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In this Winter 2007 issue of *The Journal of Structured Finance*, we have articles in five sections: two pertaining to the risk analysis of synthetic CDOs, two discussing compliance with Reg AB, an article on credit ratings of structured finance securities, three articles concerning specialized structured finance asset classes, and two in the area of project finance. The section featuring risk analysis of synthetic CDOs begins with Marc Horwitz's examination of some of synthetic CDOs' risks, compared to cash CDOs such as counterparty credit risk and pitfalls in ISDA form documentation. Next, Jaffar Hussain presents a quantitative approach to the assessment of default risk in CDOs based on modeling the joint default dynamics of underlying reference assets.

Our section on Reg AB compliance should be timely, since this is the time of the year when most of the compliance work swings into high gear. Maria Kieslich and Ned Myers address static pool reporting requirements under Item 1105 of the regulation, based on a survey of more than 40 sponsor websites, and they provide insights regarding best disclosure practices and guidance to upcoming issuers. Bill Sineni then discusses some of the challenging aspects of the new servicer attestation requirements contained in Item 1122 of the regulation.

In the section on credit rating agency analysis, Mark Adelson points to the perplexing inconsistent rating definitions among the major credit rating agencies for different types of securities. Malcolm Wattman and Kimberly Jones open our specialized asset class section by discussing the securitization of catastrophic loss protection, in light of the huge losses major insurers and reinsurers have borne as a result of recent major weather and terrorism events. Then Brian Casey and Thomas Sherman address a fundamental question in the securitization of life settlements: whether and when life settlements are considered actual securities. This journal had a special section on life settlements in the Summer 2006 issue and plans another for the Summer 2007 issue. Dan Roman, Michael Scarlitto and Aslam Mukhtiar provide some guidelines on identifying and quantifying the risk elements associated with successful intellectual property securitization.

Next we have a product primer section with an article explaining the basics of credit linked notes by Frank Fabozzi, Hal Davis, and Moorad Choudhry.

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In our project finance section, Kassia Yanosek, Greg Keever and Ryan Orr address the growing trend toward investments in emerging market infrastructure projects by players based in the same or other emerging market countries, rather than in developed countries. These are known as “South-South” investments. Among the interesting trends the authors cite are Chinese investments in Africa.

Finally, Nirupama Kulkarni and Alok Prusty describe a model for bidding on contracts to upgrade, maintain, and manage port facilities, a model that is applicable to other PPP projects as well. The model’s key decision is the determination of the optimum revenue sharing figure. The authors recommend ways to quantify qualitative factors such as competitive advantage and core competency, and they provide a sample sensitivity analysis of parameters affecting project and equity IRR, such as capital structure of the firm, tariff rates, traffic levels, operating and maintenance expenses, and other project costs. The issue concludes with Samantha Rowan’s usual highlights from Securitization News and a brief summary of a book we recently received on public-private partnerships.

HENRY A. DAVIS
Editor