

Repeal of the Catalonian Civil Code Reform

The prohibition to create successive pledges applies again as the Catalonian Parliament could not ratify Decree 9/2019.

On 21 May 2019, the Catalonian legislature passed Decree 9/2019 to modify certain articles of the Catalonian Civil Code, as highlighted in [this previous Client Alert](#). After Decree 9/2019 entered into force on 24 May 2019, Catalonian legislation did not contain any prohibition to create successive pledges.

Derogation of the Decree

The relevant legislative body, in this case the Catalonian Parliament, must ratify a Decree within 30 business days since its approval. Otherwise, the decree is automatically derogated. Unfortunately and unexpectedly, the Parliament voted against such ratification on 26 June 2019. Decree 9/2019, which contained the Catalonian Civil Code reform, also included other non-related political and social measures — but no political majorities were reached to ratify it. According to the Official Gazette of the Government of Catalonia published on 5 July 2019, Decree 9/2019 has been derogated.

This derogation does not prevent the Catalonian Parliament from approving the same amendment in the future, but the proceeding would have to be restarted.

Conclusion

The derogation is disappointing news for the Spanish financial market, which welcomed the reform because it minimised the regional differences between the regimes applicable to pledges granted in Spain and provided flexibility to structure security packages, particularly when granted for the benefit of different debt instruments.

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