



## Securitisation in Bolivia

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**B**olivia, with one of the smallest economies in Latin America, has yet to experience significant and continuous securitisations within its capital market. At present, and notwithstanding the fact that a modern regulatory structure is in place, the Bolivian market has produced few securitisations. The national stock exchange (*La Bolsa Boliviana de Valores*) has been in active existence for more than 15 years, but its transactions for the most part operate on a fixed income basis.

The general perception is that once the economy reaches sustained growth; the stock market will automatically become a more attractive and important financial alternative, which in turn, will lead to the creation of new financial instruments and transactions. Securitisations will surely become an integral part of these future developments.

### Legal framework

The Securities Law and its regulations,( Securities Law No. 1834 of March 31, 1998, Regulatory Supreme Decree No. 25514 of September 17, 1999, Regulations of Prudential Norms for Securitisations and Regulations of Complementary Dispositions on Securitisation, both issued by Administrative Resolution SPVS-IV-No. 052 of February 14, 2000) make up the main body of law regulating securitisations in Bolivia. Other lesser norms known as Administrative Resolutions further regulate this sector on a more specific basis.( Administrative Resolutions No. SPVS-IV-No. 212 of may 29, 2000, No. SPVS-IV-No. 286 of July 25, 2001 and SPVS-IV-No. 212) Under this regulatory structure, the creation of specialised companies known as securitisation corporations is duly recognised. Any person or legal entity interested in conducting business through securitisations and similar transactions must incorporate a securitisation corporation. In order to operate, a securitisation corporation must be registered in the National Stock Market Registry and must be authorised by the

Securities Intendency, the direct regulating body. Securitisation corporations must have a minimum starting capital as required by law and must also comply with other legal requisites.

According to Bolivian law, the securitisation process commences once the assets to be securitised are irrevocably transferred under the control and management of a duly authorised securitisation corporation. This entity will then create an autonomous estate representing the assets and will in turn, provide the owner of the assets with a document in the form of a freely transferable, legally valid and enforceable security that must be subject to risk appraisal. This process is tax exempt. The securitisation process concludes once the autonomous patrimony representing the assets is extinguished.

In order for the securitisation corporation to issue securities derived from the securitised assets, it must first conduct an economic evaluation of such assets. The value placed on the assets by the securitisation corporation must then be registered with the regulator. The securities derived from the securitisation process must be registered and placed in the national stock exchange by a duly authorised broker within a minimum time frame. The types of securities derived from a securitisation process may be any of the following:

- (a) Credit securities – these incorporate the right to perceive capital payments and financial gains in accordance with the terms and conditions stated in the security.
- (b) Participation securities – these represent participation rights over the autonomous estate. The value of such participation will depend on the profits or losses generated by the autonomous estate.
- (c) Mixed securities – these incorporate elements of both a) and b) above in accordance with the terms and conditions stated in the security.

The following assets may be securitised: public debt securities, registered securities, credit portfolio and credit documents, sale, services, leasing and factoring contracts, real and personal property and projects and others as may be considered by the regulator. For registration purposes, any securitised assets must be duly registered with the National Registry of Securitised Assets.

### Regulatory structure

The Bolivian economy is regulated through the National Sectorial Regulation System. This system is broken down into separate Superintendencies acting as regulators for each sector of the economy (ie securities, telecommunications, hydrocarbons, energy, minerals etc.). Securitisations fall under the general control of the Securities, Pensions and Insurance Superintendency. Any matter directly related with securities is regulated by the Securities Intendency, which forms part of the Securities, Pensions and Insurance Superintendency.

Through administrative resolutions the regulator passes licenses, authorisations and administrative decisions. Such resolutions are subject to the following approval process:

- (a) The direct regulator (in the case of securities, the Securities Intendency) will issue an initial administrative resolution for any act or decision affecting a regulated person or entity.
- (b) The regulated person or entity may appeal an administrative resolution to the General Superintendency, the highest regulating body.
- (c) Any decision from the General Superintendency that revokes or confirms the initial administrative resolution may be contested before the Bolivian Supreme Court.
- (d) The judgment issued by the Bolivian Supreme Court revoking or confirming the second administrative resolution as issued by the General Superintendency is final and binding.

Securitisation corporations and other parties participating in a securitisation process must follow certain procedures and legal requirements in order to complete the process. Failure to comply with these requirements may result in economic penalties as imposed by the regulator, or may eventually result in a withdrawal of the authorisation to operate, intervention and even mandatory dissolution of the securitisation corporation.

### Registered securitisations

Table 1 describes the securitisations that have been registered to date in Bolivia.

**Table 1: registered securitisations**

Instrument	Series	Cr. Rating	Term	Date of issuance	Date of exp.	Issued Amount	Nominal Value (\$us.)	Interest
<b>Coboce-Nafibo 001</b>								
Credit Securities	CON-TD-E1N	AA3	1260 days	9/26/01	3/9/05	2,400,000	10,000	10.00
<b>Soboce-Nafibo 002</b>								
Credit Securities	SBN-TD-E1A	A1	1845 days	11/01/02	11/20/07	500,000	50,000	7.50
Credit Securities	SBN-TD-E1BA	A3	1115 days	11/01/02	11/20/05	2,443,200	10,000	6.00
Credit Securities	SBN-TD-E1C	AA3	1480 days	11/01/02	11/20/06	3,666,400	20,000	6.75
Credit Securities	SBN-TD-E1D	AA3	1845 days	11/01/02	11/20/07	4,000,000	20,000	7.50
<b>Coboce-Nafibo 003</b>								
Credit Securities	CN2-TD-E1B	AA3	1440 days	1/24/03	3/09/06	2,300,000	10,000	9.00
Credit Securities	CN2-TD-E1C	AA3	1800 days	1/24/03	12/29/07	1,950,000	10,000	9.25
Credit Securities	CN2-TD-E1D	AA3	2160 days	1/24/03	12/23/08	2,100,000	10,000	10.00
Credit Securities	SBN-TD-E1E	AA3	2700 days	1/24/03	16/6/10	2,700,000	10,000	10.65
Credit Securities	TGN-U1C-04	AA3	1440 days	1/24/03	3/09/06	6,658,929	665,893	5.00
Credit Securities	TGN-U1C-04	AA3	1800 days	1/24/03	12/29/07	5,327,143	665,893	5.00
<b>Source:</b> Bolsa Boliviana de Valores S.A.								