

# NEWSLETTER

Australian Securitisation Forum Inc. | Representing the securitisation industry in Australia



Issue 17 | December 2005 | [www.securitisation.com.au](http://www.securitisation.com.au) | [ASF@securitisation.com.au](mailto:ASF@securitisation.com.au)

## Dear Industry Participant

Since our last newsletter, we have held our fourth ASF Securitisation Conference with over 900 delegates attending over the two days. That conference together with the ASF education sessions, the investor road shows, the networking opportunities and the conference dinner, ensures that the middle of November is now recognised as the Australian securitisation industry week.

The highlight of the conference dinner this year was the presentation of Distinguished Service Awards to four industry participants, who have been major contributors to the development of securitisation in Australia. As an industry that really only started to develop actively in the early 1990's and now has completed over \$160 billion of securitisation issuance, we owe a lot of thanks to those who pioneered the securitisation products and assisted in the legal issues and industry education to enable the products to be structured and accepted into the financial markets. Accordingly, I was very pleased and honoured to present the inaugural ASF Awards to:

Nancy Fox, *Managing Director, Ambac Assurance Corporation*  
Tony Gill, *Executive Director, Macquarie Securitisation Limited*  
Brian Salter, *Partner, Clayton Utz*  
Vernon Spencer, *Chairman, Stargate Global Asset Management Pty Ltd*

The names of these recipients were very well received by the industry participants. On behalf of the ASF National Committee, I congratulate and thank them for their active involvement in our securitisation industry and in their participation in the activities of the ASF. These recognition awards will now be an on going part of our annual industry conference, with the members each year being asked to nominate names for consideration by the National Committee.

The Australian securitisation conference is now a major funding source for the ASF through its joint venture arrangement with the conference arranger. By having a strong financial base, the ASF can further develop its activities and improve its infrastructure to continue providing better service to its members. Accordingly, the ASF has commenced work on implementing some of the initiatives that have come out of its 5 year strategic planning meetings and more information on this will be provided this next year.

In the meantime, on behalf of the National Committee, I wish you and your families the very best for the New Year and we all look forward to 2006 being another strong year for the securitisation industry.



Roger Desmarchelier  
Chairman

## INSIDE THIS ISSUE

### Sub-committee updates

- 2 ASF Welcomes New Members  
ASF Strategic Plan  
Education  
Investor Issues
- 3 Marketing
- 4 Accounting  
Prudential  
Regulatory
- 5 Taxation  
Statistics



## Sub-Committee Updates

### ASF Welcomes New Members

- Amal Asset Management Limited  
([www.amal.com.au](http://www.amal.com.au))
- Banksia Mortgages Limited  
([www.banksiagroup.com.au](http://www.banksiagroup.com.au))

These organisations have joined the ASF as members since our last newsletter. We appreciate their support, and look forward to working with them in the near future.

### ASF Strategic Plan

As discussed at the ASF AGM in September, the National Committee has been working on defining a Mission and Plan for the ASF with a 3-5 year view.

#### **Mission:**

**“To shape the future of the Australian securitisation industry for the ongoing benefit of our members”**

In order to achieve the Mission Statement the forum will use:

#### **Advocacy:**

“To anticipate and influence regulatory changes with a view to establishing and advancing the interests of the securitisation industry”

#### **Investor Engagement:**

“To broaden the investor base and to increase the allocation to Australian securitised products in portfolios”

#### **Education:**

“To achieve a high level of understanding and competence for the participants in the Australian Securitisation industry”

#### **Structure:**

“To create and maintain a robust structure that supports and enhances all ASF activities”

The ASF would welcome your views and ideas on this Strategic Direction as we move to the first phase of implementation Q1 2006. Please direct your feedback to [ASF@securitisation.com.au](mailto:ASF@securitisation.com.au)

Leigh Powell, PMI Mortgage Insurance Limited



### Education Committee

The two day intensive course held in conjunction with the ASF Conference in November was a huge success. Thank you to those who stepped up to organise and present the extra course that had to be held to cater for the strong demand we received. Holding this course in conjunction with the conference will now be a regular feature.

Overall, the course continues to be a huge success with over 150 participants attending it throughout 2005. The strengths of the course have been found to be the delivery of the course by industry practitioners and the direct relevance of the topics. Course participants feedback continues to rate these two strengths very highly.

Our plans for the Introductory Course in 2006 will be to hold more regular courses of smaller class sizes to improve the participant's experience. The ASF Education Committee has begun plans with AFMA Services to extend the courses on offer.

You will soon find the programmed 2006 Course Dates posted on the ASF website ([www.securitisation.com.au](http://www.securitisation.com.au)).

