www.ABAlert.com

Asset-Backed ALERT

THE WEEKLY UPDATE ON WORLDWIDE SECURITIZATION

JULY 12, 2013

Mayer's Kravitt Phasing Out of Storied Career

Mayer Brown partner **Jason Kravitt** is handing off more of his duties to other attorneys at the firm, suggesting that his working days may soon come to an end.

Kravitt, widely considered one of the securitization industry's foremost legal and regulatory authorities, reached Mayer's mandatory retirement age of 65 in January but received a waiver allowing him to remain on board on a year-to-year basis. In the meantime, he has maintained a busy schedule while hinting to contacts in the market that he'll ease out of his role as one of the firm's leading structured-finance attorneys in the next year or so.

That's a move that industry participants have long viewed as inevitable. But it remains unofficial, despite the fact that Kravitt already has spent more than a year grooming other lawyers within Mayer's 100 person securitization practice to take over his core duties.

Most recently, Kravitt tabbed partner **Carol Hitselberger** to assume oversight of

See KRAVITT on Page 7

Premium Point Maps MBS Issuing Entity

Premium Point Investments is assembling a fund that would buy portfolios of jumbo mortgages with an eye toward securitizing them.

The New York firm already is talking to prospective backers of its Premium Point Investments New Issue Opportunity Fund, with the goal of raising $300 million of equity by the beginning of October. Once the vehicle has accumulated a sufficient volume of loans, it would begin bundling them into mortgage-backed bond deals — selling the triple-A-rated portions of the issues to investors, while retaining their subordinate and interest-only components.

Like other fund managers with similar strategies, Premium Point is banking on a continued improvement of the housing market and strong lending standards to drive its vehicle's returns. The firm also is predicting a friendlier securitization environment, given expectations that the types of bonds it plans to sell would be exempt

See PREMIUM on Page 5

Fitch Shakes Up Rating-Agency Rankings

For the first time, **Fitch** has overtaken **Moody's** in the competition for structured-product rating assignments in the U.S. — and is within spitting distance of front-runner **S&P.**

Fitch, a perennial third-place finisher, leapt to second place at midyear with league-table credit for $71.4 billion of asset- and mortgage-backed bonds, according to **Asset-Backed Alert's** ABS Database. The total — up 2.5% from the first half of 2012 — was good for a 62.7% market share.

Moody's, meanwhile, saw its first-half deal volume plummet 33% to $59.7 billion, for a 52.4% market share and a third-place showing. S&P's business declined as well, though the $74.9 billion of assignments it handled were good enough for a 65.8% market share and the title of most active rating agency in the U.S. asset- and mortgage-backed bond market. **DBRS** finished a distant fourth, with $15 billion of league-table credit and a 13.2% market share, followed by Kroll, with $5.5 billion of

See RANKINGS on Page 8

THE GRAPEVINE

Jim Johnson is leaving his post as a managing director responsible for public policy matters at the **American Securitization Forum** to take a lobbying position in **Citigroup's** Washington office, starting July 15. His exit follows the May resignation of senior counsel **Evan Siegert,** who now works at **Wells Fargo.** Johnson joined ASF in April 2011, after working as senior counsel for the U.S. Senate Committee on Banking, Housing and Urban Affairs.

Managing director **Timothy Beaulac** has left **Bank of America's** collateralized debt obligation banking division. Beaulac spent five years at BofA, following a 23-year run

See GRAPEVINE on Back Page

AXA to Issue US CLO

AXA is planning its first collateralized loan obligation since the credit crisis.

The offering, whose size remains under wraps, would be backed by loans to U.S. borrowers — a departure from the Paris insurer's pre-crash practice of assembling CLOs backed by European assets. The issue is expected to hit the market in about a month, and would be distributed to investors in the States and possibly Europe.

J.P. Morgan is set to run the books and help supply some of the offering's collateral loans, drawing on its status as one of the largest originators of leveraged loans in the U.S.

Overseeing the effort is **Jean-Philippe Levilain,** who leads the worldwide leveraged-loan and U.S. structured-finance divisions of AXA's investment-management arm. In preparation for the issuing push, he recently transferred from Paris to Greenwich, Conn.

AXA also has hired **Joel Serebransky** to help manage the project. He earlier was part of an **AllianceBernstein** team that broke off in 2005 to form CLO issuer **Navigare Partners.**

Although AXA has never before completed a CLO backed by U.S. loans, it did conduct four European deals totaling $1.9 billion from 2003 to 2006. Those transactions, offered under the company's Adagio CLO and Oryx European CLO labels, were enough to rank it as one of the region's most active issuers during that timeframe.

AXA also has completed a host of other securitized offerings, including collateralized debt obligations and deals backed by insurance-related assets. It has been an investor in CLOs as well. ❖

Auto Lenders Emerge From Lull

A flurry of auto-loan securitizations is on the way.

Ally Financial, Ford, Honda and **Nissan** all are set to float their latest prime-loan offerings in the coming days, coming on the heels of a $842 million deal backed by subprime accounts that **Banco Santander** began shopping on July 9 via underwriters **Credit Suisse** and **Deutsche Bank.**

The burst of activity contrasts with what has been a period of diminished supply for auto-loan securities. Issuers in the U.S. sold $41 billion of bonds backed by prime-quality and subprime car loans and leases during the first half of this year, down from $47.6 billion a year earlier, according to **Asset-Backed Alert's** ABS Database. That slowdown became even more pronounced around the middle of last month, as rising interest rates on all types of fixed-income products sent asset-backed bond issuers to the sidelines.

Indeed, there hasn't been a fresh securitization of auto loans or leases in the States since Ally placed $489.7 million paper backed by subprime accounts on June 20 with **Barclays** and Deutsche running the books. Ford, meanwhile, hasn't securitized its consumer loans since selling $1.3 billion of bonds on May 14 via **RBC Capital** and **Bank of America.** Honda was last seen on April 17 with a $1.25 billion loan deal led by Credit Suisse and Deutsche. Nissan most recently was in the market on May 16, when it bundled its leases into $1.3 billion of securities distributed by Barclays.

