

Structured Finance And Collateralized Debt Obligations New Developments In Cash And Synthetic Securitization Wiley Finance

Credit derivatives as a financial tool has been growing exponentially from almost nothing more than seven years ago to approximately US\$5 trillion deals completed by end of 2005. This indicates the growing importance of credit derivatives in the financial sector and how widely it is being used these days by banks globally. It is also being increasingly used as a device of synthetic securitisation. This significant market trend underscores the need for a book of such a nature. Kothari, an undisputed expert in credit derivatives, explains the subject matter using easy-to-understand terms, presents it in a logical structure, demystifies the technical jargons and blends them into a cohesive whole. This revised book will also include the following: - New credit derivative definitions - New features of the synthetic CDO market - Case studies of leading transactions of synthetic securitisations - Basle II rules - The Consultative Paper 3 has significantly revised the rules, particularly on synthetic CDOs - Additional inputs on legal issues - New clarifications on accounting for credit derivatives/credit linked notes

Over the past decade, credit derivatives have emerged as the key financial innovation in global capital markets. At end 2004, the market size hit \$6.4 billion (in notional amounts) from virtually nothing in 1995. This rise has been spurred by the imperative for banks to better manage their risks, not least credit risks, and the appetite shown by institutional investors and hedge funds for innovative, high yielding structured investment products. As a result, growth in collateralized debt obligations and other second-generation products, such as credit indices, is currently phenomenal. It is enabled by the standardization and increased liquidity in credit default swaps – the building block of the credit derivatives market. Written by market practitioners and specialists, this book covers the fundamentals of the credit derivatives and structured credit market, including in-depth product descriptions, analysis of real transactions, market overview, pricing models, banks business models. It is recommended reading for students in business schools and financial courses, academics, and professionals working in investment and asset management, banking, corporate treasury and the capital markets. Highlights include: Written by market practitioners and specialists with first-hand experience in the credit derivatives and structured credit market A clearly-written, pedagogical book with numerous illustrations Detailed review of real-case transactions A comprehensive historical perspective on market developments including up-to-date analysis of the latest trends Comprehensive coverage of all major structured finance transactions Structured Finance is a comprehensive introduction to non-recourse financing techniques and asset-based lending. It provides a detailed overview of leveraged buyouts, project finance, asset finance and securitisation. Through thirteen case studies and more than 500 examples of companies, the book offers an in-depth analysis of the topic. It also provides a historical perspective of these structures, revealing how and why they were initially created. Instruments within each type of transaction are examined in detail, including Credit Default Swaps and Credit Linked Notes. A presentation of the Basel Accords offers the necessary background to understand the regulatory context in which these financings operate. With this book, readers will be able to: Delve into the main structured finance techniques to understand their components, mechanisms and how they compare Understand how structured finance came to be, and why it continues to be successful in the modern markets Learn the characteristics of financial instruments found in various structured transactions Explore the global context of structured finance, including the regulatory framework under which it operates Structured Finance provides foundational knowledge and global perspective to facilitate a comprehensive understanding of this critical aspect of modern finance. It is a must-read for undergraduate and MBA students and finance professionals alike.

Introduction to Securitization outlines the basics of securitization, addressing applications for this technology to mortgages, collateralized debt obligations, future flows, credit cards, and auto loans. The authors present a comprehensive overview of the topic based on the experience they have gathered through years of interaction with practitioners and graduate students around the world. The authors offer coverage of such key topics as: structuring agency MBS deals and nonagency deals, credit enhancements and sizing, using interest rate derivatives in securitization transactions, asset classes securitized, operational risk factors, implications for financial markets, and applying securitization technology to CDOs. Finally, in the appendices, the authors provide an essential introduction to credit derivatives, an explanation of the methodology for the valuation of MBS/ABS, and the estimation of interest rate risk. Securitization is a financial technique that pools assets together and, in effect, turns them into a tradable security. The end result of a securitization transaction is that a corporation can obtain proceeds by selling assets and not borrowing funds. In real life, many securitization structures are quite complex and enigmatic for practitioners, investors, and finance students. Typically, books detailing this topic are either too lengthy, too technical, or too superficial in their presentation. Introduction to Securitization is the first to offer essential information on this topic at a fundamental, yet comprehensive level-providing readers with a working understanding of what has become one of today's most important areas of finance. Authors Frank Fabozzi and Vinod Kothari, internationally recognized experts in the field, clearly define securitization, contrast it with corporate finance, and explain its advantages. They carefully illustrate the structuring of asset-backed securities (ABS) transactions, including agency mortgage-backed securities (MBS) deals and nonagency deals, and show the use of credit enhancements and interest rate derivatives in such transactions. They review the collateral classes in ABS, such as retail loans, credit cards, and future flows, and discuss ongoing funding vehicles such as asset-backed commercial paper conduits and other structured vehicles. And they explain the different types of collateralized debt obligations (CDOs) and structured credit, detailing their structuring and analysis. To complement the discussion, an introduction to credit derivatives is also provided. The authors conclude with a close look at securitization's impact on the financial markets and the economy, with a review of the now well-documented problems of the securitization of one asset class: subprime mortgages. While questions about the contribution of

securitization have been tainted by the subprime mortgage crisis, it remains an important process for corporations, municipalities, and government entities seeking funding. The significance of this financial innovation is that it has been an important form of raising capital for corporations and government entities throughout the world, as well as a vehicle for risk management. Introduction to Securitization offers practitioners and students a simple and comprehensive entry into the interesting world of securitization and structured credit.

