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Structured Finance
A Guide to the Principles of Asset Securitization

Third Edition

by Steven L. Schwarcz
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In this seventh, and final, release to the Third Edition of Structured Finance, A Guide to the Principles of Asset Securitization, Steven L. Schwarcz and Edward De Sear, the new co-author of the upcoming Fourth Edition, together with other contributing experts, update the treatise with a new chapter and several new appendices. Highlights of the release include:

New Chapter 12A, Comparison of Key U.S. and EU Risk Retention Initiatives. Following President Obama’s signing of the Dodd-Frank Wall Street Reform and Consumer Protection Act into law on July 21, 2010, risk retention now forms an official part of the U.S. regulatory landscape. The Dodd-Frank Act implements sweeping changes to the regulation of the U.S. financial services sector, including new risk retention requirements intended to address perceived deficiencies in the asset-backed market. This new chapter examines and compares the risk retention related provisions included in the Dodd-Frank Act, together with several other regulatory initiatives recently put forward in the United States, as well as requirements already adopted, and in the process of being implemented, in Europe.

New Appendix 12A-A, Comparison of Key U.S. and EU Risk Retention Initiatives. For easy reference, this new appendix provides, in chart form, a comparison of the various provisions relating to the scope, interest level and holding options, hedging, related due diligence and/or underwriting standards, penalties, and timing of the Dodd-Frank Act, the SEC-proposed rule, the FDIC final rule on securitization safe harbor extension, and the EU Capital Requirements Directive amendments (or “CRD2”).

In addition, New Appendix 13A examines the role of lawyers in the global financial crisis, and New Appendix C discusses regulating complexity in financial markets. The Table of Authorities and the Index have been updated to aid in your research.


The new Fourth Edition of Structured Finance, A Guide to the Principles of Asset Securitization expands the previous edition to continue providing valuable guidance to practicing lawyers, bankers, and other business people through the challenging field of asset securitization.

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Steven L. Schwarcz is Stanley A. Star Professor of Law & Business at Duke University School of Law, Adjunct Professor of Business Administration at Duke’s Fuqua School of Business, and Founding Director of Duke’s interdisciplinary Global Capital Markets Center, which maintains a research index on securitization at www.law.duke.edu/globalmark. He also has taught at Yale Law School, Columbia Law School (where he received his Juris Doctor degree), Benjamin Cardozo School of Law, Catholic University of Chile, and the University of Geneva’s Faculty of Law. He is a Fellow of the American College of Commercial Finance Lawyers, adviser to the United Nations Commission on International Trade Law regarding international receivables financing, member of the Academic Advisory Board to the University of Hong Kong’s Asian Institute of International Financial Law, and also has been a member of the U.S. Secretary of State’s Advisory Committee on Private International Law.

Prior to joining the Duke faculty in 1996, Mr. Schwarcz was a partner at the Shearman & Sterling law firm and then partner and practice group chairman at the Kaye Scholer LLP law firm, where he represented many of the world’s leading banks and financial institutions in structuring innovative capital market financing transactions, both domestic and international.

Edward De Sear is a securitization partner in Allen & Overy’s New York International Capital Markets Group. Mr. De Sear’s practice focuses primarily on asset-backed securities, with extensive experience in the securitization of credit card receivables, dealer floor plan receivables, mutual fund fees, tobacco settlement payments and legal fees, life settlements, distressed assets, film rights, tobacco quota payments, Federal conservation payments and non-U.S. future flows, as well as cross-border securitizations and whole-business securitizations. He has represented issuers, underwriters, credit enhancers and placement agents.

Mr. De Sear also wrote, “The Evolution of Credit Card Structures: Are They Flexible Enough for Today’s Challenges?”, which appeared in the summer 2004 issue of the Journal of Structured Finance, and was subsequently appointed to be a member of the Journal’s Editorial Board. His article, “Revolving Asset Securitization Faces Regulatory Reforms,” was published in the International Financial Law Review’s 2005 Guide to Structured Finance and his article, “Why Hollywood Turned to Securitization,” was published by the International Financial Law Review in April 2006. In 2007, the American Securitization Forum Conference Daily featured his co-authored article, “Keeping the Golden Eggs Rolling: Structures That Protect Investors in Whole Business Securitizations But Don’t Strangle the Goose.” As a lecturer and panelist, Mr. De Sear has participated at numerous conferences held in the United States, Europe, and Latin America on the subjects of asset-backed securities and structured finance. As an investment banker and as a partner at a prior law firm, Mr. De Sear helped structure the earliest asset-backed transactions.

About the Contributors:

Lawton M. Camp is a partner in Allen & Overy’s New York International Capital Markets Group. Mr. Camp has a broad range of structured finance and securitization experience, including representing underwriters and other arrangers, originators and issuers, credit enhancers, and investors in a wide variety of cash and synthetic collateralized debt obligations (CDOs) and various asset-backed securities, including emerging market “future flows” securitizations; credit card, trade, lease and consumer finance receivables securitizations; and other derivative instruments and structured finance products. Mr. Camp has represented issuers and dealers on several U.S. and Canadian covered bond programs and potential covered bond programs.

Michael Karol is a senior counsel in Allen & Overy’s New York Derivatives and Structured Finance Group. Mr. Karol has represented issuers, underwriters, banks, hedge funds, insurance companies and others in a wide variety of complex securitizations, structured financings, derivatives and other complex financial transactions. Mr. Karol’s experience includes public and private asset-backed securities issuance; motion picture financings; whole business securitizations; cash-flow, market value, synthetic and hybrid collateralized debt obligations; automotive securitization (including loan, lease and dealer floor-plan); leveraged leasing; like-kind exchange programs; asset-based lending and general corporate lending. Prior to joining Allen & Overy, Mr. Karol was counsel in the Structured Finance Department of Skadden, Arps, Slate, Meagher & Flom LLP in New York, and an associate at Cravath, Swaine & Moore LLP in New York.

John Hwang is a senior counsel in Allen & Ovary’s New York Derivatives and Structured Finance Group. Mr. Hwang’s practice focuses primarily on asset-backed securities, with extensive experience in the securitization of auto loans and leases, dealer floor-plan financings, credit card receivables, student loans, trade receivables, mortgage loans, servicer advances, tobacco fee settlement awards, tobacco quota payments, life settlements and utility stranded costs. He has represented issuers, underwriters, investors, credit enhancers and placement agents in connection with public and private offerings of securities and numerous asset-backed commercial paper conduit transactions. His work also includes advising clients in connection with asset purchases and dispositions and acquisition financing. Mr. Hwang has played a key role in the drafting of an industry group’s and a major asset-backed issuer’s respective comment letters regarding the SEC’s proposed regulations affecting offerings of asset-backed securities.

Nicole Rhodes is a consultant counsel with Allen & Overy’s London Securitisation Group and a member of the London ICM Group. She has worked on a variety of securitizations and has experience advising on a variety of structures and asset classes. Currently, she assists primarily with professional support matters.

Practising Law Institute is proud to present to you this practical, in-depth resource to structured financing. Your comments on this or any of our works are always welcome.
Filing Instructions

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