The decision to return to market now means the issuers are likely to face higher funding costs than they achieved last time around, evidenced by the fact that spreads on triple-A-rated bonds backed by prime auto loans have widened by about 10 bp to 35 bp over swaps since mid-June. So why move ahead? "They're going to have to come sooner or later. They don't have much of a choice. They need to do deals to finance their lending activities and ABS still offers the best pricing," one banker said. ❖

Finra Advances Trade-Disclosure Plan

Finra is moving ahead with plans to disseminate trade-specific data about a variety of structured products via its Trade Execution and Compliance Engine (Trace).

Such a move has long been anticipated. But after Finra began publicizing trades of agency mortgage bonds late last year, it appeared that efforts to expand the protocol to other types of securitized products had been put on hold. On July 11, however, Finra's board of governors introduced a proposal to share data on a range of asset-backed bonds, including auto-loan, credit-card and student-loan paper, as well as collateralized debt obligations and non-agency commercial mortgage-backed securities. The rule wouldn't apply to non-agency residential mortgage bonds, which Finra is expected to address at a later date.

The board's vote clears the way for the **SEC** to publish the proposal and seek public comment. Following the comment period, Finra's board would reconvene to formally adopt the measure — probably in about six months, a source said. The data would begin showing up on Trace in 2015.

Traders have long opposed the disclosure of transaction-specific data for fear that it will expose their strategies and dull their competitive edge. "It will kill the fixed-income groups of almost every major firm," one trader said of Finra's efforts.

In the wake of the financial crisis, Finra expanded Trace, which previously tracked trades of corporate bonds, to cover agency mortgage bonds, asset-backed securities and CDOs. In 2011, Trace began posting aggregate data on the structured-product market — namely daily trading volumes and average pricing. But Finra wants to further increase transparency by sharing data about specific bonds changing hands, and the sizes and prices of those trades.

Traders currently are required to report transactions to Finra by the end of the trading day. Down the road, the agency likely will tighten the deadline. Corporate-bond traders, for example, must upload data to Trace within 15 minutes of a trade — at which point it becomes available for public consumption. ❖

Traders Knock Fitch for Knocking Deal

Mortgage-bond traders are scratching their heads over **Fitch's** decision to go public with its misgivings about a jumbo-mortgage securitization from **Nomura.**

On July 9, Nomura began marketing a $440 million bond offering whose top classes are rated triple-A by **Kroll.** The next day, Fitch issued a release criticizing the deal for having insufficient credit enhancement for senior bondholders. Specifically, Fitch said the triple-A tranches should be protected by junior classes representing 9-10% of the deal's face value. As it is, the deal's senior bonds have 7.6% credit enhancement.

While it isn't unheard of for a rating agency to comment on a competitor's grades, traders took issue with Fitch's reasoning. In the release, Fitch said its main concern about the deal was a high concentration of collateral loans from California — nearly 75%. But that's true of a number of recent jumbo-mortgage securitizations, traders pointed out, and paper from those deals has elicited strong demand from investors.

"I really don't understand where Fitch is coming from on this," one trader said. "So what if the deal has a lot of loans from California? Bottom line, it's one of the hottest housing markets right now and any bonds that have home loans from there are in high demand."

Fitch itself acknowledges that the underlying loans are of high quality. They were originated by **First Republic Bank** of San Francisco to borrowers with an average FICO score of 770 and "significant liquid reserves."

Fitch managing director **Roelof Slump,** who issued the commentary with managing director **Rui Pereira,** said the agency has an obligation to share its concerns with the market — especially since Fitch has graded the highest volume of jumbo-mortgage deals so far this year (see article on Page 1). ❖

Manager Envisions Trups-Like CDOs

Hedge fund manager **EJF Capital** is working on a project that could position it as an issuer of collateralized debt obligations.

At the core of the effort is a desire by EJF founder **Emanuel Friedman** to capitalize on a shortage of growth capital available to community banks in the wake of the credit crisis. To that end, the Arlington, Va., firm recently began buying an increased volume of 5-10 year subordinate debt from those institutions with an eye toward bundling the instruments into CDOs.

In many ways, the undertaking mirrors a common pre-crisis practice in which banks and insurers would raise money by issuing large volumes of trust-preferred securities — with so-called Trups CDOs as their primary outlet. Indeed, one source even coined EJF's planned brand of deals as Trups CDO 2.0.

Trups were designed to function like equity while being treated as debt for accounting purposes. But the market for Trups CDOs went cold in 2008, as the securities' performance faltered amid the financial-market downturn. A rebound became even less likely with the passage of provisions in the Dodd-Frank Act and the **Bank for International Settlements'** Basel 3 directive that prevent banks from counting Trups proceeds toward their Tier 1 capital ratios.

Still, a need by those institutions to raise capital has some industry players seeing the promise in EJF's efforts. The thought is that subordinate debt could provide the appropriate outlet, as it remains possible to gain Tier 1 treatment in that market.

EJF's investments have come in lumps of about $20 million, perhaps helping to explain a jump in the firm's assets under management to $5.5 billion now from $3 billion a year ago.

Noting that investors who lost money on Trups CDOs before might be reluctant to take on such exposures again, one source said EJF might pitch its deals by noting that the performance of pre-crisis transactions has been on the upswing. It also might highlight its February hiring of **Harry Devens,** a former **TBC Securities** executive who earlier structured residential and commercial mortgage bonds at **Goldman Sachs.**

Whether EJF's deals would be rated remains to be seen. Trups CDOs that were downgraded during the credit crisis have seen their ratings rebound lately. But such evaluations could prove costly for new deals given stricter standards adopted by **Moody's** and **S&P,** especially for CDOs underpinned by bank debt. "Securitizing as an exit strategy would be very difficult," one buyside player said. "But [Friedman] has made a lot more money than I have. If anyone can get it done, it would be him. I'm just not sure it will ever happen."

Friedman founded EJF in 2005 after leaving **Friedman Billings Ramsey,** an investment bank that he co-founded. His firm's flagship EJF Debt Opportunities Fund, whose investments include Trups exposures, has delivered average annual returns of 21%. ❖

Deere Preps Second Deal of Year

John Deere is contemplating another securitization of equipment loans.

The Moline, Ill., company has been talking to underwriters in recent weeks about bringing a deal to market within the next couple of months. The offering likely would weigh in at close to $1 billion.

