



RATING AGENCY MALAYSIA BERHAD (Co. No. : 208095-U)

WORKSHOP ON

ASSET-BACKED SECURITIES : LEGAL, TAX ACCOUNTING AND REGULATORY ISSUES



Date : 31 March – 1 April 2005
Venue : RAM's Training Centre
Level : Intermediate

TRAINING 2005

WHY SHOULD YOU PARTICIPATE?

Asset-backed securities or securitisation are increasingly getting popular in Malaysia. With sizeable transactions originated in the residential mortgage segment, securitisation is poised for steep growth in time to come.

This workshop is an attempt to provide comprehensive inputs on the legal, tax, accounting and regulatory capital issues related to securitisation.

The legal structure of a securitisation deal is key to its robustness. The asset-backed ratings are based on bankruptcy remote structuring. Taxation is quite often an overlooked risk in securitisation transactions – but that may clearly be perilous.

Accounting issues are equally significant – as one of the frequent motives for a securitisation deal is off-balance sheet accounting. Regulatory capital relief, including Basle II capital standards relating to securitisation, form a significant part of bankers' motive to strive for securitisation deals, both cash and synthetic transactions.

Within the above topical issues, the workshop will deal with both cash structures and synthetic structures.

TRAINER'S PROFILE

VINOD KOTHARI

Vinod Kothari is internationally recognized as author, trainer and expert on specialized financial subjects, Internationally recognised as author, trainer and consultant on specialised financial subjects, viz., securitisation, credit derivatives, accounting for financial instruments, etc.. As such, he lectures all over the world. The locations where he has lectured on these subjects include London, Singapore, Hong Kong, Sydney, Colombia (South America), South Africa, Malaysia, Jordan, Egypt, Sri Lanka, Bangla Desh, etc., besides almost every important location in India.

AUTHOR OF BOOKS:

Lease Financing and Hire purchase (4th edition, 1996):






This book, first published in 1985, is widely recognised as the bible on leasing in the continent and has been the most popular text on the subject for last 15 years. The book runs over 2000 pages and has elaborate contents on leasing, hire purchase and similar credit agreements.

Securitisation: The Financial Instrument of the New Millennium, Second edition 2003: Running over approximately 900 pages, this is an internationally-read publication which quickly ran out of print and is now undergoing comprehensive revision for a new edition. The book is read in some 30 countries all over the World.



Credit Derivatives and Synthetic Securitisation, 2002 : This is one of the very few comprehensive texts on credit derivatives and is read all over the World.

Securitisation, Asset Reconstruction and Enforcement of Security Interests, 2003 edition: This book is a detailed commentary on the law by the same name enacted in India. Besides a thorough and incisive commentary on the law, the book contains generic chapters dealing in detail with the law of enforcement of security interests in global context.




WHO SHOULD ATTEND

-  Law firms, legal departments of securitisation firms and investment banks, investors, and the like
-  Accounting experts, accounting practitioners
-  Rating agencies
-  Risk management and operational risk teams from banks
-  Banking regulators

ARTICLES:





-  Vinod Kothari's articles on asset-based finance, securitisation etc. have appeared in several national and international journals including Duke Journal of Comparative International Law (USA), US Banker (USA), Exportrader (Spain), Trade and Forfaiting Review (UK), Journal of International Banking Law and Regulation (UK), Equipment Finance Journal (USA), Monitordaily (USA), Analyst (India), etc.
-  Vinod Kothari also contributes to Euromoney's yearbooks on leasing and securitisation.

LECTURING:

-  Regular speaker at professional institutes,
-  Visiting faculty at Indian Institute of Management, Joka, Calcutta for several years. Currently, offering a course on important topics in finance and taxation.
-  Guest faculty at National University for Juridical Sciences: the subject taught here was insolvency and credit interest enforcement laws in India and other countries. The course included a comparative study of the insolvency and creditors' rights in USA, UK and Australia.

WEBSITES

Vinod Kothari owns and runs some of the World's most popular websites on specialised financial subjects:

-  Securitisation: <http://vinodkothari.com>
-  Credit derivatives: <http://credit-deriv.com>
-  Leasing and asset-backed financing: <http://india-financing.com>
-  Asset reconstruction companies: <http://india-financing.com/arc/>

POSITIONS

Vinod Kothari is currently retained by the Asian Development Bank, Manila for two important projects: to advise the Govt. of India on reforming secured lending law in India; and to develop securitisation-related legal framework in the Asian region.