Collateralized Debt Obligations (CDOs) are perhaps some of the most important innovations in the field of securitization. Part of the marketable instruments issued by the Special Purpose vehicle for investors, they are backed by many specific assets such

Die Finanzkrise hat gezeigt, wie weit das Urteil der Ratingagenturen bei hochkomplexen Finanzprodukten wie Collateralized Debt Obligations (CDOs) von der Wirklichkeit entfernt sein kann. Erwartungsgemäss hat der europäische Gesetzgeber 2009 mit einer Regulierung dieser Finanzmarktakteure reagiert, die sich seitdem noch intensiviert und 2013 zu einer gemeinschaftsrechtlichen Haftungsnorm geführt hat. Der richtige Weg? Shiro Angele unternimmt den Versuch, sich über eine Betrachtung der Ratingmethoden für CDOs der Natur von Ratings zu nähern, um daraus einen übergreifenden Bewertungsmaßstab abzuleiten. Mit dessen Hilfe werden die bisherigen Erkenntnisse zur Regulierung und Haftung von Ratingagenturen überprüft.

Improve your firm's European structured finance operations with this in-depth analysis of the most popular structured finance instruments in use today, including collateralized debt, mortgage-backed securities, as well as whole-business and synthetic securitizations. You'll find how others have found the greatest successes in the European market, which is equivalent in maturity and scope to those of North America. You'll get specific practical insight you can use right away, like how to take advantage of regional legal structures that make it possible to develop structures and add features not possible in other regions.

Praise for Structured Finance & Insurance "More and more each year, the modern corporation must decide what risks to keep and what risks to shed to remain competitive and to maximize its value for the capital employed. Culp explains the theory and practice of risk transfer through either balance sheet mechanism such as structured finance, derivative transactions, or insurance. Equity is expensive and risk transfer is expensive. As understanding grows, and, as a result, costs continue to fall, ART will continue to replace equity as the means to cushion knowable risks. This book enhances our understanding of ART." --Myron S. Scholes, Frank E. Buck Professor of Finance, Emeritus, Graduate School of Business, Stanford University "A must-read for everyone offering structured finance as a business, and arguably even more valuable to any one expected to pay for such service." --Norbert Johanning, Managing Director, DaimlerChrysler Financial Services "Culp's latest book provides a comprehensive account of the most important financing and risk management innovations in both insurance and capital markets. And it does so by fitting these innovative solutions and products into a single, unified theory of financial markets that integrates the once largely separated disciplines of insurance and risk management with the current theory and practice of corporate finance." --Don Chew, Editor, Journal of Applied Corporate Finance (a Morgan Stanley publication) "This exciting book is a comprehensive read on alternative insurance solutions available to corporations. It focuses on the real benefits, economical and practical, of alternatives such as captives, rent-a-captive, and mutuals. An excellent introduction to the very complex field of alternative risk transfer (ART)." --Paul Wohrmann, PhD, Head of the Center of Excellence ART and member of the Executive Management of Global Corporate in Europe, Zurich Financial Services "Structured Finance and Insurance transcends Silos to reach the Enterprise Mountaintop. Culp superbly details integrated, captive, multiple triggers and capital market products, and provides the architectural blueprints for enterprise risk innovation." --Paul Wagner, Director, Risk Management, AGL Resources Inc.

Inhaltsangabe: Abstract: This work aims to give the reader a holistic introduction to Collateralized Debt Obligations (CDOs), an asset category which has recently experienced both popularity and criticism. Collateralized Debt Obligations represent a subset of asset-backed securities. As opposed to classical types of asset-backed securities like mortgage-backed securities or credit card debt-backed securities, a Collateralized Debt Obligation is a vehicle transforming bank loans or commercial paper into tranches of traded securities. While Collateralized Debt Obligations have been an established part of the U.S. fixed income market, it was only recently that academics showed interest in this asset category. From an asset pricing standpoint, CDOs represent a challenge as credit risk from a heterogeneous pool is passed through to tranches. Hence, asset pricing models have to account for expected defaults and default correlation on the one hand while incorporating the structural support the CDO is offering to the debt tranches on the other. Also, regulatory agencies such as the Basel Committee on Banking Supervision have increasingly covered CDOs and their use in credit risk management, thus further stimulating interest in this asset category. The report is mainly organized in three parts. The first part presents the basic ideas of Collateralized Debt Obligation as well as their structure and principal economics. Part II is the core of the report focusing on the aforementioned asset pricing problem and presenting various models to cope with it. Finally, the third part presents some of the multifaceted applications of Collateral Debt Obligations and concludes with an outlook for the product category. Here, special focus is laid on the European and German market as this is seen as a major area for growth. Inhaltsverzeichnis: Table of Contents: Index of figures v Index of tables vi Preface vii 1. INTRODUCTION 1 1.1 Definitions 1 1.2 Mathematical Classification 2 1.3 Purpose and Relevance of CDOs 4 1.4 Motivation and Aim of the Study 6 2. STRUCTURE AND DESIGN OF CDOs 8 2.1 Underlying Assets 9 2.2 Tranches 10 2.3 Purpose 11 2.3.1 Risk Transfer 11 2.3.2 Credit Risk Pricing Arbitrage 11 2.4 Credit Structure 13 2.4.1 Market Value Structure 13 2.4.2 Cash Flow Structure 13 2.5 Summary and Typical CDO Structures 15 3. RATIONALE AND ECONOMIC FEATURES 18 3.1 Incentives to enter CDO Contracts 19 3.1.1 Comparative Advantages in Holding Specific Risks 19 3.1.2 Incentives for Equity [...]

