

# Covered bond banks

Posted 26.02.2019

## 1. General valuation principles of renewable energy assets

On 19 December 2018, the CSSF issued Circular 18/705 ("**Circular**") relating to the general valuation principles, introduced by the Law of 22 June 2018, to be applied for the determination of the fair value ("**FV**") of renewable energy ("**RE**") assets that are eligible assets for the cover pool of covered bond banks ("**CBB**").

In any event, for the CBB to remain ultimately responsible for the proper valuation of the underlying projects, it must ensure that comprehensive and appropriate written procedures are drafted describing the process and the policies to be applied in the context of the valuation of the assets in the cover pool. The purpose is to implement the definition and proper valuation governance.

## 2. Transparency requirements

On 19 December 2018, the CSSF issued Circular 18/706 ("**Circular**") relating to transparency requirements based on Article 12-6 (2) of the Law of 22 June 2018 addressed to all banks issuing covered bonds.

The Circular specifies transparency requirements for CBB. It establishes the type of information to be provided and defines the procedure to be applied for the publication of the information, which has to be published on a quarterly basis.

The Circular also points out the specific information that has to be published for cover pools, especially relating to cover assets of mortgage-backed covered bonds; cover assets of public sector covered bonds; cover assets of moveable property covered bonds; cover assets of mutual covered bonds; and cover assets of renewable energy covered bonds.

A detailed list of the specific information that has to be published can be found directly in the Circular.

For any further information please contact us or visit our website at **[www.elvingerhoss.lu](http://www.elvingerhoss.lu)**.

The information contained herein is not intended to be a comprehensive study or to provide legal advice and should not be treated as a substitute for specific legal advice concerning particular situations.

We undertake no responsibility to notify any change in law or practice after the date of this newsletter

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