January 14, 2013

Via Email: fsb@bis.org

Secretariat of the Financial Stability Board
c/o Bank for International Settlements
CH-4002, Basel
Switzerland

Re: *Public Comment on Consultative Documents for Strengthening Oversight and Regulation of Shadow Banking*

The American Securitization Forum ("ASF")[1] appreciates the opportunity to submit this letter in response to the Consultative Documents (the "Consultative Documents") entitled "Strengthening Oversight and Regulation of Shadow Banking—An Integrated Overview of Policy Recommendations"[2] and "Strengthening Oversight and Regulation of Shadow Banking—A Policy Framework for Strengthening Oversight and Regulation of Shadow Banking Entities,"[3] published by the Financial Stability Board ("FSB") on November 18, 2012. ASF serves to provide securitization industry consensus on market and regulatory issues, and we have established an extensive track record of providing meaningful comment to various regulatory agencies on issues affecting our market. Our views as expressed in this letter are based on feedback received from our broad membership. ASF respectfully requests a meeting with the FSB to further discuss the below considerations and suggestions, which we believe to be of crucial importance.

I. General Comments to Policy Framework

Although ASF generally supports the FSB's proposed functional principles-based policy framework[4] (the "Framework") for identifying and regulating shadow banking activities that can

[1] The American Securitization Forum is a broad-based professional forum through which participants in the U.S. securitization market advocate their common interests on important legal, regulatory and market practice issues. ASF members include over 330 firms, including issuers, investors, servicers, financial intermediaries, rating agencies, financial guarantors, legal and accounting firms, and other professional organizations involved in securitization transactions. ASF also provides information, education and training on a range of securitization market issues and topics through industry conferences, seminars and similar initiatives. For more information about ASF, its members and activities, please go to www.americansecuritization.com.

[2] *See* http://www.financialstabilityboard.org/publications/r_121118.pdf.

[3] *See* http://www.financialstabilityboard.org/publications/r_121118a.pdf.

[4] The five economic functions identified by the FSB that, when performed by non-banking entities, may pose systemic risks are: (1) management of client cash pools with features that make them susceptible to runs; (2) loan provision that is dependent on short-term funding; (3) intermediation of market activities that is dependent

increase systemic risk, ASF is concerned that the Consultative Documents do not adequately distinguish shadow banking entities that conduct the type of activities that pose systemic risks from securitization vehicles, the vast majority of which do not pose any such risks. The Consultative Report "A Policy Framework for Strengthening Oversight and Regulation of Shadow Banking Entities" (the "WS3 Report") emphasizes that, while the "focus is on credit intermediation activities by non-bank financial entities that are close in nature to traditional banks," authorities should take care to exclude "non-bank financial entities which do not usually involve significant maturity/liquidity transformation and are not typically part of a credit intermediation chain."

Securitization is a financial product that simultaneously allows the efficient allocation of credit to targeted areas of economic activity while diversifying the risk associated with those activities. This unique function for securitization makes it critical that any proposed policy tools and regulatory frameworks affecting this product reflect its key characteristics, which include, but are not limited to, the following:

- *Securitization is a critical funding tool for consumer and corporate borrowers' specific business activities (for example, consumers obtaining auto loans to purchase vehicles or corporations obtaining working capital by securitizing trade receivables).*

  Entities that originate financial assets, including banks that are subject to existing bank regulation and finance companies, utilize the securitization product to access pools of capital in the financial system that they otherwise may not have access to or that would otherwise be significantly more expensive. This allows such entities to diversify their funding sources and therefore improve liquidity. In addition, by connecting a broad range of investors with specific economic activities in the real economy, securitization diversifies the risk associated with these economic activities, reduces their ultimate cost, and therefore promotes economic growth and job creation.

- *Securitization structures are highly heterogeneous due to differences in the underlying assets securitized and the investment purposes that the exposures are structured to fulfill, and therefore are not readily susceptible to "one-size-fits all" policy tools.*

  Securitizations are structured to reflect the specific risk/return characteristics of both the assets that are being financed and the needs of the investors who seek structured exposure to those assets. A summary overview of key securitization types is provided in Annex 1 to this letter. The type of securitizations that comprise the vast majority of the market ("Term Securitizations") are backed by self-liquidating pools of financial assets and generally do not rely on the sale of the underlying assets to repay investors in the asset-backed securities ("ABS") issued by them (effectively, match funding the ABS liabilities.) The securitization product is therefore often an ideal way to finance assets that may otherwise be "illiquid." For example, a major source of financing for United

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on short-term funding or on secured funding of assets; (4) facilitation of credit creation; and (5) securitization and funding of financial entities.

