

Securitisation: Launching investment ideas more easily

Luxembourg, 23 February 2022 – In recent years, the investment world has become much more diverse. Securitisation has established itself as a way to make even new ideas readily accessible. “The advantage is very quick availability on the market while meeting all regulatory requirements”, said Daniel Knoblach, Board Member at FAIR ALPHA.

Securitisation is found in vastly different forms in various countries and jurisdictions. “We consider Luxembourg compartments to be an optimal solution”, Knoblach explained. “Just like funds or shares, they can be given an ISIN, are eligible for banking and custody purposes and, thanks to their location in Luxembourg, are also fully included in EU regulations.” Compartments are segregated sub-assets of a Luxembourg securitisation platform, rendering them entirely independent of the issuer’s assets and other compartments. “This is not only secure but also enables targeted investment in exactly one specific investment idea”, Knoblach added. “This is increasingly in demand, particularly from institutional investors.”

Securitisation also enjoys the advantage of being available on the market very quickly. “When the issuance process is suitably efficient, time-to-market can be very short”, said Knoblach. Securitisation is independent of banks, thus avoiding issuer risks. It is also a lower-cost solution, for example compared to funds. To make the most of the efficiency and cost advantages, FAIR ALPHA is now also using the Vestr solution.

“Vestr offers a trading and reporting software with an interface to brokers”, Knoblach pointed out: “Clients, initiators and originators of the strategies are able to trade in the system, to re-balance and to generate customer-specific reports.” In addition, it allows FAIR ALPHA to track and evaluate bookkeeping and accounting in real time. “This in turn leads to economies of scale and price reductions by the service provider due to the high level of automation”, said Knoblach. The collaboration with Vestr aims to automate the issue and ongoing administration as far as possible, thus leading to further cost reductions. The structures, however, continue to be individual and tailor-made; for example, strategy, issue volume, currency and denomination remain customer-specific. Trading in the products and strategies is also unaffected by the changeover. It will continue to be carried out by the clients – albeit, in the Vestr system with all its advantages.

For additional information visit 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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