The Structured Credit Handbook is a comprehensive introduction to all types of credit-linked financial instruments. This book provides state-of-the-art primers on single tranche collateralized debt obligations (CDOs), collateralized loan obligations (CLOs), credit derivatives (such as credit default swaps and swaptions), and iBoxx indexes. Filled with in-depth insight and expert

advice, The Structured Credit Handbook covers all aspects of the synthetic arbitrage CDO market, including new instruments such as CDO2. Readers will also gain a firm understanding of the investment rationale, risks, and rewards associated with CDO investments through this valuable resource. The exploding use of credit derivatives and collateralized debt obligations (CDOs) has transformed the world of credit, creating an \$18 trillion market almost overnight and resulting in innumerable investment and career opportunities globally. The Structured Credit Handbook provides the reader with a comprehensive and clear roadmap to today's new credit landscape. The full spectrum of structured credit products, from single-name CDS to CDOs, is explained in a simple, clear fashion that is free from the financial jargon and mathematical complexity which characterize many other derivative texts. The handbook begins with an in-depth explanation of the building blocks of the structured credit markets, single-name default swaps and indexes, and it culminates with complex products such as credit options, synthetic tranches, CDOs based on bank loans and asset-backed securities, and CDO-squareds. Written by experienced practitioners who have participated in this market since its infancy, each of the thirteen chapters introduces and analyzes a new product and explains its practical applications. A rich set of real-life case studies illustrate the application of each product in a concrete market setting. The book may be used in a semester-long course on structured credit as part of a business or finance curriculum. Whether you are a market professional, a university student or faculty member, or simply a financially savvy layperson, look no further for an up-to-date and thorough introduction to this rapidly growing and exciting field. Dr. Arvind Rajan, Managing Director, Citigroup Global Markets, is engaged in proprietary trading of Structured Credit products, and until recently, was global head of Structured Credit Research and Strategy at Citigroup. Glen McDermott (New York, NY) is Director of Fixed Income Sales and the former head of CDO Research at Citigroup Global Markets Inc. Ratul Roy is head of CDO Strategy for Citigroup Global Markets and has spent the prior nine years in structuring or analyzing CDOs and other structured credit products.

Created by the experienced author team of Frank Fabozzi, Henry Davis, and Moorad Choudhry, Introduction to Structured Finance examines the essential elements of this discipline. It is a convenient reference guide—which covers all the important transaction types in one place—and an excellent opportunity to enhance your understanding of finance.

The latest financial crisis highlighted several problems with credit derivatives and raised questions about the effectiveness of Credit Rating Agencies' (CRAs) assessment of risks in rating complex financial products such as Collateralized Debt Obligation (CDO). Credit derivatives provided a powerful new tool for managing credit risk that had the potential to facilitate risk-sharing, enhance the efficiency of risk management and promote market completeness. Measuring the exposure taken on a credit derivative contract can be very difficult. As a result market participants have rely on credit ratings as a source of information to assess the risk of their derivative transactions. During the latest crisis the role of the major credit rating agencies have come under increased scrutiny. This work, after the introduction of credit risk, provides an overview of credit derivatives instruments and explain the central role that rating and credit rating agencies play in the financial markets. Moreover, it highlights the criticism of credit rating agencies in rating structured finance products and provide an in-depth view of the CDO rating methodologies.

A detailed look at how object-oriented VBA should be used to model complex financial structures This guide helps readers overcome the difficult task of modeling complex financial structures and bridges the gap between professional C++/Java programmers writing production models and front-office analysts building Excel spreadsheet models. It reveals how to model financial structures using object-oriented VBA in an Excel environment, allowing desk-based analysts to quickly produce flexible and robust models. Filled with in-depth insight and expert advice, it skillfully illustrates the art of object-oriented programming for the explicit purpose of modeling structured products. Residential mortgage securitization is used as a unifying example throughout the text.

