

# Press Release



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## **Study of market participants shows provider stability is key to outsourcing success, according to The Bank of New York Mellon**

*Role of the Trustee has become more relevant to over 80% of key players in the Securitization Market*

LONDON, June 25, 2009 - The Bank of New York Mellon, a global leader in asset management and securities servicing, surveyed over 200 participants at the Annual Global ABS Conference in London during June 2-3 2009, on the future and out look for the securitization markets, and the factors for future success of the market.

The survey, which encompassed nearly one tenth of the approximately 2,500 delegates at the conference, showed a number of interesting results, including that the role of the trustee has become more relevant to 83% of respondents.

One market participant commented: "The role of the trustee has become far more relevant in terms of the involvement in deal structures."

Another went on to say: "The issue of data integrity and transparency has become much more relevant in this market".

Other key findings of the survey include:

- The CLO market is still alive and set to rebound
- Default rates will peak in the next 6-12 months
- Infrastructure plays the biggest role in successful government stabilisation programmes

Regarding the important issue of investor confidence, when asked, investors voted for independent price verification of assets as being most important. Paradoxically, most structurers and issuers approach this issue from the perspective of either an independent trustee, or the production of independent reports and analysis. These results showed the Investor base continuing to ask for better price discovery from the market.

James Maitland, Head of International Corporate Trust at The Bank of New York Mellon, commented, "Investors do not want to step in while secondary markets are dysfunctional and they cannot accurately assess the value of their portfolios. We know structurers and issuers absolutely understand that the role of the trustee has become ever more important and relevant in today's market, and as a key participant we need to ensure we can provide our input at an early stage of structuring transactions. Our survey confirmed what we have been increasingly hearing from our clients."

The majority – 53% of respondents - also stressed that the provider of outsourcing of operational functions must have proven stability as an organisation. In a related question, participants were asked what factors precipitated the success of government stabilisation programmes. The widely-held view was that a suitable infrastructure was needed to launch and exit these programmes.

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When asked about the securitization market, over 90% of participants believe that arbitrage cash flow CLOs will return in a meaningful way, albeit not until at least 12 months time. Most delegates agreed that corporate default rates will peak in the next 6-12 months, and see a slow improvement in the market in 2010.

For a full analysis of the survey results, please contact Guy Cross at The Bank of New York Mellon [guy.cross@bnymellon.com](mailto:guy.cross@bnymellon.com)

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