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## Board Members of the 13 TSI Banks decide on TSI Securitisation Infrastructure

30.04.2004 - 12:08 Uhr, KfW

Frankfurt/Main (ots) - Cross reference: Picture is available at <http://www.presseportal.de/galerie.htx?type=ogs> - Today members of the Managing Boards of the thirteen TSI banks (Bayerische Landesbank, Citigroup Deutschland, Commerzbank, DekaBank, Deutsche Bank, Dresdner Bank, DZ Bank, Eurohypo, HSH Nordbank, Helaba, HVB Group, KfW Bankengruppe and WestLB) signed the founding documents for True Sale International GmbH at a special ceremony and decided on the TSI securitisation infrastructure. In the run-up to signing the contract documents they had been discussed with all competent supervisory authorities. The cooperation was very result-oriented and proceeded swiftly. Now all authorities involved have given the expected positive feed-back. In particular the Bundeskartellamt, the German Competition Authority, has no reservations in terms of merger control legislation with regard to True Sale International GmbH. The formal notarial foundation of the GmbH will take place next week. The TSI securitisation infrastructure was developed jointly by KfW Bankengruppe, cooperative banks, commercial banks and the Sparkassen-Finanzgruppe. It can be used by all interested banks and will contribute to substantially increasing the number of securitisations transacted from Germany. From the viewpoint of investors a new investment segment will be created. The ABS securities issued in this German true sale segment are intended to be standardised and marked by liquid trading.

The securitisation platform will be composed of three charitable trusts (domiciled in Frankfurt am Main) and special purpose vehicles (SPV), which will be set up individually for each transaction. The charitable trusts assume the role of the shareholders of the securitisation SPVs issuing the ABS securities under such true sale transactions. This model, which was chosen in analogy with the structures practiced internationally, enables the establishment of insolvency-remote German SPVs, which is a central requirement from the viewpoint of the rating agencies and investors. The neutral securitisation platform will on principal be available to all market participants and for the first time allows the establishment of SPVs exclusively under German law. As a result, credit institutions will no longer have to make a detour via foreign SPVs. Under this structure true sale securitisation functions as follows:

- In each true sale transaction the respective originator founds its own insolvency-remote SPV with a limited task profile which meets the standard requirements of the rating agencies.
- These SPVs are assigned the legal form of a GmbH (limited liability company) and are donated to the three trusts, i.e. the trusts hold equal shares of these companies and thereby help make the SPV insolvency remote.
- The SPV buys the loan portfolio to be securitised from a bank, converts it into tradeable securities collateralised by loan receivables (asset-backed securities, or ABS) and then sells them to investors on the capital market.
- The securitisation platform created under the charitable trust model can be used by all portfolio providers, regardless of whether they participate in the True Sale Initiative.

The trusts pursue the common goal of supporting research on the financial and capital market for Germany as a financial center. The Department of Finance of the European Business School International University in Oestrich-Winkel/Germany has already been selected as one of the beneficiaries of the charitable trusts. True Sale International GmbH (TSI GmbH) is a collective institution and the second most important element of the securitisation infrastructure that was decided on today. Above all, TSI GmbH will be a driving force behind the standardisation of the ABS market in Germany. In this respect TSI GmbH will in particular determine the quality attributes that ABS transactions must have in order to be able to use the label "TSI" on the market. Acquiring the seal of quality requires, among other things, standardised reporting by the originator. For investors, this is a key prerequisite that will give them a real-time insight about the transaction and its performance. Additionally, specifications as to the minimum issuing amount, the market making and the eligibility of the ABS securities to be used as collateral for the ECB will lead to an improvement in the development of liquidity in the secondary market and therefore also to greater acceptance of the ABS papers. This then will make it possible to progressively build up a broad true sale market. Ultimately, TSI GmbH is also planned to serve as a forum where key market participants pool their expertise and analyse the overall conditions for ABS in Germany, comment on them and devise recommendations for their further development. TSI GmbH is open to other shareholders. Apart from a company general meeting it will also have a shareholders' council to assist with the performance of its tasks. Each of the thirteen founding shareholders will send one member of its Management Board or of its management to the council. High-ranking policymakers will also be approached to join the council, ensuring that the dialogue on market development will be as broad as possible. Apart from its management the GmbH will initially employ three additional employees and have a capital basis of EUR 1,950,000.00. Its seat will be in Frankfurt am Main. The securitisation platform is scheduled to be

completed in June. From then on it will be possible to issue securities via the platform and the German capital market will have a new, important instrument at its disposal. The "Global Financial Stability Report" recently published by the IMF also underlines the tremendous importance of the True Sale Initiative for the capital market in Germany. ANNEX to the press release on TSI dated April 30, 2004 On April 30, 2004 the Board members of the TSI banks decided as follows: Managing Directors of True Sale International GmbH Dr. Hartmut Bechtold and Dr. Dieter Glüder Designated Foundation Chairmen of the "Charitable Trust Corporate Finance and Capital Markets in the Financial Center Germany" Professor Ulrich Hommel Ph. D. and Professor Dr. Lutz Johanning from the European Business School, International University, Oestrich-Winkel/Germany. ots Original Text Service: KfW Internet: <http://www.presseportal.de> For further information please call: Nathalie Drücke Tel: +49 69 7431-2098, E-Mail [nathalie.druecke@kfw.de](mailto:nathalie.druecke@kfw.de)

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