Seminar paper from the year 2006 in the subject Business economics - Investment and Finance, grade: 1,0, Pforzheim University, course: Corporate Finance, 24 entries in the bibliography, language: English, abstract: Almost all companies do have an effective debenture management nowadays. Nevertheless, it is not unusual for companies to have very high values in receivables. Especially for companies with a turnover of more than 100 million the receivables grow to a value of 10 million or more (IKB (2005), p.1). This capital is usually unavailable for the company; it may become available using Asset Securitisation to refinance the receivables. The influence of Basel II on the behaviour of credit institutions further reinforces the importance of Asset Securitisation as a tool for companies to improve the capital costs and the balance sheet ratios as the investigation in this paper will point out. This again has implications for the rating of enterprises. Due to the growing interest in Asset Securitisation, a lot of research has been done by the European financial institutions. In the second part of this paper, the question of a definition and of the basic structure of an Asset Backed Security will be examined. Furthermore the requirements for an Asset Securitisation in respect to the portfolio of assets will be explained. The third part of this paper is concerned with the possibilities of traditional ABS for companies, that are carried on by the advantages and disadvantages of Asset Securitisation for the participants. Within structured finance the questions of adding value for the different participants within structured finance transactions is examined. In the forth part the possible use of structured finance products for enterprises is described examining especially the question of where value is added. Finally the last part gives an overview of the current situation of the European market for structured finance products and ABS and its projected developme

This book, now in its second edition, provides an in-depth overview of all segments of the structured finance business, with particular reference to market trends, deal characteristics and deal structuring. The goal is to assist readers in gaining a clear understanding of the common features of structured finance transactions. The process of deal structuring for each type of transaction is carefully analyzed, with extensively updated chapters on asset securitization, project finance, structured leasing transactions and leveraged acquisitions. In the new edition, particular attention is paid to novel areas of intervention, such as public-private partnerships and non-performing loans in the resolution of bank restructuring. Although the subject of much criticism, structured finance, when used properly, offers an effective solution to the credit crunch that many European countries are suffering and is also a way to revive a single capital market for debt instruments. Readers will find this book to be an illuminating guide to the business and to the best market practices in organizing transactions. It will be of value for BSc and MSc finance students, professionals and consultants alike.

The most cutting-edge read on CDO and credit market structures Collateralized Debt Obligations and Structured Finance provides a state-of-the-art look at the exploding CDO and structured

credit products market. Financial expert Janet Tavakoli examines securitization topics never before seen in print, including the huge increase in the CDO arbitrage created by synthetics; the tranches most at risk from this new technology; dumping securitizations on bank balance sheets; the abuse of offshore vehicles by companies such as Enron; and securitizations made possible by new securitization techniques and the introduction of the Euro. This valuable guide comprehensively covers one of the fastest growing markets on Wall Street, predicting where new bank regulations and other developments may lead to product growth or product extinction. While providing an overview of the market and its dynamic growth, Collateralized Debt Obligations and Structured Finance explores the types of products offered, hedging techniques, and valuation and risk/return issues associated with investment in CDOs and synthetic CDOs. Janet M. Tavakoli, MBA (Chicago, IL), has over eighteen years of experience trading, structuring, and marketing derivatives and structured products with major financial institutions in New York and London. She is also the author of Credit Derivatives and Synthetic Structures, now in its Second Edition (0-471-41266-X).

Filled with the insights of numerous experienced contributors, Structured Products and Related Credit Derivatives takes a detailed look at the various aspects of structured assets and credit derivatives. Written over a period spanning the greatest bull market in structured products history to arguably its most challenging period, this reliable resource will help you identify the opportunities and mitigate the risks in this complex financial market.

A timely guide to today's high-yield corporate debt markets Leveraged Finance is a comprehensive guide to the instruments and markets that finance much of corporate America. Presented in five sections, this experienced author team covers topics ranging from the basics of bonds and loans to more advanced topics such as valuing CDs, default correlations among CLOs, and hedging strategies across corporate capital structures. Additional topics covered include basic corporate credit, relative value analysis, and various trading strategies used by investors, such as hedging credit risk with the equity derivatives of a different company. Stephen Antczak, Douglas Lucas, and Frank Fabozzi present readers with real-market examples of how investors can identify investment opportunities and how to express their views on the market or specific companies through trading strategies, and examine various underlying assets including loans, corporate bonds, and much more. They also offer readers an overview of synthetic and structured products such as CDS, LCDS, CDX, LCDX, and CLOs. Leveraged Finance has the information you need to succeed in this evolving financial arena.

Since first edition's publication, the CDO market has seen tremendous growth. As of 2005, \$1.1 trillion of CDOs were outstanding -- making them the fastest-growing investment vehicle of the last decade. To help you keep up with this expanding market and its various instruments, Douglas Lucas, Laurie Goodman, and Frank Fabozzi have collaborated to bring you this fully revised and up-to-date new edition of Collateralized Debt Obligations. Written in a clear and accessible style, this valuable resource provides critical information regarding the evolving nature of the CDO market. You'll find in-depth insights gleaned from years of investment and credit experience as well as the examination of a wide range of issues, including cash CDOs, loans and CLOs, structured finance CDOs and collateral review, emerging market and market value CDOs, and synthetic CDOs. Use this book as your guide and take advantage of this dynamic market and its products.