The move would follow a pattern Deere established in 2012, when it sold two equipment-loan securitizations in one year. Only twice before — in 1993 and 2009 — has the company managed two deals in the same year. Deere's previous transaction this year was an $851.4 million offering that priced on April 3 via **Citigroup.**

It's unclear which bank has the inside track to run the books on Deere's next deal. In recent years, the company has rotated underwriting assignments among **Bank of America, Deutsche Bank** and **J.P. Morgan.** The April 3 transaction was the first time Deere hired Citi.

So far this year, $5.1 billion of bonds backed by equipment loans and leases have been sold in the U.S., according to **Asset-Backed Alert's** ABS Database. ❖

US Bank Grabs Trustee Lead

U.S. Bank has unseated **Deutsche Bank** as the most active trustee working on securitized transactions in the States.

After ranking second behind Deutsche both at midyear 2012 and at yearend, U.S. Bank finished the first half of 2013 with a market leading $29.5 billion of fresh indenture assignments on asset- and mortgage-backed bond deals. That was enough for 25.9% market share, according to **Asset-Backed Alert's** ABS Database.

Deutsche, meanwhile, is close behind with $28.7 billion of first-half deals for a 25.2% share.

By swapping places, the banks continued a series of changes that have been taking place atop the trustee league table since yearend 2011 — when **BNY Mellon** notched the last of five straight titles. BNY now holds the third-place slot with $20 billion of transactions for a 17.6% share, moving up from fourth behind **Wells Fargo** six months ago. Wells, in turn, has fallen to fourth with **Citigroup** rounding out the top five.

The shifts magnify how the various banks have fared amid a 10% decline in asset- and mortgage-backed bond issuance in the States this year. U.S. Bank's year-to-date tally defied that drop with a total that was up 21% from $24.3 billion a year ago, while Deutsche experienced an outsized contraction of 20% from $35.8 billion. BNY saw only a slight decline. Wells and Citi, meanwhile, were down substantially.

Bryan Calder, president of U.S. Bank's corporate-trust division, attributed his bank's gains in part to the ongoing effects of its 2010 purchase of **Bank of America's** securitization-trust unit. "We've not let a deal escape," Calder said. "Our client base is a loyal one, and thankfully our clients have been very active issuers."

Another big gainer was **Christiana Trust,** which came out of nowhere to grab sixth place with $6.9 billion of mandates — representing all but four of the 20 new jumbo-mortgage securitizations completed this year. How did that happen? The unit of **WSFS Bank** won all its assignments via a relationship with

See BANK on Page 5

Trustees for US ABS and MBS in the First Half

		1H-13 Issuance ($Mil.)	No. of Deals	Market Share (%)	1H-12 Issuance ($Mil.)	No. of Deals	Market Share (%)	'12-'13 % Chg.
1	U.S. Bank	$29,487.1	46	25.9	$24,334.5	39	19.2	21.2
2	Deutsche Bank	28,668.1	43	25.2	35,794.4	50	28.3	-19.9
3	BNY Mellon	20,047.0	35	17.6	20,407.5	38	16.1	-1.8
4	Wells Fargo	14,664.6	40	12.9	23,927.3	51	18.9	-38.7
5	Citibank	7,408.6	10	6.5	12,129.4	12	9.6	-38.9
6	Christiana Trust	6,919.9	16	6.1	0.0	0	0.0	
7	Union Bank	2,250.0	3	2.0	1,222.0	2	1.0	84.1
8	Perpetual Trustees	1,550.0	3	1.4	1,420.0	3	1.1	9.2
9	Wilmington Trust	945.2	3	0.8	1,293.6	3	1.0	-26.9
10	Manufacturers & Traders	584.0	1	0.5	0.0	0	0.0	
11	CIBC Mellon	500.0	1	0.4	950.0	2	0.8	-47.4
12	People's United Bank	371.4	1	0.3	0.0	0	0.0	
13	Zions First National	224.2	1	0.2	0.0	0	0.0	
14	Bank of Oklahoma	211.8	1	0.2	0.0	0	0.0	
15	OTHERS	0.0	0	0.0	4,937.0	8	3.9	-100.0
	TOTAL	**113,831.8**	**204**	**100.0**	**126,415.8**	**208**	**100.0**	**-10.0**

Trustees for CDOs and CLOs Issued Worldwide in the First Half

		1H-13 Issuance ($Mil.)	No. of Deals	Market Share (%)	1H-12 Issuance ($Mil.)	No. of Deals	Market Share (%)	'12-'13 % Chg.
1	BNY Mellon	$15,392.0	33	28.6	$7,386.9	17	39.6	108.4
2	U.S. Bank	15,264.2	34	28.3	3,443.6	8	18.4	343.3
3	Deutsche Bank	7,857.3	10	14.6	931.6	3	5.0	743.4
4	Citibank	5,851.1	11	10.9	2,920.4	7	15.6	100.4
5	Wells Fargo	5,104.3	10	9.5	2,698.2	7	14.5	89.2
6	State Street	4,188.4	8	7.8	1,287.5	3	6.9	225.3
	OTHERS	228.7	2	0.4	0.0	0	0.0	
	TOTAL	**53,885.9**	**108**	**100.0**	**18,668.2**	**45**	**100.0**	**188.7**

Bank ... From Page 4

Wells, which services the deals' underlying loans but wanted another institution to step in as trustee.

That's because Wells, along with other banks including Citi and Deutsche, have become wary of the legal entanglements that can come with serving as trustee on mortgage securitizations.

The leading trustees worked on deals from almost all asset classes. Among auto-loan transactions, which account for a big chunk of the market, U.S. Bank's first-half clients included **Mercedes-Benz** and **BMW.** Deutsche worked for **Ally Financial, Toyota** and **Volkswagen.** U.S. Bank also fielded large assignments from education lender **Nelnet,** cellular-tower operator **American Tower** and credit-card lender **Discover.** Deutsche's biggest customers included student-loan giant **Sallie Mae** and Citi's credit-card unit.

In the worldwide market for collateralized debt and loan obligations, where issuance volume has been booming, BNY led its rivals by working on $15.4 billion of first-half deals for a 28.6% market share. The bank also topped the 2012 league table. It's followed closely by U.S. Bank, with $15.3 billion of assignments, and Deutsche, at $7.9 billion. U.S. Bank has been particularly aggressive on the CLO front, hiring about 30 people in the past year to cover those deals. ❖

Premium ... From Page 1

from a Dodd-Frank Act requirement that issuers retain 5% interests in their deals. It additionally is pitching the notion that the fund offers investors a way to capture rising interest rates, with projected annual returns of 20-27.5%.