Phil Vernon, Perpetual Trustees Australia

### Investor Issues Committee

The Investor Issues Committee continues to work on the following items:

- Discussions with Bloomberg regarding the improvement of the reporting of Australian RMBS on Bloomberg. The specific issue we are focused on is the modelling of cash flows of Australian issues. The Investor Issues Committee will continue to work with Bloomberg to try to deliver this outcome.
- Establishment of guidelines for investor reporting in different asset classes, including non-prime RMBS and ABCP.
- Drafting a dictionary or vocabulary list of Australian securitisation terminology for the benefit of international investors in Australian ABS.
- Consideration of an RMBS index. This is still in the early stages.

Comments are welcome from any members on the above issues.

We are also looking for additional investors to join the Committee. If you are interested in participating, please contact Melissa Marzulli on (02) 8249 1222.

Melissa Marzulli, State Street Capital Pty Limited

## Marketing Committee



## 4th Annual Australian Securitisation Conference

ABS 2005: **BEYOND BORDERS**  
VALUE, DIVERSIFICATION & STRENGTH  
17-18 November 2005

The year has concluded with another successful industry conference with in excess of 900 delegates attending our fourth annual conference: ABS 2005 Beyond Borders, Value, Diversification & Strength. The number of delegates in attendance makes it our largest industry conference to date and continues to highlight the ever-expanding industry.

The two-day conference presented a range of topics impacting on the industry, with informal activities that included an industry Gala Dinner and sailing activities on the Sydney Harbour. Photographs of the conference are contained within the newsletter.

The ASF wishes to thank all involved in the conference, and in particular the presenters and sponsors whom without their participation would not make the conference a success.

My thanks to the team at INSTO and the ASF Marketing Committee who worked throughout the year planning and organising the conference for 2005.

### Forthcoming Industry Events

#### American Securitization Forum

2006 Annual Conference  
29 January – 1 February 2006  
Las Vegas  
[www.americansecuritization.com](http://www.americansecuritization.com)

#### Eleventh Annual ABS West Conference

7 – 10 February 2006  
Pheonix, Arizona  
[www.imn.org](http://www.imn.org)

#### European Securitisation Forum

2006 Annual Conference  
21 – 23 March 2006  
Venice  
[www.europeansecuritisation.com](http://www.europeansecuritisation.com)

Paul Garvey, Members Equity



Welcome from Roger Desmarchelier, Chairman, ASF



Panel Discussion 'Re-visiting the Basel II accord'



Overwhelming delegate response to the conference



Networking at ASF Gala Dinner



International guests on Sunset Harbour Cruise

## Sub-Committee Updates *cont'*

### Accounting Committee

As the year draws to a close, there is no more increased certainty over the application of the AASB139 derecognition tests than at the start of the year! Peter Jeffrey's presentation at the ASF conference (and attendance at the Accounting Sub-Committee meeting) provided insights on recent decisions by IFRIC, but some key unknowns remain.

The largest four accounting firms are now meeting in London to form consensus views on particular aspects, and we should be able to share these in the New Year. The last meeting of this group was attended by International Accounting Standards Board (IASB) / International Financial Reporting Interpretations Committee (IFRIC) members and it was indicated that IFRIC would now give serious consideration to issuing an interpretation on some issues in 2006.

The European Securitisation Forum was meeting IFRIC in early December to push this forward and discuss the outstanding issues from our letters to IFRIC in October 2004.

In November, members from the global accounting convergence project team met with members from the IASB and FASB and went through the results of a global survey we had undertaken. The IASB/FASB endorsed the project, the next phase of which is to flesh out a preferred alternative for securitisation accounting. This project will particularly consider a components approach and a form of linked presentation approach to securitisations.

Expect much more activity in the New Year.

Michael Codling, PricewaterhouseCoopers

### Prudential Committee

Relatively little has happened on the prudential side since the last newsletter.

On the APRA front, there have been a few releases, although little to do with securitisation.

The first section of the prudential framework for IFRS (which does not include securitisation) can be found at [www.apra.gov.au/media-releases/05\\_58.cfm](http://www.apra.gov.au/media-releases/05_58.cfm). It is clear from comments made at the ASF conference that we can expect to wait some time yet for the revised APS 120.

Some of you will have seen the AFR article recently which raised the prospect of deposit insurance for Australian depositors. If that scheme does go through (and that is probably a big 'if'), we will have another attempt at getting covered bond issuance in Australia approved. Meanwhile in Europe, the EU has approved a directive which introduces uniform covered bond legislation, so we are getting behind the rest of the world.

As some of you are aware, I have been setting up a new business within ANZ that is outside of securitisation. To provide continuity I have maintained the ASF work, but the time has come to hand over the responsibilities.

I have resigned from the National Committee as of 6 December and the Committee will appoint a new head of the Prudential Committee. I thank Roger Desmarchelier, the members of the National and Prudential Committees for their support over my time as Chair and would like to mention in particular Brian Salter of Clayton Utz and Berkeley Cox of Mallesons.

