

# NEWSLETTER

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



Issue 12 | September 2004 | [www.securitisation.com.au](http://www.securitisation.com.au) | [info@securitisation.com.au](mailto:info@securitisation.com.au)

## Chairman's Welcome

Welcome to the latest newsletter from the Australian Securitisation Forum.

This month we held the Annual General Meeting (AGM) of the ASF, which has looked back over the year at a very successful period for the Forum, with increased membership, a strong funding base and a diverse range of membership activities. In addition, the Australian securitisation industry continues to grow with increasing levels of MBS issues this year, particularly into the offshore markets, resulting in strong demand for the product and tightening margins.

As part of the AGM, elections were held for the vacant National Committee positions. There were seven vacancies with four of the current National Committee standing again and three standing down. There were three new nominations. The results of the election were:

Gavin Buchanan	AMS	Standing Down
Brian Salter	Clayton Utz	Standing Down
Bevan Richardson	Macquarie Bank	Standing Down
Leanne Leong	CBA	Re elected
David Addis	ANZ	Re elected
Paul Garvey	Member Equity	Re elected
Roger Desmarchelier	St George	Re elected
Leigh Powell	PMI Mortgage Insurance	Newly elected
Stuart Fuller	Mallesons Stephen Jaques	Newly elected
Patrick Tuttle	Pepper Homeloans	Newly elected

I wish to thank the three National Committee members who have resigned, for their support and commitment to the ASF over a number of years. In particular I highlight Brian Salter's work on the National Committee over a period of 15 years, where he was a founding member of the ASF and served two terms as Chairman and other periods chairing sub committees. I also welcome the newly elected members of the National Committee and look forward to their involvement on the ASF.

The next major event for the ASF is the Australian Securitisation Conference to be held on 17-18 November. Once again there is a full agenda and plenty of opportunities for networking. Please give it your full support.

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The Australian Securitisation Forum invites you to attend the 3rd annual Australian Securitisation Conference  
ABS 2004: Structuring for Success

17-18 November 2004  
(half-day training session:  
16 November)

Further information on the conference is contained within the current addition of the newsletter.



Roger Desmarchelier  
Chairman



## Sub-Committee Updates

### Investor Issues Committee

The Investor Issues Committee has grown in membership since the last newsletter, and has made progress on its objectives.

The initial objective of the Committee was to focus on investor reporting and attempt to develop a set of reporting guidelines for issuers. With the predominance of RMBS issuance, the focus has logically been on RMBS reporting. The guidelines have been refined following feedback from Committee members and investors. The final draft will be reviewed by the Committee members for the next meeting, to be held on 6 October. We expect the final version to cover RMBS and ABS reporting. In future we will also produce a guideline for asset-backed commercial paper reporting.

In line with its focus on reporting, the Committee has invited a representative from Bloomberg to attend the 6 October meeting. There are a number of issues that have been identified by issuers about Bloomberg reporting and we hope to resolve some of these with improved communication with Bloomberg.

If you are interested in making a contribution to the Investor Issues Committee, please contact Melissa Marzulli on (02) 8249 1222.

Melissa Marzulli, State Street Capital Pty Limited

### Prudential Committee

All is quiet on the prudential committee front post the release of the Basel II material in June. The covered bonds sub-committee has continued its work on the covered bonds submission and intends to make the submission shortly.

Anyone who has not been involved in the committee and wants to be should contact David Addis on [addisd@anz.com](mailto:addisd@anz.com)

David Addis, ANZ Banking Group Limited

### Accounting Committee

The Accounting Committee is currently finalising a submission to IFRIC (the body that provides interpretive guidance for international accounting standards), requesting that IFRIC clarify certain aspects of the derecognition criteria in IAS 39R.

We have been working on this initiative together with the European Securitisation Forum, who held previous discussions on the topic with the International Accounting Standards Board. We are targeting the October meeting of the IFRIC Agenda Committee, which will determine if and when IFRIC will respond to our submission.