The classic finance book on cash and synthetic securitizations, asset-backed securities, mortgage-backed securities, credit derivatives, and the financial crisis.

Please note that the content of this book primarily consists of articles available from Wikipedia or other free sources online. Pages: 42. Chapters: Asset-backed securities index, Asset-backed security, Assurance contract, Collateralized debt obligation, Collateralized mortgage obligation, Commercial mortgage-backed security, Credit enhancement, Federal takeover of Fannie Mae and Freddie Mac, Financial asset securitization investment trust, Luxembourg Depositary Receipt, Mortgage bond, Mortgage yield, Option-adjusted spread, Prepayment of loan, PSA prepayment model, Quadiary Cluster, Residential mortgage-backed security, Single-tranche CDO, Structured investment vehicle, Synthetic CDO.

Developments In Collateralized Debt Obligations The fastest growing sector of the fixed income market is the market for collateralized debt obligations (CDOs). Fostered by the development of credit default swaps (CDS) on all types of indexes of corporate bonds, emerging market bonds, commercial loans, and structured products, new products are being introduced into this market with incredible speed. In order to keep up with this dynamic market and its various instruments, you need a guide that provides you with the most up-to-date information available. That's why Douglas Lucas, Laurie Goodman, Frank Fabozzi, and Rebecca Manning have created Developments in Collateralized Debt Obligations. Filled with in-depth insights regarding new products, like hybrid assets in ABS CDOs and trust preferred CDOs, and detailed discussions on important issues--such as the impact of CDOs on underlying collateral markets--this book will bring you completely up to speed on essential developments in this field. Written in a straightforward and accessible style, Developments in Collateralized Debt Obligations will enhance your understanding of this ever-evolving market--and its numerous products.

Updated coverage of structured credit products with in-depth coverage of the latest developments Structured credit products are one of today's fastest growing investment and risk management mechanisms, and a focus of innovation and creativity in the capital markets. The building blocks of these products are credit derivatives, which are among the most widely used products in finance. This book offers a succinct and focused description of the main credit derivative instruments, as well as the more complex products such as synthetic collateralized debt obligations. This new edition features updated case studies from Europe and Asia, the latest developments in synthetic structures, the impact of the subprime meltdown, along with models and teaching aids. Moorad Choudhry returns with this excellent update of the credit derivatives market. The second edition of his classic work is, like the subject matter itself, at the forefront of the financial industry. It deserves a wide readership. —Dr Didier Joannas Regional Director, Thomson Reuters, Hong Kong This is the perfect companion for both experienced and entry level professionals working in the structured credit fraternity. It is an erudite, insightful and enjoyable read that successfully demystifies one of the most topical subject areas in banking today, while also providing important practical examples that link the theory to the job itself. —Dr James Berriman Global Pricing Unit, Royal Bank of Scotland Moorad Choudhry has earned a deserved reputation from both academics and practitioners as one of the leading practical yet rigorous authors of finance books. In this Second Edition, his practical knowledge of credit derivatives keeps the audience engaged with straightforward explanations of complicated structures, and an accessible level of mathematical sophistication necessary to understand structured credit products. The author offers complete, rigorous analysis while avoiding overuse of mathematical formulas and carefully balanced practical and theoretical aspects of the subject. I strongly

recommend this book for those wishing to gain an intuitive understanding of structured credit products, from practitioners to students of finance! —Mohamoud Barre Dualeh Senior Product Developer, Abu Dhabi Commercial Bank, UAE This is THE book for credit derivative trading. From first steps to advanced trading strategies, this is invaluable. Well written and insightful, perfect for ad hoc reference or reading cover to cover. —Andrew Benson ETF Market Making, KBC Peel Hunt, London Professor Choudhry has inspired me to really get into credit derivatives. It's great to be lectured by someone with such energy and practical hands-on experience, as well as the ability to get stuck into the details. —George Whicheloe Equity-Linked Technology, Merrill Lynch, London Moorad Choudhry is Head of Treasury at Europe Arab Bank plc in London. He is a Visiting Professor at the Department of Economics at London Metropolitan University. The fastest growing sector of the asset-backed securities market is the collateralized debt obligation (CDO) market. CDOs are securities backed by a pool of diversified assets and are referred to as collateralized bond obligations (CBOs) when the underlying assets are bonds and as collateralized loan obligations (CLOs) when the underlying assets are bank loans. Investing in Collateralized Debt Obligations covers not only the fundamental features of these securities and the investment characteristics that make them attractive to a broad range of institutional investors, but also the tools for identifying relative value. Nearly a dozen of today's best known analysts discuss emerging market CBOs, relative value frameworks, pricing strategies and techniques, and more.

