
Securitisation

Overview

This module focuses both on the practicalities of securitisation and on the realities of the post-crisis securitisation market: the issues that are driving it and the types of transactions which have emerged.

The course also examines the role of securitisation in the crisis, the regulatory response and the overhang of problem transactions, particularly in CMBS (commercial mortgage backed security). The syllabus provides a comprehensive overview of the basics of securitisation, the rationale, the structuring techniques, SPC variations and the rating processes.

Key Contents

- Introduction to securitization
 - Course objectives
 - The building blocks of securitisation
 - The development of the securitisation market
 - Rationale for banks and corporate to securitise assets
 - Differences from ordinary debt and from covered bonds

- Structural features of a securitisation
 - Credit risk
 - Spread and reserve accounts
 - PDL ledgers
 - Liquidity risk
 - Cashflow waterfalls
 - Reinvestment risk

- The rating process
 - Key rating elements
 - CDO cashflow models
 - New counter party criteria
 - Un-rated risks for investors

- Impact of the crisis on the securitisation market
 - The credit crisis and the role of securitisation
 - Impact across different asset classes
 - Re-pricing of the market and effect on valuations
 - Investor reaction

- New regulation for Securitisation
- Impact of new Basel 3 – capital and liquidity requirements
- The new drivers in the securitisation market

- Asset-backed commercial paper (ABCP)
 - What is a conduit?
 - Typical conduit structure
 - Key features
 - Conduit dynamics
 - Benefits for an originator
 - Outlook for ABCP in the post-crisis market

- Post crisis RMBS
 - Historic performance
 - What lessons did investors learn
 - The master trust structure
 - The new drivers for originators
 - Put options
 - Trends and pricing

- CMBS and other problems

- The importance of central bank activities