States ("U.S.") consumer purchases of vehicles is auto ABS, which allows originators consistent access to liquidity even though individual auto loans are not generally considered to be liquid assets. The ABS investors that provide this liquidity are ultimately repaid from the collections on the pooled auto loans; they do not rely on a sale of the auto loans for repayment. The presence of this match funding eliminates the risk of maturity/liquidity transfer in the vast majority of today's securitization market.

- *Since securitizations effectively connect existing business activities (asset origination on one end and investment on the other) that are subject to existing regulatory frameworks, proposed new policy tools affecting securitization should be targeted at gaps within existing frameworks only.*

  Stable and efficient securitization markets are important components of economic recovery and growth. The inherent heterogeneity and, at times, complexity, of the securitization product makes it critical that any new policy tools designed to address risk in shadow banking are focused to address specific risks to stability of these markets that are not already addressed by existing or proposed regulation. This should include regulation that banks are subject to (for example, regulation designed to mitigate risks associated with spill-over effects between banking and shadow banking, such as capital and liquidity charges for bank liquidity facilities extended to asset-backed commercial paper ("ABCP") conduits) and regulation that is designed to mitigate risks associated with asset origination for securitization (such as risk retention rules).

  Newly proposed policy tools should be focused exclusively on the gaps in the existing and proposed regulatory frameworks to further enhance the safety and soundness of the financial system and continue to promote economic growth.

ASF notes that most securitizations are passive in nature (*i.e.,* securitizations do not involve the type of active management of portfolio assets typically characterized by funds, finance companies and other shadow banking entities) and do not permit redemptions by investors, and therefore do not generally raise the systemic concerns that are part of the Framework. In addition, securitization is already subject to a significant set of existing and proposed regulations in the U.S., the European Union ("E.U."), and other jurisdictions, including Regulation AB and Rule 15Ga-2 promulgated under the U.S. Securities Exchange Act of 1934, proposed Regulation AB II,[5] risk retention proposals[6] released by the Federal Deposit Insurance Corporation, the Federal Reserve Board of Governors, the Office of the Comptroller of the Currency, the Securities and Exchange Commission and, with respect to the securitization of residential mortgage assets, the Federal Housing Finance Agency and the Department of Housing and Urban Development, and Article 122a of the Capital Requirements Directive in the E.U. While certain limited types of securitizations have structural features that may raise systemic concerns, other forms of regulation are generally more appropriate or effective in such cases. For example,

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5 *See* http://www.gpo.gov/fdsys/pkg/FR-2011-08-05/pdf/2011-19300.pdf.

6 *See* http://edocket.access.gpo.gov/2011/pdf/2011-8364.pdf.

some ABCP programs may contain maturity transformation characteristics – longer-term assets funded on a shorter-term basis – but the issuers in these programs also have the benefit of full liquidity support from a financial institution that itself is subject to expansive regulations.

ASF supports in particular the FSB's emphasis on "Focus"[7] as an important component of the framework of policy toolkits for the fifth economic function, "securitization and funding of financial assets." Any new regulations should be limited to entities that have the potential to create systemic risk, in particular through maturity transformation, should be limited to circumstances where the systemic risks posed by such entities cannot be most efficiently addressed through existing regulations of financial institutions sponsoring or supporting such entities, and should be focused exclusively on the gaps in the existing and proposed regulatory frameworks. For example, a typical prime mortgage securitization bundles a pool of prime mortgages and passes the cashflow, when received, through to investors – there is no maturity transformation, and such a securitization should not be characterized as the type of activity that should be regulated so as to reduce systemic risks.

Overbroad regulation of passive securitization vehicles issuing non-redeemable securities may increase the costs of operating such vehicles (for example, by requiring ongoing reporting – such reporting may be appropriate for a "fund-like" vehicle, but potentially not for a passive securitization not issuing redeemable securities). In some circumstances, such new regulation may require wholesale restructuring of existing vehicles established with the intent of passively financing assets through maturity, or unnecessarily decrease the viability of new securitizations as "a valuable alternative to bank funding"[8] with detrimental effects on real economic activity. The costs associated with additional regulation of securitizations, including increased operational costs, and the latent costs from the decrease in the viability of securitizations, will simply result in greater costs being borne by the real economy.