This book is an introductory guide to using Lévy processes for credit risk modelling. It covers all types of credit derivatives: from the single name vanillas such as Credit Default Swaps (CDSs) right through to structured credit risk products such as Collateralized Debt Obligations (CDOs), Constant Proportion Portfolio Insurances (CPPIs) and Constant Proportion Debt Obligations (CPDOs) as well as new advanced rating models for Asset Backed Securities (ABSs). Jumps and extreme events are crucial stylized features, essential in the modelling of the very volatile credit markets - the recent turmoil in the credit markets has once again illustrated the need for more refined models. Readers will learn how the classical models (driven by Brownian motions and Black-Scholes settings) can be significantly improved by using the more flexible class of Lévy processes. By doing this, extreme event and jumps can be introduced into the models to give more reliable pricing and a better assessment of the risks. The book brings in high-tech financial engineering models for the detailed modelling of credit risk instruments, setting up the theoretical framework behind the application of Lévy Processes to Credit Risk Modelling before moving on to the practical implementation. Complex credit derivatives structures such as CDOs, ABSs, CPPIs, CPDOs are analysed and illustrated with market data.

Studienarbeit aus dem Jahr 2012 im Fachbereich BWL - Rechnungswesen, Bilanzierung, Steuern, Note: 1,0, Hochschule für Technik und Wirtschaft des Saarlandes, Sprache: Deutsch, Abstract: Die Finanzindustrie zusammen mit der Atomindustrie sind die am strengsten und dichtesten geregelten Wirtschaftsbereiche überhaupt. Trotzdem kam es Mitte des Jahres 2007 zur Krise am amerikanischen Markt, welche sich schnell auf die internationalen Märkte übertragen hat. Binnen weniger Monate traf diese Krise eine Reihe von Baufinanzern, Investmentbanken wie Lehman Brothers, Bear Stearns und noch viele andere. Daneben sahen sich andere Banken, Versicherungen und Investmentfonds gezwungen hohe Beträge abzuschreiben. Schlagartig wurde den Beteiligten klar, wie unberechenbar die Papiere in ihren Portfolios tatsächlich waren. Das Vertrauen der Banken untereinander wurde stark in Mitleidenschaft gezogen, sodass selbst Tageskredite abgewiesen wurden. Daraufhin nahmen Notenbanken Milliardensummen in die Hand, um den Geldkreislauf aufrecht zu halten und die Geschichte nahm ihren Lauf. Aber wie konnte es überhaupt zu einer derartigen Situation kommen? Begonnen hat dies mit dem Immobilienboom in den USA. Durch die Niedrigzinspolitik der US-Notenbank Federal Reserve (FED) herrschte ein Überangebot an billigem Geld. Dies führte dazu, dass selbst Kleinstverdiener sich plötzlich den Traum vom Eigenheim erfüllen konnten. Es wurde angenommen, dass sich das Risiko durch die Wertsteigerung der Immobilien gering halten würde. Auch wurde außer Acht gelassen, dass die Zinsen anders wie in Deutschland nur für eine kurze Zeit festgeschrieben sind. Das heißt, wenn diese wieder angehoben wurden, steigt das Risiko, dass die Schuldner ihren Verpflichtungen nicht mehr nachkommen können. Kurze Zeit später kamen die Banken auf die scheinbar geniale Idee ihre Risiko zu minimieren, indem sie die Immobilienkredite zu Wertpapieren schnurten und die Anteile daran verkauften. Bei diesem Unterfangen wurden

The first comprehensive account of the European structured financial products market This comprehensive survey of the securitization market in Europe covers all asset-backed securities (the major classes and some nonconventional asset classes that have been securitized), residential and commercial mortgage-backed securities, collateralized debt obligations, and more. Frank J. Fabozzi, PhD, CFA, CPA (New Hope, PA), is the Frederick Frank Adjunct Professor of Finance in the School of Management at Yale University. Prior to joining the Yale faculty, he was a Visiting Professor of Finance in the Sloan School at MIT. Moorad Choudhry (Surrey, UK) is a Vice President in Structured Finance Services with JPMorgan Chase Bank.

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Is structured finance dead? Many have asked this question after the financial crisis. Or is structured finance “evil” and therefore should it be dead? This book suggests neither nor. Even if structured finance can be misused or applied under inappropriate conditions, it can also be an effective tool for reaching development objectives. The authors in this volume focus on the potential of structured finance in the aftermath of the financial crisis. They explore the conditions under which structured finance is suitable for emerging markets highlighting both its benefits and risks. The book combines professional and scientific perspectives and points towards various useful applications of structured finance in support of small and medium-sized enterprises and microfinance. This also includes activities as diverse as infrastructure development, remittances, rural livelihood, and Shari’ah-compliant Islamic finance.