Michael Codling, Price Waterhouse Coopers

### Tax Committee

The Tax Committee has continued to progress its dialogue with the ATO in relation to GSTR 2004/4. A number of constructive meetings have been held between representatives of the ASF and the ATO in relation to this matter. There is no timetable as yet for any pronouncements from the ATO in relation to the ruling. However, discussions are progressing and the issues relating to the ruling have some priority within both Treasury and the ATO.

In addition to the GST ruling, the ASF has also met with the ATO to cover a wide range of other subjects. It is clear that there are a number of important issues to be considered by the Tax Committee in the coming months. Some of these issues include:

- (a) the possible application of the new FX rules (& any further financial arrangement tax accounting rules) that may upset the tax neutrality of cash/accounting neutral securitisation vehicles;
- (b) the ATO's emerging views on subordinated debt in the debt/equity context and their effect on tax neutrality of cash/accounting neutral securitisation vehicles; and
- (c) the ATO's attitude to the deconsolidation of securitisation vehicles to preserve their bankruptcy remoteness.

As I will be leaving the National Committee of the ASF, Patrick Tuttle has agreed to become the new chairman of the Tax Committee. I want to thank Charles Armitage, David Temby and Mark Friezer for their support and help during my tenure, and in particular for their continued assistance on behalf of the industry.

Gavin Buchanan, Australian Mortgage Securities Limited

### Education Committee

On Thursday 16 September, the education committee organised the third ASF evening series for 2004. Dr Chris Caton, well known BT economist was guest speaker and gave some valuable insights into the state of the economy and where he thinks it is headed for the next 12 to 18 months. If you would like a copy of his presentation and handout, please contact Jane McCann at [jane\\_mccann@perpetual.com.au](mailto:jane_mccann@perpetual.com.au)

The education committee has also been reviewing the formal education services available to members. Our ultimate aim is to upgrade the courses currently available so that they count toward a formal qualification and to implement a more formalised means of satisfying training requirements under Financial Services Act licenses. Other areas of review include the possible introduction of targeted short courses and a review of our delivery mechanisms. We are looking at a number of options and will keep members updated on our progress through future newsletters.



## Regulatory Committee

Since the last Newsletter, the Regulatory Committee has made two submissions:

- (i) First, to the US Securities & Exchange Commission in relation to its proposed new rules regarding ABS issues by foreign issuers, which would include Australian RMBS issuers into the US market; and
- (ii) Secondly, to ASIC in response to its Discussion Paper on the proposed FSR licensing relief for securitisation vehicles and securitisation managers.

Following Brian Salter's retirement from the National Committee and Stuart Fuller's election to the Committee, it has been agreed that Stuart will be the new Convenor for the Regulatory Committee. Stuart can be contacted on (02) 9296 2155. If you have any issues of a regulatory nature, which you believe the ASF should be aware of, please do not hesitate to contact him.

Brian Salter, Clayton Utz

### *Additional Remarks from new Regulatory Committee*

*Chairman:* A copy of the ASF's most recent submission to ASIC in relation to the licensing of securitisation vehicles, and the entities which manage them, can be found on the ASF's website. If ASIC's final position is that no permanent exemption from the licensing requirements will be granted to a securitisation vehicle, or its manager, then those entities will need to be licensed by ASIC by 30 March 2005. If ASIC's final position is that a securitisation vehicle will be exempt from the need to be licensed as long as its manager accepts responsibility for certain of its activities, and the manager of the securitisation vehicle is already licensed, then it is likely that the conditions which apply to a manager's licence will need to be amended, and this process will also need to be completed by 30 March 2005.

Stuart Fuller, Mallesons Stephen Jaques

## Marketing & Communications Committee Annual Australian Securitisation Conference

Since our last edition of the industry newsletter, the main focus of the Marketing & Communications Committee has been towards the organisation of the annual industry conference to be held 17-18 November 2004. With less than two months remaining the committee has been working with industry participants to finalise sponsorships and agenda topics for the conference.

Specifics of the conference are detailed below and in the invitation attached to the newsletter.