Backers must put up a minimum of $5 million and leave that money untouched for three years.

The fund will be led by Premium Point founders **Anilesh "Neil" Ahuja, Patrick Downes** and **Hyung Peak,** an experienced team who earlier worked together at **Deutsche Bank** and **Greenwich Capital.** They manage $2 billion overall, much of it in their flagship Premium Point Mortgage Credit Fund. That vehicle, which buys mortgage bonds on the secondary market, was running a year-to-date gain of 9.6% as of May 31 — preserving a winning streak that dates back to its 2009 launch. ❖

Corrections

A July 5 article, "Staff Tensions Hold Up JP Morgan Hiring," misstated the title of **J.P. Morgan** employee **Reinhardt Koester.** He is a managing director focusing on specialty-finance companies within the bank's financial-institutions group, and doesn't head the unit.

A July 5 article, "Black Diamond Bitten By Rule Change," mischaracterized a collateralized loan obligation that **Black Diamond Capital** completed in 2012. The deal was distributed to investors in both the U.S. and Europe, with two-thirds of the bonds sold in the States. The item additionally understated the size of the issue, which totaled $415.2 million. Also contrary to the article, Black Diamond retained 5% of the transaction in the form of equity and plans to do so for future deals marketed in Europe. The firm contends it will not be constrained by planned changes to risk-retention rules in Europe. Another error: A 2011 legal action against the company was filed by a trustee, not by the investors. Black Diamond manages CLOs, CDOs, hedge funds, private equity funds and mezzanine-finance funds. ❖

CALENDAR

Main Events

Dates	Event	Location	Sponsor	Information
Oct. 6-8	ABS East	Miami	IMN	www.imn.org
Jan. 22-24, 2014	ABS Vegas 2014	Las Vegas	SFIG & IMN	www.imn.org
Jan. 26-29	ASF 2014	Las Vegas	ASF	www.americansecuritization.com
June 10-12	Global ABS 2014	Barcelona	IMN	www.imn.org

Events in US

Dates	Event	Location	Sponsor	Information
July 17	Derivatives 101	New York	SIFMA	www.sifma.org
July 25	TMPG Margining Recommendation: MSFTA	New York	SIFMA	www.sifma.org
Sept. 9-11	Optimizing Structured Credit Market Dynamics	New York	Marcus Evans	www.marcusevans.com
Sept. 10-11	Commercial Paper & Money Markets Symposium	New York	iiBIG	www.iibig.com
Sept. 16-17	ASF Securitization Inst.: Securitization Fundamentals	New York	ASF	www.americansecuritization.com
Sept. 26-27	Residential Mortgage Litigation & Reg. Enforcement	Dallas	ACI	www.americanconference.com
Sept. 26-27	Latin America Syndicated Loans Conference	Miami	Euromoney	www.euromoneyseminars.com

To view the complete conference calendar, visit The Marketplace section of ABAlert.com

Katten Gains as Issuer Law Firm

Katten Muchin has leapfrogged **Mayer Brown** to vie with **Bingham McCutchen** as the U.S. securitization industry's most active issuer counsel.

Katten snagged issuer assignments for 20 first-half deals totaling $13.4 billion, according to **Asset-Backed Alert's** ABS Database — up from just 11 deals totaling $12 billion a year earlier. Bingham, meanwhile, served as issuer counsel on 20 deals, tying it with Katten for first place. But if ranked by dollar value, Bingham's $10.5 billion of activity would have put it in third place. Mayer, which led the issuer-counsel league table in 2011 and 2012, dropped to third place after fielding just 16 assignments, versus 27 a year earlier. But of the top three firms, Mayer's first-half deal value was the greatest — $14.1 billion.

Bingham easily maintained its position as the most active law firm advising securitization underwriters, with 35 deals totaling $20.8 billion — roughly in line with its year-ago volume. **Sidley Austin** placed second with 18 transactions, followed by Mayer with 16. The three firms have been in the same order atop the bookrunner-counsel ranking since 2011.

To some extent, Mayer's decline on the issuer-counsel side reflects a 10% drop in overall issuance of U.S. asset- and mortgage-backed securities in the first half — which, conversely, makes Katten's gains all the more impressive. But Mayer seems to have been particularly affected by a decrease in issuance of prime-quality auto-loan paper by **Hyundai, Nissan** and other clients. Katten, meanwhile, picked up more business from auto-loan clients including **Ford** and **General Motors Financial.**

Beneath the top three underwriter counsel, **Dentons** placed fourth with 10 deals. The firm's total was down from 13 last year, despite a March merger in which predecessor SNR Denton of London combined with **Fraser Milner** of Montreal and **Salans** of Paris. Dentons was eighth in the issuer-counsel tabulation, matching its position in the first half of 2012.

Orrick Herrington slipped into a tie for 10th place among underwriter law firms, from fifth at the midpoint of 2012, after fielding just five assignments in the first half versus 11 a year ago. But Orrick held its own as issuer counsel — showing nine assignments, up from eight in the first six months of 2012.

Skadden Arps, which represented underwriters on just two issues in 2010-2012, had three assignments in the first half. Like Orrick, Skadden in recent years has been more active representing issuers. Skadden's eight issuer assignments compared with seven a year earlier.

