



GUIDANCE NOTE FOR

**OPENING A SHARE CAPITAL
ACCOUNT FOR ORPHAN
SECURITISATION VEHICLES IN
LUXEMBOURG,
A MINIMUM KYC APPROACH**

WORKING GROUP | BEST PRACTICE
UBO IDENTIFICATION & KYC

JUNE 2024

PURPOSE OF THE GUIDANCE NOTE

Orphan securitisation vehicles, also referred to as a Financial Vehicle Corporation (**FVC**) play a crucial role in financial markets by facilitating the securitisation of assets while insulating them from the originator's insolvency risk.

A typical FVC is an entity whose share capital is not held by a natural person nor a commercial company but by a foreign Foundation or Trust, such as, for example, a Dutch "Stichting" or a Charitable Trust.

In Luxembourg, as a prominent financial centre, the establishment of a share capital account for these vehicles requires adherence to rigorous Know Your Customer (KYC) procedures to ensure compliance with regulatory standards and to mitigate potential risks such as money laundering and terrorist financing.

The purpose of this paper is to outline best practices for the preparation of documentation for the opening of a share capital account for an FVC in Luxembourg and to propose a minimum KYC list of documents to streamline the process without compromising regulatory compliance.

In this context, it is therefore understood at this stage that, as the FVC requires a bank account in order to be established, the board of directors or the managers are the "directors to be" and "managers to be", hereinafter referred to as Senior Managing Official(s) (SMOs).

For a full scope and comprehensive overview of the regulatory standards applicable to these structures, we encourage you to (re-)read, in parallel with this publication, our [Guidance Note for Board Members on the Identification of the Beneficial Owner\(s\) for the Purposes of filing with the RBE](#).

MINIMUM LIST OF DOCUMENTS FOR KYC

The non-exhaustive list below is a guide to the minimum KYC documentation that you should prepare and that may be required to open a bank account for an FVC for the purpose of the incorporation:

- ✓ Draft of the Articles of Association of the FVC.
- ✓ Draft of the Articles of Association or equivalent of the foreign Foundation or Trust if available.
- ✓ Identification of the beneficial owner(s) ("BOs") by, for example:
 - A self-declaration form from the Luxembourg FVC or the Regulated Administrative Agent in Luxembourg stating, where applicable, the identity of the beneficial owner(s) or that there is no beneficial owner as defined in the Luxembourg AML Law¹ and that the SMO(s) of the structure in Luxembourg will be identified and verified.
 - A signed and dated organisation chart identifying at least, but not limited to, the FVC, the shareholder(s) and the arranger. This chart will normally be signed by the SMO(s) or BO(s).
- ✓ A list of the SMO(s) of the Luxembourg FVC with specimen signatures.
- ✓ A copy of valid identification documents and proof of residential address of the SMO(s) of the Luxembourg structure and/or persons purporting to act on behalf of the FVC.
- ✓ Source of Funds ("SOF")

If the shareholder is a charitable entity, such as a Dutch foundation ("Stichting") or similar, depending on the SOF used to establish the charitable entity, the supporting documents may be, for example:

- A donation letter in the event of a donation from the arranger to the charitable entity; or
- A loan agreement in the case of a loan from the originator to the charitable entity.

¹ The AML Law refers to the [Luxembourg Law of 12 November 2004](#) on the fight against money laundering and terrorism financing, as amended.

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In the case of an existing structure and/or change of bank account, the SOF may be documented by bank statements of the account from which the initial funds will be transferred to the new account, tax returns or audited financial statements, if applicable.

- ✓ A brief description or summary of the intended structure and transaction involving the FVC.

Additional documents or information may be required depending on the specific requirements of the financial institution or regulatory authorities. However, opening a share capital bank account in Luxembourg can be a smooth process if all the necessary documents are available. By implementing the minimum list of documents outlined in this paper, financial institutions and service providers can effectively navigate the onboarding process while ensuring compliance with regulatory standards, with the aim of ensuring a successful account opening with minimal hassle. Remember to seek professional advice if necessary, and always check the requirements of the specific bank you choose to work with.



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Working Group I Best Practice – UBO Identification & KYC

The aim of this working group is to find practical solutions (or answers) to practical problems. In this group, concerns related to AML, KYC and compliance, amongst others, are being analysed and discussed from the point of view of the Capital Markets. Our members are experts in the field and work to issue guidance, practical solutions and good market standards to help market participants stay up to date and navigate the evolving environment whilst remaining in compliance with laws and regulations.

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