II. Specific Comments on the WS3 Report

Q. 1 "Do you agree that the high-level policy framework effectively addresses shadow banking risks (maturity/liquidity transformation, leverage and/or imperfect credit risk transfer) posed by non-bank financial entities other than MMFs? Does the framework address the risk of regulatory arbitrage?"

In response to question 1 of the WS3 Report, ASF requests that the FSB reconsider its characterization of securitization vehicles as shadow banking entities that pose systemic risks, or securitization as economic activity that should be restricted or discouraged.[9] As noted above,

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[7] "Regulatory measures should be carefully designed to target the externalities and risks the shadow banking system creates." *Consultative Report—Strengthening Oversight and Regulation of Shadow Banking—A Policy Framework for Strengthening Oversight and Regulation of Shadow Banking Entities*.

[8] *See Consultative Report—Strengthening Oversight and Regulation of Shadow Banking—An Integrated Overview of Policy Recommendations.*

[9] *See* "Tool 3: Restriction on exposures to, or funding from, banks/other financial entities" under policy toolkit 3.2.5. *Consultative Report—Strengthening Oversight and Regulation of Shadow Banking—A Policy Framework for Strengthening Oversight and Regulation of Shadow Banking Entities,* p. 21.

securitization supports global economic recovery by offering an investment opportunity for investors and an alternative source of funding for entities originating credit for the real economy. This in turn enables originators to increase the amount and diversity of types of financing available to the economy, matches investors seeking high-quality assets with originators seeking liquidity, and encourages overall economic growth. Accordingly, the FSB's recommendation that "authorities should impose restrictions on the exposures of banks or of other financial entities to such funding vehicles"[10] may lead to unintended consequences as a result of interfering with the price discovery mechanisms in the capital markets. If such regulations were imposed, financial institutions may seek to finance their assets through alternative, possibly more volatile, forms of credit, and investors may seek to fill any gaps in the demand for securitized assets with exposure to synthetic or other assets, both of which could potentially increase the systemic risks to the global economy. In addition, the FSB's proposal is inconsistent with the regulations proposed or passed by several jurisdictions, including the U.S. and the E.U., which require originators to retain a degree of exposure to securitized assets. Finally, originator financial institutions are subject to regulation through liquidity coverage ratios and net stable funding ratios under Basel III.

Q. 3: "Are the suggested information items listed in the Annex for assessing the extent of shadow banking risks appropriate in capturing the shadow banking risk factors? Are there additional items authorities could consider? Would collecting or providing any of the information items listed in the Annex present any practical problems? If so, please clarify which items, the practical problems, and possible proxies that could be collected or provided instead."

The metrics that are proposed to capture risks associated with securitization activities do not seem to be targeted at specific risks associated with specific securitization activities. The reporting of several metrics for all securitizations, regardless of associated systemic risks, may be unnecessary and create misleading data about risk in the system.

1) Maturity Transformation

As discussed above, ABCP conduits utilize liquidity facilities provided by banks to ensure that ABCP investors can be repaid when the commercial paper they hold matures, regardless of the maturity profile of the conduit's assets. Term Securitizations match liabilities with anticipated cash flows from underlying assets and are also not exposed to the risks associated with different maturity profiles for assets and liabilities.

2) Liquidity Transformation

Reporting the asset liquidity of securitizations that do not rely on the sale of underlying assets to repay liabilities will lead to false conclusions about the safety of the structure. This is particularly important for assets that do not trade on liquid markets but are commonly securitized (for example, student loans).

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[10] *Id.*

3) Imperfect Credit Risk Transfer

Reporting on the amount of securitization exposures retained or purchased by the originator (or sponsor) versus the total amounts of securitization may create an additional reporting requirement without being useful for tracking systemic risk because minimum retention requirements are included in existing or proposed regulation. In addition, the calculation and reporting of risk-weighted assets may be very challenging for market participants that are not subject to banking regulation (for example, middle market companies that utilize securitization for working capital).