Inhaltsangabe: Einleitung: Die Ratingagenturen sind fester Bestandteil der internationalen Finanzmärkte und ihre veröffentlichten Bewertungen über das Kreditrisiko eines Emittenten bzw. eines Finanztitels, wie z.B. das bekannte AAA Rating (Triple-A), entscheiden heute über den erfolgreichen Zugang von Unternehmen und Staaten zum Kapitalmarkt. Mit Hilfe von standardisierten Analysen über die Kreditqualität von Finanzanlagen generieren die Ratingagenturen Informationen über Ausfallwahrscheinlichkeiten, die unerlässlich sind für die Preisbildung und das Hedging von Fixed-Income Wertpapieren. Durch ihre Mittlerfunktion zwischen Emittenten und Anlegern werden Ratingagenturen als Intermediäre bezeichnet. Durch die geschaffene positive Externalität in Form einer kostenlosen öffentlichen Information, tragen die Ratingagenturen zu einer Reduzierung der im Kapitalmarkt vorhandenen Informationsasymmetrie bei. Durch die Internationalisierung der Kapitalmärkte, dem Trend der Disintermediation und der laufenden Innovation von neuen Finanzprodukten hat sich das Geschäftsfeld der Ratingunternehmen in den letzten zwei Jahrzehnten wesentlich verändert und erweitert. Die

innovativen Verbriefungen von Forderungen bereichern die Finanzmärkte mit neuen Produkten und sorgen auf den Kreditmärkten für ein außergewöhnliches Wachstum. Eine dieser Innovationen stellen die Collateralized Debt Obligations (CDOs) forderungsbesicherte Schuldverschreibungen dar. Diese Finanztitel ermöglichen den Transfer von Kreditrisiken vom Gläubiger zum Investor. Für Bankinstitute ist dies eine attraktive Form zur Reduzierung des Haftungskapitals. CDOs sind nicht nur innovativ sondern auch komplex in ihrer Funktionsweise. Die Ratingagenturen werden sehr intensiv bei der Strukturierung dieser Produkte mit eingebunden. Für das Rating von CDOs wird die gleiche Basis wie für die Bewertung von Anleihen verwendet. Durch die entstehende Vergleichbarkeit ist der Wunsch der Emittenten, den Investoren den Kauf von CDOs attraktiver zu präsentieren, erfüllt. Ratings gelten natürlich nicht als einziges Entscheidungskriterium für eine Investition. Die Bewertung durch die Ratingagenturen wird jedoch als Bezugspunkt für die Risikobeurteilung von CDOs herangezogen. Durch die Involvierung der Ratingagenturen in den Prozess der Ausgestaltung dieser Finanzierungsform, ergibt sich folgende für diese Arbeit forschungsrelevante Fragestellung: Welche Auswirkungen auf die Marktteilnehmer haben die strukturellen [...]

Here is a chapter from Investment Banking Explained, which provides a clear overview of this complex industry. It covers the history, key terms, structures, and strategies of investment banking and breaks the business down into its respective specialties--from traders, brokers, and analysts to relationship managers, hedgers, and retirement planners--illustrating how each contributes to the industry as a whole. This comprehensive guide examines the operations of the world's most successful firms, as well as explains how investment banks are forging their international strategies.

This title offers an up-to-date look at the exploding CDO and structured credit products market. In this fully updated Second Edition, financial expert Janet Tavakoli provides readers with a comprehensive look at the CDO and structured credit products market amid recent developments. In addition to a detailed overview of the market, this book presents key issues in valuing structured financial products and important quality control issues. Tavakoli shares her experiences in this field, as she examines important securitization topics, including the huge increase in CDO arbitrage created by synthetics, the tranches most at risk from new technology, dumping securitizations on bank balance sheets, the abuse of offshore vehicles by companies, the role of hedge funds, critical issues with subprime, Alt-A, and prime mortgage securitizations, and securitizations made possible by new securitization techniques and the Euro. While providing an overview of the market and its dynamic growth, Tavakoli takes the time to explore the types of products now offered, new hedging techniques, and valuation and risk/return issues associated with investment in CDOs and synthetic CDOs.