David Addis, ANZ Investment Bank

### Regulatory Committee

The year has finished on a quiet note. However, that is not a bad thing given the year that was.

In 2005, there was a raft of overseas and domestic regulation that made up our agenda – including: a submission to, and negotiation with, the SEC on its new Regulation AB for asset-backed securities; the implementation of the financial services licensing regime for securitisation vehicles and their managers; the implementation of the Prospectus Directive and the need for listed euro deals to comply with new disclosure requirements; various submissions to ASIC and the ASX in relation to regulatory and legal matters affecting the securitisation market and the usual discussions with various stamp duty offices about the application of proposed amendments.

2006 is shaping up to be an interesting year, with possibly a greater emphasis on the origination side of the industry. ASIC's review of brokers and purported amendments to



the Privacy Act and consumer credit laws could affect the way that the mortgage market originates its product. The long anticipated anti-money laundering laws could have an impact on origination and investors.

As always, the Regulatory Committee will do its best to help shape any legal or regulatory development so that they do not adversely affect our securitisation industry. My thanks to the members of the Committee for their support this year.

Stuart Fuller, Mallesons Stephen Jaques

## Taxation Committee

The tax sub-committee continues to focus on a number of key industry-related issues.

During October, members of the tax sub-committee met with representatives from the Australian Taxation Office (ATO) to clarify its position with respect to GST Ruling 2004/4, principally in relation to Servicer Fees. While no conclusive outcomes were achieved at this meeting, the ASF has engaged the services of a QC to advise on certain questions of GST law which are integral to the ASF's position, including the taxable nature of servicer activities undertaken on behalf of securitisation SPVs, and to what extent such servicer activities may give rise to reduced input tax credits (RITCs).

The ASF tax sub-committee is currently reviewing the preliminary advice it has received. Once finalised, a formal submission will be made to both the ATO and Treasury outlining the ASF's position. In the interim, it is our understanding that the ATO is also seeking further internal legal advice on this issue.

The ASF has continued its involvement with the ATO's National Tax Liaison Group – International Financial Reporting Standards sub-committee ('NTLG IFRS sub-committee'), attending its most recent meeting held during November.

In particular, the ASF has requested that the ATO consider what measures can be adopted to provide certainty to securitisation trusts and their advisers that the trustee will not suffer tax in the event that the trust has no net accounting profit according to AIFRS but does have net income for the purposes of Division 6 of Part 3 of the Income Tax Assessment Act 1936.

The tax-subcommittee has submitted a suggested proposal for resolution of this matter to the ATO and is currently awaiting its formal response.

Further updates will be provided to the wider ASF membership on the above matters as soon as more definitive information comes to hand.

Patrick Tuttle, Pepper Home Loans

## Statistics

Standard & Poors

### Number of New Australian Securitisation Transactions

	4Q05	% (4Q05)	3Q05	% (3Q05)	2Q05	% (2Q05)	2005	%	2004	%	2003	%
ABS	1	5.56	3	10.71	2	6.45	7	7.61	16	14.16	12	8.70
RMBS	9	50.00	14	50.00	16	51.61	50	54.35	63	55.75	60	43.48
CMBS	4	22.22	1	3.57	6	19.35	11	11.96	9	7.96	9	6.52
CDO/Repack	4	22.22	10	35.71	7	22.58	24	26.09	25	22.12	57	41.30
<b>TOTAL</b>	<b>18</b>	<b>100.00</b>	<b>28</b>	<b>100.00</b>	<b>31</b>	<b>100.00</b>	<b>92</b>	<b>100.00</b>	<b>113</b>	<b>100.00</b>	<b>138</b>	<b>100.00</b>

### Volume of Term Australian Securitisation Debt Issued (Bil. A\$)

	4Q05	% (4Q05)	3Q05	% (3Q05)	2Q05	% (2Q05)	2005	%	2004	%	2003	%
ABS	0.80	6.52	0.60	4.64	0.22	1.58	2.02	3.66	3.28	5.10	1.96	3.81
RMBS	9.21	75.04	12.21	94.22	11.35	82.68	48.48	87.96	58.00	90.14	44.69	86.81
CMBS	0.28	2.28	0.02	0.15	1.90	13.81	2.20	3.99	1.83	2.85	2.88	5.59
CDO/Repack	1.98	16.16	0.13	0.98	0.27	1.93	2.42	4.40	1.23	1.91	1.95	3.79

[www.securitisation.com.au](http://www.securitisation.com.au)

**Australian Securitisation Forum Inc.**

Level 3, 95 Pitt Street, GPO Box 3655 Sydney NSW 2001

Tel: + 61 2 9776 7988 Fax: + 61 2 9776 4488

Email: [info@securitisation.com.au](mailto:info@securitisation.com.au)