Vinod Kothari is the Director of Association of Leasing and Financial Services Cos., a body of over 500 top leasing companies in India and is editor of its Newsletter Fin-n-lease.

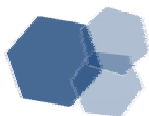
Vinod Kothari is the former Chairman of the Institute of Company Secretaries of India.

Vinod Kothari is the Executive Director of the Asian Securitisation Forum

AWARDS

In 1987, a voluntary organisation of Calcutta chose him as the Outstanding Young Person of Calcutta in the field of Finance and Taxation. Vinod Kothari won several academic awards.

DAY ONE



Session 1: Basic legal issues:

Assignment of receivables - legal complications in assignments in Anglo-Saxon systems, Roman- Dutch systems, etc. - Legal structures for securitisation in different markets - legal structures for securitisation in various countries. Models of securitisation law in some countries: Italian law, Korean law, Japanese law. US article 9 of UCC and securitisation transactions.

Session 2: True sale:

Isolation and asset-backed rating in securitisation transactions. Concept of "true sale" – why "true", and what is it that might make it "not true"? Case law in the USA, UK, Canada and elsewhere. Elements that make or mar a true sale. Recharacterisation – what are the consequences.

Session 3: Bankruptcy remote entities

What makes a special purpose vehicle bankruptcy remote - creation of bankruptcy-remote securitisation – criteria and preconditions for bankruptcy remote entities – consolidation risk.

Session 4: Legal issues in securitisation

Commingling risk; set-off risk; legal issues in residential and commercial mortgage backed transactions. Legal issues in revolving transactions. Legal issues future flows transactions.

Session 5: Secured loan based structures

The basis of secured loan structures –enforcement of security interests in bankruptcy. Legal position in different countries. UK Enterprise law. Fixed and floating charges as the basis for secured loan structures. Whole business transactions.

Session 6: Legal issues in synthetic transactions

Legal issues relating to derivatives – enforceability of derivatives. Decision of US and UK courts on credit derivatives.

Session 7: Documentation for securitisation transactions

Assignment agreement/transfer deed. Pooling and servicing agreement. Trust documentation.

We will review documentation for several real life transactions to provide participants with a first-hand review of the documentation involved.

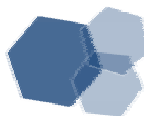
CUSTOMISED IN-HOUSE TRAINING

Any of RAM's public programmes can be customised and run as an in-house programme for your organisation. The modules and case studies can be tailored to meet your training needs and requirements. If you wish to explore the possibility of having any of our training programmes conducted specifically for your organisation, please contact Ms Padthma Subbiah at 6(03) 7628 1762 or e-mail her at padthma@ram.com.my

GROUP DISCOUNT

If you do not have enough personnel to conduct an in-house training programme, talk to us about getting a group discount. Group discounts can be worked out for groups of 10 or more. Please contact Ms Padthma Subbiah at 6(03) 7628 1762 or e-mail her at padthma@ram.com.my

DAY TWO



Session 1: Taxation of securitisation transactions:

Tax neutrality as a key condition for efficient securitisation deals. SPEs as mini-corporations and the significance of debt-equity distinction. Key principles of originator taxation and taxation of gains on sale. Taxation of servicing fees and residual returns.

Debt versus equity – fundamental differences. Taxation of SPEs. Tax neutral SPEs. Tax-neutral structures in several countries – US REMICs and FASITs. Italian SPEs.

Taxation of investors. Withholding taxes and other relevant issues.

Session 2: Taxation of synthetic transactions:

Key issues in derivatives taxation.

Session 3: Basic Accounting issues

Accounting for securitisation - off-balance-sheet versus on-balance-sheet treatment -IAS 39, SFAS 140, and FRS 5. Motivations for off-balance sheet finance. Preconditions for off-balance sheet accounting. Pre-conditions for off-balance sheet treatment under FAS 140 - surrender of control Concept of Qualifying special purpose entity.

Session 4: Components approach and gain-on-sale computation

Understanding the components approach. Identification and Valuation of the components: expected cashflows approach and discounting approach. Illustration of each approach with practical spreadsheet examples. Allocation of carrying value to the components. Valuation of assets/liabilities arising out of securitisation. Example and exercises on computation of gain on sale.

