

Secured transaction laws in EBRD countries of operation

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European Bank
for Reconstruction and Development

Where does EBRD invest?



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WHERE WE INVEST

Central Europe and the Baltic states

- 01 Croatia
- 02 Estonia
- 03 Hungary
- 04 Latvia
- 05 Lithuania
- 06 Poland
- 07 Slovak Republic
- 08 Slovenia

South-eastern Europe

- 09 Albania
- 10 Bosnia and Herzegovina
- 11 Bulgaria
- 12 Cyprus
- 13 FYR Macedonia
- 14 Kosovo
- 15 Montenegro
- 16 Romania
- 17 Serbia

Eastern Europe and the Caucasus

- 18 Armenia
- 19 Azerbaijan
- 20 Belarus
- 21 Georgia
- 22 Moldova
- 23 Ukraine

Central Asia

- 24 Kazakhstan
- 25 Kyrgyz Republic
- 26 Mongolia
- 27 Tajikistan
- 28 Turkmenistan
- 29 Uzbekistan

Southern and eastern Mediterranean

- 30 Egypt
- 31 Jordan
- 32 Morocco
- 33 Tunisia

34 Greece

- 35 Russia
- 36 Turkey

- ❑ Publication of **EBRD Model Law (1994)**: only Russia had legal basis for non-possessory security over movable property
- ❑ Helpful instrument, but needs to be complemented by broader principles of successful reform.
- ❑ **10 core principles** for a modern secured transactions legislation:
 1. Security should *reduce the risk of giving credit lending*
 2. The law should *enable the quick, cheap and simple creation of a proprietary security right* without depriving the person giving the security of the use of his assets.

10 core principles (cont.)



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3. If the secured debt is not paid, the holder should be able to realise the charged assets and have the proceeds applied towards satisfaction of his claim prior to other creditors.
4. Enforcement procedures should enable *prompt realisation at market value* of the assets given as security.
5. Security right *should continue to be effective and enforceable after the bankruptcy or insolvency* of the person who has given it.
6. The costs of taking, maintaining and enforcing security should be low.

10 core principles (cont.)



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7. Security should be available (a) over *all types of assets*, (b) to secure *all types of debts* and (c) between *all types of persons*.
8. There should be an effective means of *publicising the existence of security rights*.
9. The law should establish *rules governing competing rights* of persons holding security and other persons claiming rights in the assets given as security.
10. Parties should be able to *adapt security* to the needs of their particular transaction.

Assessment of secured transactions laws (2014)



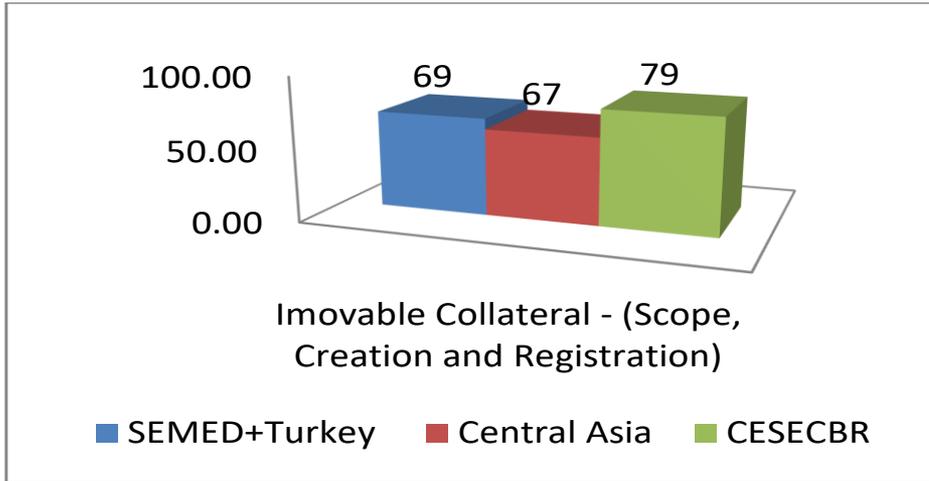
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- Examination of the practices and effectiveness of taking collateral
- Secured and quasi secured transaction
- Considerable progress in collateral reform by the region as a whole in the last 25 years
- All countries have laws in place, which generally provide for the creation of security interest over movable and immovable assets, and such interests tend to be publicised through a registration system
- Still room for improvement (enforcement systems and more sophisticated instruments)

□ Three groups of countries:

- Central Europe and Baltic States, Eastern Europe and the Caucasus, South-eastern Europe and Russia (fairly sophisticated level of development)
- Central Asia (implemented reforms but lack of implementation)
- SEMED and Turkey (process of transition, especially as regard to movables)

SECURITY OVER IMMOVABLE COLLATERAL



SECURITY OVER MOVABLE COLLATERAL