Asset-Backed Alert's tally of law-firm volume takes into account all SEC-registered, Rule-144A and privately placed term securitizations sold primarily in the U.S. It excludes collateralized debt obligations. ❖

Top Underwriter Counsel for US ABS/MBS

Includes resecuritizations of MBS

		No. of Deals	1H-13 Issuance ($Mil.)	No. of Deals	1H-12 Issuance ($Mil.)
1	Bingham McCutchen	35	$20,758.8	34	$20,018.5
2	Sidley Austin	18	13,767.8	24	17,583.1
3	Mayer Brown	16	11,854.5	20	16,433.9
4	Dentons	10	4,274.8	13	3,189.0
5	Cadwalader Wickersham	9	8,762.7	10	7,259.2
5	Hunton & Williams	9	2,272.0	5	3,576.3
7	Stroock & Stroock	7	3,433.3	3	909.3
8	Allen & Overy	6	4,010.0	4	4,600.0
8	Dechert	6	3,845.3	9	5,595.1
10	Kirkland & Ellis	5	3,375.8	3	2,750.7
10	Orrick Herrington	5	3,224.9	11	7,108.0
12	Chapman & Cutler	4	3,600.0	3	2,862.5
13	Skadden Arps	3	2,500.0	0	0.0
14	Cravath Swaine	2	2,500.0	0	0.0
14	Simpson Thacher	2	2,030.0	3	1,247.0
14	Latham & Watkins	2	392.0	2	282.0
14	Willkie Farr	2	390.0	2	296.5
14	Paul Weiss	2	225.2	2	1,740.0
	OTHERS	61	22,614.8	60	30,964.7
	TOTAL	**204**	**113,831.8**	**208**	**126,415.8**

Top Issuer Counsel for US ABS/MBS

Includes resecuritizations of MBS

		No. of Deals	1H-13 Issuance ($Mil.)	No. of Deals	1H-12 Issuance ($Mil.)
1	Katten Muchin	20	$13,370.0	11	$12,045.7
1	Bingham McCutchen	20	10,533.2	22	10,769.3
3	Mayer Brown	16	14,099.6	27	23,359.2
4	Kirkland & Ellis	13	9,571.9	11	11,270.3
5	Sidley Austin	11	6,006.5	10	5,949.8
6	Orrick Herrington	9	3,752.4	8	3,421.1
7	Skadden Arps	8	5,260.0	7	6,973.3
8	Dentons	6	2,437.8	7	1,355.7
9	Dechert	5	969.0	3	404.0
10	Weintraub Tobin	4	2,240.7	3	1,037.2
10	Chapman & Cutler	4	1,953.3	1	230.1
12	Alston & Bird	3	2,803.3	2	3,193.7
12	Kramer Levin	3	2,000.0	0	0.0
12	Andrews Kurth	3	465.0	3	400.2
15	Latham & Watkins	2	2,600.0	3	3,450.0
15	Greenberg Traurig	2	1,977.4	2	1,947.9
15	Hunton & Williams	2	1,329.2	3	1,306.6
15	Perry Guthery	2	1,218.0	0	0.0
15	Foley & Lardner	2	1,048.8	0	0.0
15	Willkie Farr	2	535.0	0	0.0
	OTHERS	67	29,660.6	85	39,301.8
	TOTAL	**204**	**113,831.8**	**208**	**126,415.8**

Kravitt ... From Page 1

securitization-related regulatory matters in the U.S. Hitselberger, whose work spans a range of tasks tied to structured finance, is based in Charlotte but has been spending more time in Washington in recent months. "Clearly, Carol is the anointed one to take over the regulatory mantle that Jason has maintained and she's been getting close to the regulators," one source said. "Jason is doing what any responsible partner would do, and that is preparing the firm for the day when he leaves, which will be sooner than later."

Also moving into an expanded role is **Kevin Hawkins,** a Vietnam-based partner who has taken over as Mayer's point man on securitization-related regulations in Europe. Partners **Scott Anenberg** and **Paul Forrester,** meanwhile, have assumed supervision of work related to risk-based capital rules — Anenberg from Washington and Forrester from Chicago. "Mayer sees these succession plans as important to maintaining its position as a leading law firm within securitization," another source said. "There are a lot of firms who have lost key people and never recovered."

The changing of the guard actually started in March 2012, when Kravitt stepped aside as co-head of Mayer's securitization practice. That move saw Kravitt's co-head, **Stuart Litwin,** absorb more day-to-day leadership of the team — with **Jon Van Gorp** elevated to oversee the unit alongside him from the firm's Chicago headquarters.

Kravitt founded Mayer's securitization practice in the 1980s and along with Litwin built the operation into one of the most active issuer and underwriter counsels in the industry — with a business that reaches all corners of the market and related regulatory matters. While the firm's league-table standings have slipped this year, insiders aren't worried (see article on Page 6). "There's really nothing to it, just the ebb and flow of the business," Van Gorp said. "We are still very busy."

Along with Kravitt's securitization-focused tasks at Mayer, where he worked on a number of landmark projects, he served on the firm's management committee for 12 years — three years as co-chairman. Outside Mayer, he helped found the **American Securitization Forum** and the **European Securitization Forum.** He also authored "Securitization of Financial Assets," a 1,600-page guidebook used throughout the structured-finance industry. ❖

Rating-Agency Shares of US ABS and MBS Issuance in the First Half

ABS/MBS		1H-13 Issuance ($Mil.)	No. of Deals	Market Share (%)	1H-12 Issuance ($Mil.)	No. of Deals	Market Share (%)	'12-'13 % Chg.
1	S&P	$74,877.2	132	65.8	$85,575.9	127	67.7	-12.5
2	Fitch	71,359.1	100	62.7	69,639.8	87	55.1	2.5
3	Moody's	59,656.3	80	52.4	88,638.0	106	70.1	-32.7
4	DBRS	15,019.7	50	13.2	15,635.4	50	12.4	-3.9
5	Kroll	5,468.1	16	4.8	1,146.2	4	0.9	377.0
	TOTAL	**113,831.8**	**204**	**100.0**	**126,415.8**	**208**	**100.0**	**-10.0**

ABS		1H-13 Issuance ($Mil.)	No. of Deals	Market Share (%)	1H-12 Issuance ($Mil.)	No. of Deals	Market Share (%)	'12-'13 % Chg.
1	S&P	$69,524.7	120	68.5	$84,408.9	125	71.8	-17.6
2	Fitch	63,704.3	83	62.8	68,602.5	84	58.3	-7.1
3	Moody's	56,586.0	73	55.8	88,344.4	105	75.1	-35.9
4	DBRS	7,927.0	24	7.8	7,846.7	21	6.7	1.0
5	Kroll	1,609.2	8	1.6	109.0	1	0.1	1,376.3
	TOTAL	**101,437.0**	**167**	**100.0**	**117,589.9**	**176**	**100.0**	**-13.7**

MBS		1H-13 Issuance ($Mil.)	No. of Deals	Market Share (%)	1H-12 Issuance ($Mil.)	No. of Deals	Market Share (%)	'12-'13 % Chg.
1	Fitch	$7,654.8	17	61.8	$1,037.2	3	11.8	638.0
2	DBRS	7,092.7	26	57.2	7,788.6	29	88.2	-8.9
3	S&P	5,352.5	12	43.2	1,167.0	2	13.2	358.6
4	Kroll	3,859.0	8	31.1	1,948.9	7	22.1	98.0
5	Moody's	3,070.3	7	24.8	293.6	1	3.3	945.8
	TOTAL	**12,394.8**	**37**	**100.0**	**8,825.9**	**32**	**100.0**	**40.4**

Rankings ... From Page 1

assignments and a 4.8% share.