Session 5: SPV accounting, consolidation, SIC 12 and FIN 46

Accounting for the SPV - US Variable interest entity rules. IASB's SIC12 and consolidation practices in other countries. Accounting for pass-through SPEs. Practical exercises

Accounting for investors: FAS 115/ FAS133 and IAS 39 rules. EITF 99-20 on US credit and prepayment sensitive cashflows accounting. Accounting for embedded derivatives. Practical exercises.

Session 6: Accounting for synthetic transactions

Accounting for synthetic transactions – basics of derivatives accounting. Financial instruments - accounting for HTM, AFS and Trading assets. Mark to market valuation rules. Preconditions for hedging treatment. Illustration of the fair valuation and accounting under hedging and non-hedging approaches.

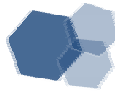
Session 7: Regulatory issues

Regulatory issues in securitization and capital adequacy - recent bank failures in the USA and regulatory concerns - BIS II and securitisation. Rating-based capital norms. Regulations in some countries. Basle II and credit derivatives. Consultative paper III. Recent FDIC regulations on securitisation and credit derivatives in the USA - does it reflect the shape of regulation to come? Regulatory capital in case of synthetic transactions – residual risk in case of credit derivatives.

Session 7: Economic Capital

Economic capital – concept and computation. Models for estimation of economic capital. Impact of cash and synthetic securitisation on economic capital computation.

REGISTRATION FORM



Asset-Backed Securities : Legal, Tax Accounting & Regulatory Issues (31 March - 1 April 2005)
(ABS/MR/05)

REGISTRATION FORM

PLEASE USE BLOCK PRINT AND PHOTOCOPY FOR
MULTIPLE BOOKINGS

Name (1) : Mr/Ms _____

Designation : _____

Department : _____

Email : _____

Name (2) : Mr/Ms _____

Designation : _____

Department : _____

Email : _____

Organisation : _____

Address : _____

Tel No. : _____

Fax No. : _____

Training Department Contact Details

Contact Person : _____

Designation : _____

Department : _____

Email : _____

Address : _____

Tel No. : _____

Fax No. : _____

Cheque/Bank

Draft No. : _____

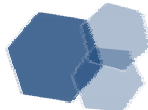
Bank : _____

Amount : _____

Note

Please treat this registration form as the official invoice.

CONTACT DETAILS



Nashrul Abdul Shukor

Senior Executive

DID : (603) 7628 1759

E-mail : nashrul@ram.com.my

Zurina Zulkifli

Executive

DID : (603) 7628 1784

E-mail : zurina@ram.com.my

Hanani Hassan

Training Coordinator

DID : (603) 7628 1753

E-mail : hanani@ram.com.my

Sharimah Mohd Shariff

Training Coordinator

DID : (603) 7628 1751

E-mail : sharimah@ram.com.my

Registration details



Date : 31 March- 1 April, 2005

Time : 9.00 a.m. to 5.00 p.m. except on Day One
registration will commence at 8.30 a.m.

Venue : RAM's Training Centre

Registration Fees : RM 2,950.00

- Fees include tuition, teaching materials, lunch
and refreshments.

Group Registration

For 3 or more registrations from the same
organisation, a 10% discount applies.

Method of Payment

Crossed cheque / bank draft made payable to
"Rating Agency Malaysia Berhad".

Payment must be submitted before the workshop
to guarantee your attendance.

Disclaimer

Rating Agency Malaysia Berhad reserves the right to change or
cancel any part of its published programme due to unforeseen
circumstances.

Cancellation & Transfer Policy

Should a delegate be unable to attend, a substitute
may attend in his/her place at no extra charge. For
cancellations received in writing :-

- one (1) week before the event, a refund
(less an administrative charge of 20%) will be made
- for no-show on the day of the workshop, no refund
will be entertained.

CONFIRMATION REPLY SLIP

(For RAM's use only)

Attn : _____

We would like to confirm the participation
of _____ personnel for this course. Kindly
forward the registration fee of RM _____
before the course.

We regret that your nomination cannot be
accepted as registration has been closed.

We will KIV your nomination for a re-run
of this course.

**No. 19-G, The Boulevard
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur**

**Fax : (603) 76281700
(603) 76208250**

Tel : (603) 76281000

**Website : <http://www.ram.com.my>
e-mail : ram@ram.com.my**