

What's so special about it?

First Korean cross-border securitization to adopt a trust structure

The securitization of credit card receivables originated by LG Card was the first Korean cross-border securitization to adopt a trust structure. Many recent cross-border securitizations of domestic Korean receivables have a dual special purpose vehicle structure.

The trust structure involved the entrustment of present and future credit card receivables originated by LG Card to Kookmin Bank, the trustee. Kookmin then holds the assets on trust for the issuer, Credipia 2001 Limited, as holder of the investor interest and LG Card, as holder of the seller and subordinated interests.

Credipia, a Korean SPV, funded its obligations through the issue of \$500 million floating rate guaranteed notes. Credipia's income from the trust was denominated in Korean won and CSFB provided a swap to provide sufficient US Dollars for Credipia to meet its obligations in respect of the notes. Finance Security Assurance guaranteed both payment by Credipia under the notes and the swap. The wrap by FSA followed the transaction

Lawyers

Allen & Overy	CSFB, UBS Warburg
Clifford Chance	LG Card
Freshfields	Financial Security Assurance
Kim & Chang	Financial Security Assurance
Shin & Kim	CSFB, UBS Warburg

to achieve an AAA/Aaa rating by Standard & Poor's and Moody's.

One of the notable aspects of the deal was the notes (and the swap) do not start amortising until five years after their date of issue and will be redeemed at the latest by year six if the payment of redemption on the fifth anniversary is insufficient to redeem the notes in full. This results in term funding for LG Card. The non-amortising nature of the swap makes it highly unusual for won/dollar cross-border securitization swaps.

It was also the first securitization following the introduction of the Corporate Restructuring Promotions Law, requiring structural accommodations to deal with the legal risks introduced by this law.