4) Leverage

Reporting on the weighted-average attachment point for the more junior tranches of a securitization structure would likely not be useful for determining the amount of leverage in the securitization space. If the goal is to determine how much leverage securitization vehicles are utilizing, this may be accomplished through the reporting of "detachment points" (*i.e.,* the attachment point of the most junior tranche issued by the securitization vehicle). However, due to the high variability in securitization structures, and the fact that tranche sizing is generally related to asset quality, a weighted average measure of leverage across multiple structure types may not be a useful policy tool. For example, securitizations of equipment or prime auto loans use significantly higher amounts of leverage than many other securitizations because the underlying assets are of very high quality and can therefore support higher levels of leverage. Securitizations of assets that are of lower quality, on the other hand, utilize less leverage to provide ABS investors with greater structural protection commensurate with the expected performance of the underlying assets. A comparison of the amount of leverage utilized in these two securitization structures may not be an effective way to measure systemic risk. In addition, many securitization issuers will include junior liabilities other than equity tranches (which may be retained by the sponsor) and therefore reporting of the attachment point for the equity tranche will not accurately represent risk transference within the structure.

Q. 4: "Do you agree with the policy toolkit for each economic function to mitigate systemic risks associated with that function? Are there additional policy tool(s) authorities should consider?"

In response to question 4 of the WS3 Report, there are a number of specific points ASF believes the FSB should address:

1) Section 3.2.2 – Loan provision that is dependent on short-term funding

These recommended policy tools would affect ABCP conduits that are active in the securitization market, as these conduits issue short-term liabilities in the form of ABCP to provide customer financing in the form of securitizations. Policy tools that are proposed in this section should ensure that any activities already addressed by existing regulation are not separately made subject to additional and overlapping requirements. This is particularly important for ABCP conduits that utilize full liquidity facilities provided by prudentially regulated banks, as those facilities effectively transfer the liquidity/maturity risks associated with funding long term liabilities with short term instruments from the ABCP conduit to the provider

of the liquidity facility. All ABCP programs currently in the market are fully backed by these liquidity facilities. The banks that provide such facilities are subject to Basel capital rules, and proposed Basel III liquidity rules that require banks to hold capital and liquid assets for such exposures. Comments on specific policy tools included in this section are provided below.

Tool 6: Restrictions on types of liabilities

This policy tool proposes establishing direct restrictions on the types of liabilities issued by ABCP conduits to "eliminate or reduce the risks such as run risks associated with particular liability types such as ABCP." This measure is unnecessary for ABCP conduits that have full liquidity support from banks since such liquidity support effectively transfers the risks this measure is meant to address from ABCP conduits to bank providing the liquidity facilities. Risks associated with providing such liquidity facilities are already addressed by existing and proposed banking regulation. Accordingly, the stable functioning of ABCP conduits may be improved if the level of liquidity support is monitored, and this tool is only applied when such liquidity support is insufficient to address risks arising from maturity/liquidity transformation.

Tool 7: Monitoring the extent of maturity mismatch between assets and liabilities

As discussed above, ABCP conduits with full liquidity support from banks effectively transfer the risk of liquidity pressure caused by runs from the ABCP conduit to the bank, where these risks are addressed by existing and already proposed regulatory frameworks. Consequently, this policy tool should not be necessary for such conduits.

2) Section 3.2.5 – Securitization and funding of financial entities

This section proposes policy tools that would be applicable to all securitization activity. As discussed above, the heterogeneity inherent in securitization should be considered and reflected in proposed policy tools so that these tools can be designed to address specific risks not incorporated in existing or proposed regulatory frameworks. Comments on specific policy tool proposals are provided below.

Tool 1: Restrictions on maturity/liquidity transformation

This policy tool proposes to establish restrictions on differences in maturity between the securities issued by a securitization vehicle issuing short term liabilities (*e.g.,* ABCP) and the maturities in the underlying asset pool. If implemented, this recommendation would create inefficient redundancy in the regulatory framework for ABCP Conduits and would be both unnecessary and potentially problematic for Term Securitizations.

As discussed in commentary on Section 3.2.2., the "roll-over risk" created by financing longer tenor ABS with short-term ABCP is transferred from ABCP conduits to banks through the use of full liquidity facilities. The risks to banks of providing such liquidity

facilities is addressed in the existing regulatory framework requiring banks to hold risk-based capital and (once Basel III is in full effect) liquid assets against such exposures.