Studienarbeit aus dem Jahr 2009 im Fachbereich VWL - Geldtheorie, Geldpolitik, Note: 1,7, Universität Duisburg-Essen (Allgemeine Volkswirtschaftslehre), Veranstaltung: Seminar Geld und Währung - Die Finanzmarktkrise, Sprache: Deutsch, Abstract: In den letzten Jahren hat sich ein Trend zur Verbriefung von Forderungsbeständen abgezeichnet. Die Emission solcher strukturierter Finanzprodukte verzehnfachte sich innerhalb der letzten Dekade. Dabei spielten verbrieftete Forderungen aus US-Hypothekenkrediten eine wesentliche Rolle. Durch teilweise sehr kompliziert konstruierte Finanzinnovationen wollten hauptsächlich Banken neue Finanzierungsquellen erschließen und ihre Risikoallokation verbessern. Kreditderivate und strukturierte forderungsbesicherte Wertpapiere, Asset-Backed-Securities (ABS), ermöglichen den Transfer und die Handelbarkeit von Kredit- und Unternehmensrisiken an den Kapitalmärkten. Für die aktuelle Finanz- und Wirtschaftskrise hat sich jedoch genau dieses Bestreben als entscheidender Auslöser herausgestellt. Im Folgenden werde ich mit dieser Arbeit einen Überblick über Kreditrisiken im US-Hypothekenmarkt geben. Dabei wird angesprochen, welche Rolle die Erwartungshaltung über die Entwicklung der Immobilienpreise bei der Entstehung von Kreditrisiken spielt. Einen Schwerpunkt bilden dabei so genannte Subprime-Hypotheken. So bezeichnet man Hypothekenkredite, die mit einem hohen Ausfallrisiko behaftet sind und häufig als Sicherheit bei ABS vorkommen. Ich gebe auch einen Einblick in die Technik des Verbriefens von besagten risikoreichen Kreditgeschäften und führe die wichtigsten Verbriefungsarten an. Kapitel drei beschäftigt sich mit der Rolle von Verbriefungen als modernes Instrument des Risikomanagements von Finanzintermediären. Es wird gezeigt, wie solche Finanzinstrumente die Risikoallokation und Effizienz in Bezug auf das systematische und idiosynkratische Risiko beeinflussen. Im vierten Kapitel wird genauer die Funktionsweise und die Ausgestaltung spezieller Hypothekenverbriefungen wie Residential-Mortgage-Backed- Securities (RMBS) und Collateralized-Debt-Obligations (CDO) gegeben. Dabei werde ich darstellen, welche Schwierigkeiten Mängel in der Transparenz der Ausgestaltung von CDO und asymmetrische Informationen bei der Ermittlung und korrekten Bepreisung des Risikos spielen. Eine wesentliche Rolle spielen in diesem Zusammenhang die Ratingagenturen wie Standard & Poor`s, Moody`s und Fitch Ratings, die durch unpassende Bewertungsmethoden und somit Fehlbewertungen ein falsches Vertrauen in die Sicherheit von ABS wie CDO geschaffen haben. Kapitel fünf enthält eine Schlussbemerkung und einen Ausblick auf die Zukunft von Asset-Backed-Securities (ABS) vor dem Hintergrund der aktuellen Krise.

Structured Finance and Collateralized Debt Obligations New Developments in Cash and Synthetic Securitization John Wiley & Sons

In this book, you will be introduced to generic best practice principles for a post credit crunch market. First, the book takes a closer look at the reasons why the market froze during the 2007 to 2009 credit crisis. Then you will learn how to use the principles explained here in your generic deal's typical life cycle stages. Throughout, each stage is discussed in detail, from strategy and feasibility, pre-close, at close, and post close. The final section of the book contains a toolbox of references, tables, dictionaries, and resources.

Ein umfassender und vollständiger Überblick über die neuen Instrumente des Kreditrisikotransfers wie Kreditderivate, Asset Backed Securities und synthetische Verbriefungen. Systematisch stellt das Autorenteam deren Spielarten und Weiterentwicklungen dar und arbeitet Varianten der Liquiditätsgewinnung und Risikoübertragung heraus. Das erste deutschsprachige Lehrbuch zum Thema bietet den Einstieg in die Bewertungsmodelle der Kreditrisikotransferinstrumente, die Aspekte des Einsatzes bei den Kreditinstituten inkl. Risikosteuerung und Bilanzierung. Plus: mögliche Folgen und Auswirkungen der Instrumente auf die Finanzmärkte und deren Stabilität.

An up-to-date look at the exploding CDO and structured credit products market In this fully updated Second Edition, financial expert Janet Tavakoli provides readers with a comprehensive look at the CDO and structured credit products market amid recent developments. In addition to a detailed overview of the market, this book presents key issues in valuing structured financial products and important quality control issues. Tavakoli shares her experiences in this field, as she examines important securitization topics, including the huge increase in CDO arbitrage created by synthetics, the tranches most at risk from new technology, dumping securitizations on bank balance sheets, the abuse of offshore vehicles by companies, the role of hedge funds, critical issues with subprime, Alt-A, and prime mortgage securitizations, and securitizations made possible by new securitization techniques and the Euro. While providing an overview of the market and its dynamic growth, Tavakoli takes the time to explore the types of products now offered, new hedging techniques, and valuation and risk/return issues associated with investment in CDOs and synthetic CDOs.

A practical guide to the features and investment characteristics of CDOs. In the bond area, collateralized debt obligations, which include collateralized bond obligations and collateralized loan obligations, are the fastest-growing sector. *Collateralized Debt Obligations: Structures and Analysis* describes the various products in this area—cash flow CDOs, market value CDOs, synthetic CDOs, etc.—and explains how to evaluate them. With this book as their guide, investment managers and institutional investors alike will learn how to analyze the risks associated with CDOs, create a portfolio of CDO products, and assess trading opportunities in the secondary market.

This chapter comes from the book *The Handbook of Structured Finance*, a complete guide to the major issues facing investors in the structured finance market. Comprehensive and accessible, it provides the latest techniques for measuring and managing risk, finding optimum pricing, and taking advantage of leverage and market incompleteness, as well as models for debt and equity modeling.

Called an 'indispensable guide' by Jason H.P. Kravitt, one of America's preeminent securitization innovators and authorities, *Structured Finance* brings you important insight into risk securitization, whole business securitization, synthetic securitization, and future low-cost financing opportunities here and abroad.

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