

Clifford Chance Badea advises Alpha Bank România in relation to the first covered bond programme established in Romania



Clifford Chance Badea, the local office of global law firm Clifford Chance, has advised Alpha Bank România in relation to the first covered bond programme established in Romania, for the amount of EUR 1 billion.

The program comes three years after the Romanian covered bond law entered into force, as a result of several years of consultations and intense work between authorities and banks assisted by Clifford Chance Badea lawyers.

The legal team advising Alpha Bank is part of the Capital Markets practice coordinated by **Madalina Rachieru**, Partner, and included **Radu Ropota** (counsel), **Georgiana Evi** (associate) and **Yolanda Ghița-Blujdescu** (associate).

The **Clifford Chance** team has advised the bank throughout the entire process, starting with legal assistance in the preparation and finalisation of the prospectus, negotiation of documentation related to the bonds programme, approval of the prospectus by the Commission de Surveillance du Secteur Financier (CSSF) and preparation of the listing process on the Luxembourg and the Bucharest Stock Exchanges.

"We are honoured to continue our tradition of contributors to the introduction of new Capital Markets tools in Romania. After working on the first GDR issue in Romania (at the Romgaz IPO), we now had the opportunity to contribute to the first covered bond programme in Romania. It has been a great pleasure working with the Alpha Bank team, who has thus 'launched' the covered bonds market in Romania. We thank them for their trust and involvement into such an extremely sophisticated, intense project, which raised multiple legal challenges that made us look for innovative solutions," **Madalina Rachieru** underlined. "It is also a great satisfaction that our involvement in drafting the covered bonds law, alongside the Romanian Association of Banks and the National Bank of Romania, has finally materialized into such a programme on the Romanian market."

Covered bonds bring several benefits for both issuers and investors – the possibility of obtaining high credit rankings and ensuring access to a large pool of potential investors (from the issuers' point of view), more accessible investment thresholds, favourable regulatory capital treatment for credit institutions and the possibility to use this type of financial instruments as collateral for obtaining financing from central banks (for investors).

"This transaction enriches the Romanian capital market with a new financial instrument allowing credit institutions to attract liquidities based on their credits portfolio. It represents the result of the collective effort of putting into practice the legislation prepared together with the Romanian Association of Banks and the National Bank of Romania. This effort has seen its challenges, given the complexity of the transaction, which included the

alignment of all contractual mechanisms so that prerogatives of all parties involved may still apply – the issuer, the asset monitor, the covered bondholders representative," **Radu Ropota** added.

"Another challenge in implementing the transaction was related to aligning the legal frame applicable in Romania to international market standards governing the covered bonds issues and the capital market in general," Georgiana Evi said.

The *Capital Markets* team within the Bucharest office is fully integrated in the global Clifford Chance network. Coordinated by Madalina Rachieru, the team provides legal assistance to shares and bonds issuers, as well as syndicates of arrangers in Capital Markets transactions. Its most recent portfolio includes, among others, milestone moments for the Romanian Capital Market, such as:

1. **DIGI bonds issues** – Advising J.P. Morgan and Deutsche Bank in relation to the EUR 350 million bonds issues launched in 2016 by Digi Communications (DIGI), the mother company of telecom operator RCS&RDS, as well as advising Citigroup in relation to a new EUR 200 million bonds issue launched in February 2019, that is to be consolidated into the 2016-issued DIGI bonds.
2. **Listing of Globalworth bonds on the Bucharest and Irish Stock Exchange** - Advising Globalworth Real Estate Investment Limited on the listing of its EUR 550 million Eurobond issue on the Bucharest and the Irish stock exchanges, in July 2017, and in relation to a similar transaction in May 2018 – a second EUR 550 million corporate bonds issues – the largest such listing in BSE's history.
3. **Romania's global MTN program** – Clifford Chance Badea has been involved in all sovereign bonds issues since the launch of the program, in 2011, with the most recent transactions including:
 - Advising Citigroup Global Markets Limited, Erste Group Bank AG, ING Bank N.V, JP Morgan Securities plc and Societe Generale in relation to the EUR 3 billion Eurobonds issued by the Romanian state, the largest loan to date that has been drawn by Romania in only one day (March 2019).
 - Advising Citigroup, Deutsche Bank, HSBC Bank, J.P. Morgan and UniCredit Bank, as joint bookrunners, in Romania's successful first Switch and Tender offer on the country's outstanding USD 6.750% due 2022, in conjunction with a new USD 1.2 billion 30-year transaction (June 2018)