With an industry that continues to grow and develop the ASF encourages all industry participants to attend the conference and learn about the current trends and developments occurring within both the domestic and global securitisation markets.

In addition to the formal presentations throughout the conference there has also been an emphasis for delegates to have opportunities to network. Accordingly, the conference will include the ASF Christmas drinks and annual industry dinner, and at the conclusion of the conference a sailing event on Sydney Harbour will also be held.

We look forward to seeing members of the ASF and industry participants in attendance at the conference this year.

## Industry Website

The ASF official website is [www.securitisation.com.au](http://www.securitisation.com.au)

We have recently been contacted by a number of members regarding opportunities for links between the ASF website and member websites, or alternatively links from member website back to the ASF website. Either approach is encouraged and a number of members already have website links in place.

If you are interested in organising website links please email [info@securitisation.com.au](mailto:info@securitisation.com.au)

We would also request that you contact the ASF when organising a link from a member website to the ASF website so that appropriate particulars can be provided, such as the ASF logo.

## Other forthcoming industry events

### *Tenth Annual ABS East Conference*

12 – 15 October 2004

Boca Raton, Florida

(for further information [www.imn.org](http://www.imn.org))

### *American Securitization Forum 2005 Conference*

23 – 26 January 2005

Scottsdale, Arizona

(for further information [www.americansecuritization.com](http://www.americansecuritization.com))

### *Tenth Annual ABS West Conference*

7 – 10 February 2005

Phoenix, Arizona

(for further information [www.imn.org](http://www.imn.org))

## 3RD ANNUAL AUSTRALIAN SECURITISATION CONFERENCE ABS 2004: Structuring for Success

16 November: half-day securitisation training session  
17-18 November: two-day Australian  
securitisation conference

The Westin Hotel, No.1 Martin Place, Sydney

To register for the conference  
please go to [www.insto.com.au](http://www.insto.com.au)

Number of New Australian Securitisation Transactions

	3Q04	% of total (3Q04)	2Q04	% of total (2Q04)	1Q04	% of total (1Q04)	2003	% of total (2003)	2002	% of total (2002)
ABS	6	22.22	3	10.34	3	10.71	12	8.82	11	14.10
RMBS	13	48.15	16	55.17	19	67.86	59	43.38	43	55.13
CMBS	1	3.70	5	17.24	1	3.57	8	5.88	15	19.23
CDO/Repack	7	25.93	5	17.24	5	17.86	57	41.91	9	11.54
TOTAL	27	100.00	29	100.00	28	100.00	136	100.00	78	100.00

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

	3Q04	% of total (3Q04)	2Q04	% of total (2Q04)	1Q04	% of total (1Q04)	2003	% of total (2003)	2002	% of total (2002)
ABS	0.84	5.02	0.24	1.55	1.30	5.96	2	3.90	3	6.74
RMBS	14.77	88.16	13.32	87.54	20.10	92.30	45	88.44	32	83.00
CMBS	0.00	0.02	1.48	9.75	0.23	1.07	2	3.78	3	8.10
CDO/Repack	1.14	6.80	0.18	1.16	0.14	0.66	2	3.88	1	2.16
TOTAL	16.75	100.00	15.21	100.00	21.78	100.00	50	100.00	38	100.00