Among the "big three" rating agencies, Fitch was the only one to increase its market share in the first half — even as total issuance of U.S. asset- and mortgage-backed securities fell 10% from a year ago. As for Moody's, its share of the market has slipped dramatically from 70.1% at the midpoint of 2012, when it ranked first in the field. By the end of last year, Moody's had relinquished the crown to S&P.

Why the sudden drop in the standings? Sources point to increasingly conservative ratings criteria that Moody's began applying at the end of 2011 — much to the dismay of many structured-product issuers. Most recently, for example, Moody's has refused to assign triple-A grades to mortgage securitizations with "sunset provisions" that limit the time investors have to flag weak collateral. That's a key reason why Moody's was left out of recent mortgage-bond offerings from **Credit Suisse** and **J.P. Morgan.**

Indeed, of the 37 mortgage-bond deals that priced in the first six months of the year, Moody's was hired to rate just seven transactions totaling $3 billion. Fitch, meanwhile, fielded 17 assignments totaling $7.7 billion. DBRS was second with $7.1 billion of league-table credit. ❖

Social Finance Postpones Offering

A closely watched securitization of private student loans planned by **Social Finance** is on hold at least until September.

The San Francisco company, a pioneer of alumni-funded lending, originally envisioned issuing its first rated offering of asset-backed securities no later than July. But widening spreads and market volatility tied to shifting interest-rate expectations have prompted it to hit the pause button.

At the same time, it has increased the projected size of the offering to as much as $300 million, from an earlier estimate of $200 million. The bonds are expected to carry single-A ratings. **Morgan Stanley** is on deck to run the books.

Social Finance's business model involves borrowing money from the alumni of business schools to help fund loans to students and graduates of those same institutions. It leverages the alumni capital via bank credit lines, including a $60 million facility from Morgan Stanley.

Social Finance securitized an initial batch of loans via an unrated private placement last year, but market professionals are now eager to see how investors respond to a rated offering. That's partly because only one other lender, **Sallie Mae,** is actively securitizing new private student loans.

"Since SoFi is really the only new player with private student loans, everyone is watching and waiting to see what they do," one source said.

For its part, Social Finance appears to be waiting for Sallie to price another deal before proceeding with its own offering. Sallie sold $1.1 billion of private student loan bonds on April 25, but since then spreads have widened dramatically. In secondary-market trading, the yield on two-year paper has blown out by more than 30 bp in the past month to 100 bp over Libor.

Social Finance was founded in 2011 by **Michael Cagney,** who also is a principal at San Francisco hedge fund shop **Cabezon Investment.** The lender is now doing business with students and alumni from 100 colleges and universities across the U.S. ❖

Marriott, Orange Lake Enter Pipeline

Marriott and **Orange Lake Resorts** are about to float their next timeshare-loan securitizations.

The offerings are expected to hit the market around the same time, likely in the next two months. Both are expected to total about $200 million. They would follow a $250 million transaction that **Credit Suisse, J.P. Morgan** and **RBS** were shopping for **Wyndham Worldwide** this week with an anticipated pricing date in mid- or late-July.

Since launching its securitization program in 2000, Marriott typically has tapped the market once or twice per year for a total output so far of $3.5 billion. Its most recent asset-backed bond deal was a $237.8 million transaction that priced in June 2012 with **Bank of America** and **Citigroup** as bookrunners.

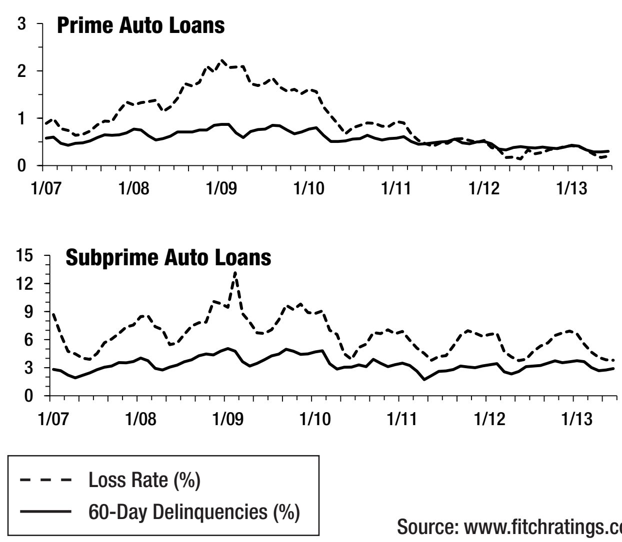
Orange Lake has maintained a less-regular presence, completing only two deals totaling $305 million since 2006. The more recent of those issues was a $160 million bond sale completed in February 2012 via **BB&T** and **RBS.** The upcoming offering would encompass two classes of three-year securities, one rated single A and the other with triple-B grades.

As for Wyndham's issue, it is topped by separate three-year tranches of $174 million and $47.8 million, one rated single-A and the other triple-B by **S&P** and **Fitch.** There's also a $28 million class of double-B-rated notes — a component that has investors buzzing. Wyndham hasn't issued bonds with ratings that low since November 2011, despite coming to market four times since then. "People had been asking for these, and it looks like the economics for Wyndham are finally right," one source said.

Wyndham has completed $5.1 billion of asset-backed bond deals dating back to 2007, with the bulk of that activity coming since 2009. ❖

Auto-Loan Gauges Hold Steady

Delinquencies among pools of subprime auto loans inched up last month, but the asset class as a whole continues to perform near its peak level. Delinquencies among securitized prime-quality loans ticked up 1 bp to 0.30% for the month ended June 15, according to an index maintained by **Fitch,** while average annual losses rose 3 bp to 0.20%. Both measures, however, are close to their record lows. In the subprime sector, the measure for losses dipped 4 bp to 3.80% — continuing a trend that has shaved off more than 300 bp in the past six months. As for delinquencies, they jumped 15 bp to 2.90%. While up slightly from April and May, the figure had been above 3% for most of the past two years. Fitch attributes the market's ongoing strength to high vehicle resale values, as well as consumers' seasonal spending patterns.



