated to be inspected by auditors, which leads to increased transparency and trust”, Knoblach concluded.

For additional information visit [www.fair-alpha.org](http://www.fair-alpha.org).

### About FAIR ALPHA

FAIR ALPHA offers financial market solutions for (semi-)institutional investors and asset managers through its subsidiaries. Investment ideas and trading strategies are implemented in investable and custodial securities. In addition, the company pursues digital approaches, which focus on creating and issuing crypto assets (tokens) that are held in specific wallets. With the help of customised issuance vehicles, structures are created that exclude issuer risk. In each case, FAIR ALPHA assumes the entire value creation process ranging from product set-up to administration and ongoing life cycle management.

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