

Regulation AB Overview

- Sources
- Securities law at a glance
- Reg AB has four big parts
- Securities offering reform
- Model provisions
- From here



- Regulation AB
- Securities Offering Reform
- The ASF Model Provisions and commentary
- EDGAR filings
- Links available at
<http://leuctra.googlepages.com/regulationab>

- Materially false or misleading statements are wrong.
- “What would a reasonable investor need to know?” *Alan McKenney, Wells Fargo*

Reg AB has four big parts



- Shelf eligibility
- Written communications during the offering process
- Point of sale disclosure
- Disclosure after the sale

- A shelf gives quick access to the public markets
- Reg AB provides a minor expansion of asset types outside RMBS
- No new shelf if you've neglected filing duties

- Asset backed securities informational and computational materials
 - historical performance (“static pool”)
 - collateral information
 - structure
 - derived information
- Free writing prospectus, securities offering reform (“SOR”)

- Who is in the deal?
- What is the collateral?
- How do the cash flows work?
- Are there external payments?
- Where's the risk?

Who has what role?

- You're a *sponsor* if you both sell and organize and initiate the transaction
- You're a *servicer* if you're an interim servicer, ordinary servicer or a sub-servicer
- You're an *originator* if ...

- Prior securitized pools
- Vintage information
- Asset classes and asset types
- What if you sell released?

- Of course we report and certify, but what do we file and why do we file?
- Monthly reports on form 10-D
- Current reports on form 8-K
- Annual reports on form 10-K
- January reports on form 15

- Assessment of “platform” compliance with servicing criteria
- Attestation by independent accountant
- Sarbanes-Oxley backup
- Statement of “deal” compliance

- Doesn't matter if you signed the pooling agreement or not
- Primary servicers, subservicers and master servicers
- Persons performing a servicing function
- Outsourcers of material servicing activities
- You have to distinguish carefully

- The Model Provisions provide a framework
- Underlying theme is the buyer's reliance on the seller
- The more remote the buyer is from the borrower, the greater the desire for contractual protection

- Different people will have different experiences
- There will be train wrecks
- There will be opportunities to get investors the information they need to make better decisions
- Better information should result in less discount for risk