Source: www.fitchratings.com

INITIAL PRICINGS

SC Germany Auto UG, 2013-2

Priced: July 11
Amount: €549 million
Collateral: German auto loans
Seller: Santander Group
Bookrunners: Santander, HSBC, Natixis, UniCredit

Class	S/F/D	Amount	WAL	Spread	Benchmark
A	AAA	549.000	1.68	+48	1 mo. Euribor

Mona Lisa Re Ltd., 2013-2

Priced: July 1
Amount: $150 million
Collateral: Catastrophe bonds
Seller: RenaissanceRe
Bookrunner: Goldman Sachs

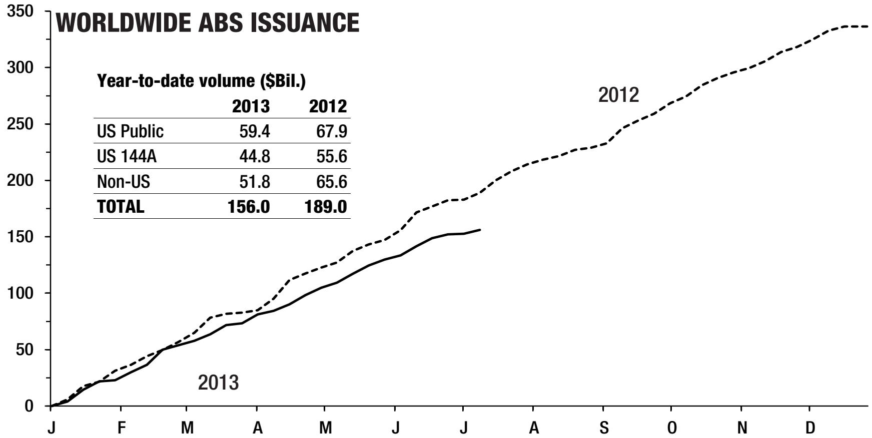
Class	S&P	Amount	WAL	Spread	Benchmark
A	BB-	150.000	4.00	+730	3 mo. Treas.

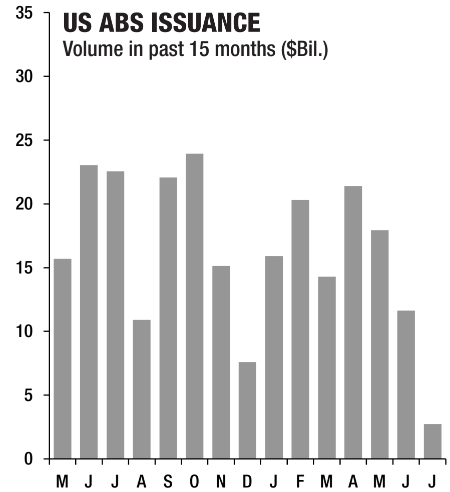
Tradewynd Re Ltd., 2013-1

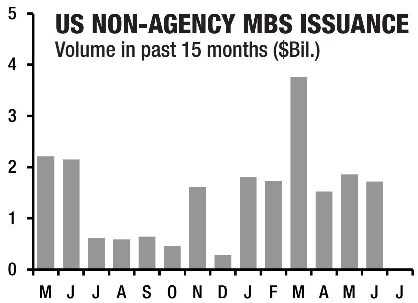
Priced: July 2
Amount: $125 million
Collateral: Catastrophe bonds
Seller: AIG
Bookrunners: Aon Capital Markets, BNP Paribas

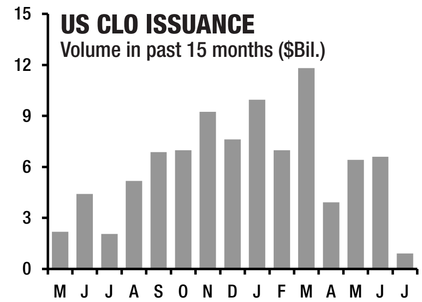
Class	S&P	Amount	WAL	Spread	Benchmark
A	B+	125.000	5.00	+825	3 mo. Treas.