At the pool level, Term Securitizations match aggregate liabilities of the securitization entity with the self-liquidating assets in the pool, even in cases where short term liabilities are included among the classes of liabilities funding a pool of longer-tenor assets. For example, once a pool of equipment or prime auto loans is securitized, the cash flows generated by consumers repaying those loans are directed to repay the ABS based on a pre-determined sequence. Even if some of those liabilities are short term (*i.e.,* they are the first to receive cash flows) the source of repayment is the cash flows generated by the asset pool, not a refinancing of that liability. Furthermore, many securitizations utilize liabilities of varying tenor to match the needs of market participants most effectively. For example, some securitizations feature a money market tranche that allows investors seeking short-term investments access to this asset class. Creating restrictions on the tenor of such liabilities would reduce access to consumer credit and reduce investor access to these asset classes.

Tool 2: Restrictions on eligible collateral

This policy tool is not clear with regard to what types of "non-bank financial entities" should be subject to the proposed restrictions on collateral. If these entities include special purpose vehicles used in securitization, this policy tool would be highly problematic for the stable and efficient functioning of securitization markets. As discussed above, securitization is often an optimal way to finance illiquid but high quality, self-liquidating assets, such as equipment loans, consumer auto loans or corporate trade receivables, because the ABS liabilities are match funded with the assets. Creating restrictions on the funding of such assets through securitizations would result in a reduction of credit availability and increased financing costs in the real economy. In addition, as previously stated, current securitization structures do not require the sale of the assets in order to repay the liability. These structures either include match funded liabilities or liquidity facilities provided by prudentially regulated banks to support the timely payment of liabilities.

Tool 3: Restrictions on exposures to, or funding from, banks/other financial entities

This policy proposes the creation of restrictions on the exposures of banks and other financial entities to "alternative" funding sources, such as securitization. This will put significant pressure on the availability of credit in the broader economy as these types of entities are significant users of securitizations and most of the structures (with the exception of some well known examples such as U.S. subprime RMBS) functioned as designed through the credit cycle. Banks utilize securitizations, for example by issuing credit card ABS, to diversify their funding sources. Precluding them from doing so would eliminate an important source of liquidity. Securitization is an even more important source of liquidity for finance companies. Limiting their ability to access this source of funding would reduce the availability of credit in the economy and put increased pressure on consumer and company liquidity.

III. Approaches to Cross-Border Regulation

To the extent regulators in a given jurisdiction determine that additional regulation of securitization is necessary to address any systemic risks, ASF supports the policy toolkit set forth by the FSB encouraging regulators, in enacting such regulations, to balance "the need for international consistency to address common risks and to avoid creating cross-border arbitrage opportunities against the need to take the account of differences between financial structures and systems across jurisdictions."[11] However, ASF notes that any such cost-benefit analysis should include considerations of the costs that securitizers and consequently, the real economy, will incur as a result of inconsistencies and incongruities in regulations across jurisdictions. ASF endorses the recommendation of the Board of the International Organization of Securities Commissions ("IOSCO") in their final report "Global Developments in Securitization Regulation," published on November 16, 2012 (the "IOSCO Report"): "regulators should seek to minimize the potentially adverse effects to cross border securitization transactions resulting from differences in approaches to incentive alignment and risk retention,"[12] and recommends that regulators consider applying varying forms of mutual recognition or "passporting" as may be necessary and appropriate.

As we outlined in our response[13] to the consultation report entitled "Global Developments in Securitization Regulation" published by IOSCO in June 2012 and in other, earlier industry correspondence,[14] ASF believes that a combination of limited exemptions from regulations in a given jurisdiction for issuers that are compliant with the equivalent regulations in a second major jurisdiction, which we refer to as "passporting," and a mutual recognition of the policy considerations and efforts of the regulators in comparable jurisdictions, can promote cross-border securitization transactions in an effective and efficient manner. Specifically, ASF has proposed that in an offering conducted exclusively pursuant to Regulation S of the U.S. Securities Act of 1933, so long as at least 10% of the offering is made to investors located in a jurisdiction that maintains substantially similar risk retention requirements to those of the U.S., the offering should be exempt from the U.S. requirements for credit risk retention. ASF additionally has proposed and supports the following regulatory tools: a safe harbor in the U.S. for non-U.S. securitizers that have already conducted risk retention in accordance with the rules of a non-U.S. jurisdiction deemed by U.S. regulators to be sufficiently robust and mature to address systemic risks; an expansion of "passporting" to E.U. regulations, permitting European regulated investors[15] purchasing notes sold by a U.S. securitizer to purchase such notes without a penalty

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[11] *See* general principle "effectiveness" in the report *Consultative Report—Strengthening Oversight and Regulation of Shadow Banking—A Policy Framework for Strengthening Oversight and Regulation of Shadow Banking Entities.*

[12] *See* V.I., Recommendation 3: Harmonized Alignment of Incentive and Risk Retention Approaches of the IOSCO Report.