New Public Ratings Assigned to Australian Securitisation Transactions in 3Q04

Transaction Name	Originator	AUD Equivalent \$Mil
<b>ABS</b>		
Vision Securitisation Trust 2004-1	Daimler Chrysler Services Australia Pty Ltd	462.50
Series 2004-1 REDS EHP Trust	BOQ Equipment Finance Ltd	223.00
Elderslie MTN 2004-1	Elderslie Finance Corp	25.33
TOTAL ABS		710.83
<b>CDO/REPACK</b>		
SELECT ACCESS Investments Ltd. Series 2004-5	Deutsche Bank AG	800.00
SELECT ACCESS Investments Ltd. Series 2004-7	Deutsche Bank AG	90.00
Rembrandt Australia Trust 2004-1	ABN AMRO Ltd	59.53
SELECT ACCESS Investments Ltd Series 2004-9	Deutsche Bank AG	35.00
SELECT ACCESS Investment Ltd Series 2004-10	Deutsche Bank AG	20.00
Green Forest Series 2004-11	Toronto Dominion	75.00
Rembrandt Australia Trust 2004-2	ABN AMRO Ltd	60.00
TOTAL CDO/REPACK		1,139.53
<b>CMBS</b>		
MCS Capital Pty Ltd - Series 1	MCS Capital Pty Ltd	4.10
TOTAL CMBS		4.10
<b>RMBS-DOMESTIC</b>		
PUMA Masterfund P-10 Series A	Macquarie Bank Ltd	1,000.00
AIMS 2004-1 Trust	AIMS Home Loans Pty. Ltd.	586.00
Illawarra Series 2004-1 RMBS Trust	IMB Ltd	495.00
Integrity Series 2004-1	Integrus Securitisation Services Pty Ltd.	400.00
HBS Trust 2004-1	Heritage Building Society Ltd	500.00
FirstMac Bond Series 2-2004 Trust	First Mortgage Company Pty Ltd	500.00
APOLLO Series 2004-2 Trust	Suncorp-Metway Ltd	700.00
Pepper Residential Securities Trust No. 3	Pepper Home Loans Pty. Ltd.	250.00
TOTAL DOMESTIC		4,181.00
<b>RMBS-OFFSHORE</b>		
Kingfisher Trust 2004-1G	ANZ Banking Group Ltd	1,457.73
Interstar Millennium Series 2004-4E	Interstar Securities (Aust) Pty Ltd	2,221.68
Crusade Global Trust No.2 of 2004	St George Bank Ltd	2,204.85
SMHL Global Fund No. 7	Members Equity Pty. Ltd.	1,946.12
National RMBS Trust 2004-1	National Australia Bank Ltd.	2,482.92
TOTAL OFFSHORE		10,313.30
TOTAL RMBS		14,494.30

# 3<sup>rd</sup> Annual Australian Securitisation Conference

## ABS 2004: **STRUCTURING** FOR SUCCESS

16th, 17th & 18th November

# insto



## The Westin Sydney

No.1 Martin Place, Sydney

### The invitation

The Australian Securitisation Forum and *Insto* invite you to the 3<sup>rd</sup> annual ABS conference in Australia, 'Structuring for Success'.

The conference is set to be a significant one, given the sheer volume of issuance in the asset-backed market in the calendar year to date.

A particularly significant trend is the increase in offshore issuance. In the first half of 2004, almost A\$20 billion of notes were issued across 15 transactions in Europe, Asia and the US. The surge in European issuance can be attributed to rising investor interest in Aussie RMBS – with new buyers from Spain, France, Benelux and Germany in particular. A favourable cross-currency swap between euro and Australian dollars also encouraged Australian issuers to visit Europe, as did an easier and cheaper documentation process in Europe.

### Agenda

**16 November:** Half-day securitisation training session & pre-registration cocktails

**17 November:** Full-day conference followed by Annual ASF dinner

**18 November:** Conclusion of conference followed by sailing on Sydney Harbour

### Keynote speakers include:

**Bob Bennett**, board member & finance director, Northern Rock, UK

**Peter Jeffery**, PriceWaterhouseCoppers, UK

**Sarwah Ahmed**, HSBC

**Trevor Pothcary**, MD Mortgages PLC, UK

### Topics for discussion include:

- Overseas regulatory and accounting developments impacting Australian issuers and international investors
- Implications of the latest EU directives on Australian issuers
- Asian countries – Securitisation history and barriers
- Australian securitisation – Case studies
- Basel II and beyond
- An update on Financial Services Reform
- AUD bonds and the attraction of offshore investors to this type of paper

For more information on this conference or on sponsorship opportunities, please go to

[www.insto.com.au/  
conferences.php](http://www.insto.com.au/conferences.php)

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