

Getting Credit, Legal Rights – Case assumptions

Case Assumptions	
ABC (the Debtor):	<ul style="list-style-type: none">❖ Is a Private Limited Liability Company. The company has 50–100 employees and is an incorporated entity.❖ Is 100% domestically owned.❖ Has its registered office and only operates in Vientiane.
BizBank (the Creditor):	<ul style="list-style-type: none">❖ Is a commercial bank that is 100% domestically owned.

Case Assumptions	
Scenario A: Security interest in ONE CATEGORY of movable assets	Scenario B: Security interest in the company's COMBINED movable assets
As collateral for a loan ABC grants BizBank a non-possessory security interest in one category of revolving movable assets, for example its accounts receivable or inventory. ABC keeps ownership and possession of the assets.	ABC grants BizBank a business charge, enterprise charge, floating charge, or any other charge that gives a security interest over ABC's combined assets. ABC keeps ownership and possession of the assets.

Getting Credit, Legal Rights – what does it measure?

Strength of legal rights index (0-12)	6
Does an integrated or unified legal framework for secured transactions that extends to the creation, publicity and enforcement of functional equivalents to security interests in movable assets exist in the economy?	Yes
Does the law allow businesses to grant a non possessory security right in a single category of movable assets, without requiring a specific description of collateral?	No
Does the law allow businesses to grant a non possessory security right in substantially all of its assets, without requiring a specific description of collateral?	Yes
May a security right extend to future or after-acquired assets, and does it extend automatically to the products, proceeds and replacements of the original assets?	No
Is a general description of debts and obligations permitted in collateral agreements; can all types of debts and obligations be secured between parties; and can the collateral agreement include a maximum amount for which the assets are encumbered?	No

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Is a collateral registry in operation for both incorporated and non-incorporated entities, that is unified geographically and by asset type, with an electronic database indexed by debtor's name?	Yes
Does a notice-based collateral registry exist in which all functional equivalents can be registered?	Yes
Does a modern collateral registry exist in which registrations, amendments, cancellations and searches can be performed online by any interested third party?	Yes
Are secured creditors paid first (i.e. before tax claims and employee claims) when a debtor defaults outside an insolvency procedure?	No
Are secured creditors paid first (i.e. before tax claims and employee claims) when a business is liquidated?	Yes

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Thank you!