[13] *See* http://www.americansecuritization.com/Workarea/DownloadAsset.aspx?id=7381.

[14] *See* http://www.americansecuritization.com/uploadedFiles/ASF_Risk_Retention_Comment_Letter.pdf.

[15] E.U. regulations and proposals have so far been addressed to credit institutions and insurers, respectively, as investors or parties that take exposure to securitizations, rather than being addressed to sponsors and originators of asset-backed securities, as most existing and proposed regulations in the U.S. are drafted.

capital charge; limited provisions addressing asset-specific regulations, such as those proposed by U.S. regulators for qualified residential mortgages; and regulatory relief for securitizers of foreign government-sponsored or guaranteed assets.

IV. Conclusion

ASF and its broad membership of issuers, investors, intermediaries and service providers has been a strong and vocal advocate for targeted securitization market reforms and we continue to work with regulators to identify and implement reforms that aid transparency and support market growth and development. We stress the significant impact of the securitization market on global credit markets and its importance to the global economy. Securitization, to be effective, needs to be able to operate smoothly across borders – to provide the maximum benefits, originators of credit for consumers and businesses need to be able to finance these assets as efficiently as possible, by offering securities backed by these assets to the broadest range of appropriate investors possible, not just those located in their home jurisdiction. Therefore, we strongly support efforts to minimize inefficiencies and costly frictions in cross-border securitization transactions caused by diverging regulatory regimes among different jurisdictions that could negatively affect the real economy's access to securitization-related financing.

ASF will continue to provide industry perspective on proposals issued by various regulatory agencies that impact the cross-border market as well as to develop best practices for securitization governance in order to restore confidence in this very important market. Where regulators are tasked with implementing reforms, we support uniform implementation across jurisdictions, where appropriate, supported by comprehensive industry and public comment.

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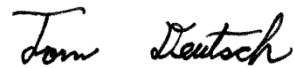
ASF very much appreciates the opportunity to provide the foregoing comments in response to FSB's Consultative Reports. Should you have any questions or desire any clarification concerning the matters addressed in this letter, please do not hesitate to contact me at 212.412.7107 or at tdeutsch@americansecuritization.com, Evan Siegert, ASF Managing Director, Senior Counsel, at 212.412.7109 or at esiegert@americansecuritization.com, or ASF's outside counsel on this matter, Lewis Cohen of Clifford Chance LLP at 212.878.3144 or at lewis.cohen@cliffordchance.com.

Sincerely,



Tom Deutsch
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Annex 1
Summary Comparison of Securitization Structures

Description	Multi-Seller ABCP	Traditional Securitization	Cashflow ABS CDO	SIV	SIV-lite	Securities Arbitrage
Individually Negotiated Customer Transactions/Publicly Traded Securities	Individually Negotiated Customer Transactions	Underlying consumer and commercial financial assets (e.g., Auto Loans, Leases, Credit Cards, Mortgages, Trade Receivables)	Publicly Traded Securities	Publicly Traded Securities	Publicly Traded Securities	Publicly Traded Securities
Primary Business Purpose	Customer Financing	Effective cost effective financing for the Lending Business of the Issuer	Arbitrage	Arbitrage	Arbitrage	Arbitrage
Market Value Triggers Forcing Liquidation where the investors are exposed to market value risk of the assets	No	No	No	Yes	Yes	No
Business Model	Ongoing Business	Ongoing Business	Wind down	Wind down	No longer found in market	Wind down for some and other ongoing business with 100% full liquidity support from a bank
Performance During Recent Market Crisis	Strong	Generally Strong except some RMBS	Poor due to asset performance	Poor performance due to RMBS, CDO and monoline issues as well as MTM triggers forcing liquidations and liquidity issues	Poor due to asset performance, MTM triggers forcing liquidations and liquidity issues	Relatively strong for ABCP due to full bank support– significant deterioration in the underlying securities resulted in risk taking by the sponsoring banks