

RECENT PORTFOLIO ACQUISITIONS TRENDS - UPDATE ON SPAIN'S MORTGAGE SECURITIES LEGAL REGIME

08 June 2022 | London
Legal Briefings

The Spanish market for secured non-performing loans (NPLs) is one of the largest and most active markets in Europe and Spain remains a preferred jurisdiction for international investors. Although for a number of years most portfolio disposals have been structured as a direct sale of secured NPLs, we are starting to see a number of transactions being launched in the Spanish market consisting of large portfolios of performing or reperforming mortgage loans which are sold to investors pursuant to Spanish securitisation techniques.

In fact, the market expectation is that the disposal of performing and re-performing secured loan portfolios will become increasingly common in Spain. The use of a Spanish securitisation fund (*fondo de titulización* or "FT") remains common and is a helpful tool particularly from a tax structuring perspective. However, some investors are seeing advantages in acquiring such portfolios using English law financing techniques, or with an eye to their subsequent cross-border securitisation under English law, through a special purpose issuer vehicle resident elsewhere in the EU. Regardless of the form of the acquiring vehicles, for mortgage loan portfolios in particular the nature of the instruments used to transfer the economic interest in the mortgage loans gives rise to a number of specific challenges and features, which we explain overleaf.

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KEY CONTACTS

If you have any questions, or would like to know how this might affect your business, phone, or email these key contacts.



JOY AMIS
PARTNER, LONDON

+44 20 7466 2840
Joy.Amis@hsf.com



JAKE JACKAMAN
PARTNER, LONDON

+44 20 7466 2883
Jake.Jackaman@hsf.com



BEATRIZ DEL REY
OF COUNSEL (SPAIN),
LONDON

+44 20 7466 2912
Beatriz.DelRey@hsf.com



MICHAEL POULTON
PARTNER, LONDON

+44 20 7466 2777
michael.poulton@hsf.com



**LEOPOLDO
GONZÁLEZ-
ECHENIQUE**
PARTNER, HEAD OF
FINANCIAL SERVICES
REGULATORY,
MADRID

+34 91 423 41 17
Leopoldo.gechenique@hsf.com



PILAR GARCIA
SENIOR ASSOCIATE,
MADRID

+34 91 423 4065
pilar.garcia@hsf.com



JAVIER REY
JUNIOR ASSOCIATE -
BANKING AND
FINANCE, MADRID

+34 91 423 42 06
javier.rey@hsf.com

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