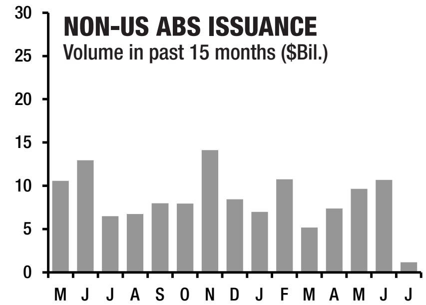
MARKET MONITOR

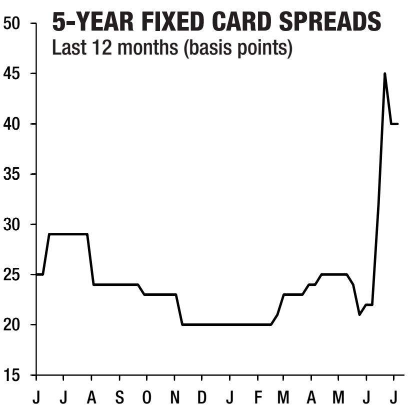








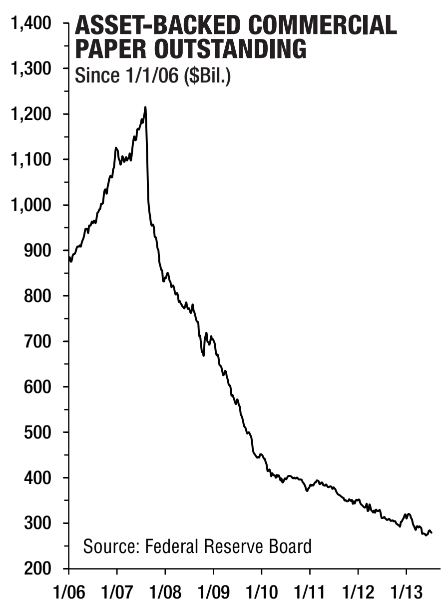


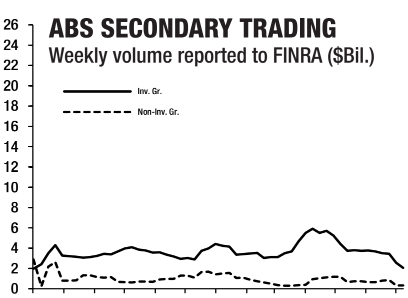


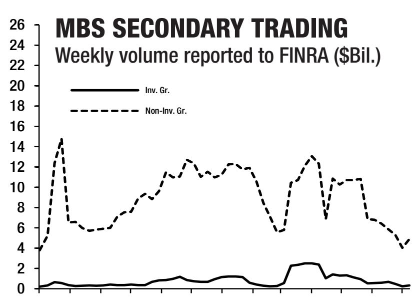
SPREADS ON TRIPLE-A ABS

	Avg. Life	Spread (bps) 7/5	Week Earlier	52-wk avg.
Credit card - Fixed rate	2.0	+18	+18	+8.4
(vs. Swap)	5.0	+40	+40	+24.1
Credit card - Floating rate	2.0	+19	+19	+9.5
(vs. 1 mo Libor)	5.0	+38	+38	+25.2
Auto loan - Tranched	2.0	+31	+31	+11.0
(vs. Swap)	3.0	+39	+39	+18.0
Home equity - Fixed-rate/	2.0	+125	+125	+180.2
wrapped (vs. Swap)	5.0	+350	+350	+475.9
	2.0	+19	+16	+15.5
Swap spreads (bid/offer midpoint)	5.0	+21	+17	+16.3
	10.0	+26	+21	+10.5

Source: Deutsche Bank







Data points for all charts on this page can be found in The Marketplace section of ABAlert.com

THE GRAPEVINE

... From Page 1

at **Citigroup.** He also worked briefly at **Goldman Sachs** in the early 1980s.

Leveraged-finance investor **Shenkman Capital** has added another former **Credit Suisse** executive to its team. **Bob Kricheff** arrived at Shenkman's New York headquarters two weeks ago, in a role that includes analysis of collateralized loan obligation assets and high-yield bonds. He spent 25 years at Credit Suisse, and in 2012 wrote a book titled "A Pragmatist's Guide to Leveraged Finance" that has proven popular among CLO credit analysts. He will be joined in September by **David Lerner,** who is waiting out a gardening leave. Until resigning in May, he was one of the leading members of Credit Suisse's CLO origination business.

Thomas Carey, a structured-product sales specialist who found himself without a job when **Gleacher & Co.** shuttered its fixed-income group in April, took a position at **BNP Paribas** in New York a few weeks ago. He's focusing on mortgage bonds in his new role. Carey spent less than a year at Gleacher, where he held the title of managing director. He also has worked at **Ally Financial** and **Credit Suisse.**

Credit Suisse is adding a fourth member to its collateralized loan obligation trading desk, capping off a recent expansion of the team. **Grace Park** is scheduled to join the bank on July 15 from **Bank of America,** where she traded a so-called correlation book consisting of positions in synthetic collateralized debt obligations issued before the market crash. She reports to managing director **Chris Callahan.**

Mortgage-bond trader **Bryan Faron** joined the New York office of broker-dealer **Brean Capital** last month as a managing director. Faron's previous employers include **Knight Capital, Deutsche Bank** and **Deloitte.**

Two fixed-income salesmen have left the New York office of **Auriga Securities. Christopher Hall** is moving to Texas, where he plans to open his own brokerage shop. His former employers include **Securevest Financial, Cantor Fitzgerald** and **KeyBank.** Meanwhile, **David Gordon** started a new job on July 8 as a managing director focused on financing at distressed-property investor **Asset Recovery Cos.** in Miami. He previously worked at **Morgan Stanley** and **Lehman Brothers.**

SunTrust is seeking an associate for its securitization-underwriting unit in Atlanta. The recruit would structure deals backed by a variety of assets. Candidates can email securitization chief **Joe Franke** at joe.franke@suntrust.com.

Philadelphia buyside shop **Strategos Capital** has added a member to its investor-relations group. **Michael Mancini,** most recently a senior director at **Fitch,** joined the firm last week as vice president. Mancini also has worked in the structured-product sales group at **HSBC,** and has spent time at **TD Securities** and **Bank of America.**

Sabadell United Bank's head trader has left the Miami institution. **William Ridgway** had launched the bank's broker-dealer arm in 2009, trading a mix of products including mortgage-related securities. He now works at real estate investment shop **Madison Capital.** Ridgway's former employers also include **BBVA, Beta Capital** and **Salomon Brothers.**

ASSET-BACKED ALERT www.ABAlert.com

Telephone: 201-659-1700 **Fax:** 201-659-4141 **E-mail:** info@hspnews.com

Joseph Nadilo	Managing Editor	201-234-3984	jnadilo@hspnews.com
Matt Birkbeck	Senior Writer	201-234-3991	mbirkbeck@hspnews.com
Steve Chambers	Senior Writer	201-234-3990	schambers@hspnews.com
James A. Quirk	Senior Writer	201-234-3992	jquirk@hspnews.com
Andrew Albert	Publisher	201-234-3960	andy@hspnews.com
Daniel Cowles	General Manager	201-234-3963	dcowles@hspnews.com
Thomas J. Ferris	Editor	201-234-3972	tferris@hspnews.com
T.J. Foderaro	Deputy Editor	201-234-3979	tjfoderaro@hspnews.com
Ben Lebowitz	Deputy Editor	201-234-3961	blebowitz@hspnews.com
Dan Murphy	Deputy Editor	201-234-3975	dmurphy@hspnews.com
Michelle Lebowitz	Operations Director	201-234-3977	mlebowitz@hspnews.com
Evan Grauer	Database Director	201-234-3987	egrauer@hspnews.com
Kevin Pugliese	Database Manager	201-234-3983	kpugliese@hspnews.com
Mary E. Romano	Advertising Director	201-234-3968	mromano@hspnews.com
Josh Albert	Advertising Manager	201-234-3999	josh@hspnews.com
Joy Renee Selnick	Layout Editor	201-234-3962	jselnick@hspnews.com
Barbara Eannace	Marketing Director	201-234-3981	barbara@hspnews.com
JoAnn Tassie	Customer Service	201-659-1700	jtassie@hspnews.com