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COMMENTS ON CESR PROPOSAL FOR THE ASSET BACKED SECURITIES

Ahorro y Titulización, S.G.F.T., S.A. is a company incorporated in Spain whose purpose is the management of securitisation funds. The main clients of this company are all the Spanish Saving Banks (through its shareholders C.E.C.A. and AHORRO CORPORACIÓN) which, represent a considerable part of the Spanish financial system.

We welcome the opportunity to comment on CESR's addendum to the Consultation Paper (Ref. CESR/02-185-b) published on December 2002.

In relation to Annexes 4 and 10 relating to Asset Backed Securities, we are pleased to make the following comments.

ANNEX 4 (REGISTRATION DOCUMENT)

General Remark

Accounting and legal rules on securitisation vary widely from country to country within the EU. In our view, CESR's document should not be biased in favour of certain regulations but remain neutral as to how each member state regulates securitisations.

By the way, the common scheme in Spain is based on a transfer of the assets from the originator to a fund (Fondo de Titulización) that has no legal and it is managed by a management company (Sociedad Gestora), supervised by the securities regulator. The fund, whose asset is mainly composed by the assets, issues securities that are its sole liability.

We have difficulty in ascertaining if CESR wishes to apply items I.A.3; I.B.3; I.B.4 and I.B.5 to the fund or to the management company. In our view, the schedule should either clarify this point or specifically allow each Member State to construe such items at Level III in accordance with national regulations. We would be happy to assist CESR in order to reach a consensus on the interpretation of the rules by all the countries with similar structures.

If such clarification is not provided, CESR document would produce two undesirable consequences:

- The prospectus would be overloaded with unnecessary information (for instance, financial statements and audit report of the management company). The emphasis should be made on the securitised assets and not on the issuer or the management company.
- Some disclosures simply do not make any sense in certain jurisdictions.

I.B.8 *If the issuer belongs to a group of undertakings, a brief description of the group and of the issuer's position within it, or in so far as is known to the issuer, the name of any person other than a director who, directly or indirectly, has a notifiable interest under the issuer's national law in the issuer's capital or voting rights, together with the amount of each such person's interest.*

In our opinion, the emphasis in the prospectus must be placed on the securitised assets and so we consider it excessive and not justifiable to demand such exhaustive information regarding the issuer (considering that this information is not even referred to the fund).

I.C.4, I.C.5 y I.D.1

See answer to item I.B.8

Other Comments

We think it is important to include some information regarding the identity of other parties involved in the securitisation process (paying agent, depositary, managers, underwriters etc.) as well as information regarding a possible liquidation of the fund (clean up call etc.) or the cases when the management company of the fund may be substituted.

ANNEX 10 (SECURITIES NOTE)

B.1. *The Prospectus must demonstrate that the assets…*

In Spain -and we suspect that also in other legislations that are implementing the harmonised prospectus system- the only assets that may be securitised are those that are able to generate enough cash flow to attend payments of interest and principal on the asset-back bonds. Therefore, we consider that the word "demonstrate" included in item B.1. should be softened and substituted by other word such as "show" or "indicate".

B.2.2 *(b) a description of the economic environment will be provided, as well as a global statistical data referred to the loans*

It is important to specify what kind of global statistical data this item refers to (it is necessary to unify the information that must be provided in all jurisdictions that are implementing the harmonised prospectus system).

In addition, we consider that the reference to "loans" included in this item must be substituted by a generic reference to "securitised assets" because (not only in Spain but also in most of the jurisdictions that have securitisation legislation) there could be securitised assets other than loans or credits.

B.2.4 *The expiry or maturity date(s) of the assets*

Mainly in the case of funds that incorporate a wide variety of assets (such as the Spanish Loan Securitisation Funds that securitise thousands of loans) we consider that this data must be provided by statistic charts that classify the assets on the basis of different ranges of maturity date.

Otherwise, we think that it would be enough to indicate the last maturity date of the pool of assets.

B.2.5 *the amount of the assets*

We consider it necessary to specify what kind of amount this item refers to: the initial amount of the assets, the outstanding amount of these assets when they are securitised etc.

B.2.11 *Where the assets comprise obligations of 5 or fewer obligors or where an obligor accounts for 20% or more of the assets…*

We believe that the information related to obligors that account for a material portion of the assets, as well as the additional risk this could add to the transaction, would have been analysed by the rating agencies involved in the issue.

Therefore, we consider that this information should only be disclosed when a) the obligor is a legal person and b) the securitised asset(s) is/are necessarily linked to said obligor.

Nevertheless, the fact that the disclosure of said information might go against certain regulations, for example, bank secrecy rules (as in those cases where the securitised assets are bank loans granted to a few obligors) should be taken into consideration.

Finally the fact that in Spain (as well as in other jurisdictions) the obligor is not involved in the securitisation transaction, must be taken into account; the obligor does not even have to be informed that his/her loan (or other asset) has been included a pool of assets being securitised.

B.2.16 *Where a material portion of the assets are secured on or backed by real property, a valuations report relating to the property setting out both valuation of the property and cash flow/income streams.*

The content of the "valuation report" should be clarified (for example, it should be clarified, whether the report has to be prepared by the fund, by the management company or by an independent expert). This requirement could be too burdensome and add significant costs to the issue.

Additionally, the exemption from the obligation to present a valuation report, should be extended to any kind of "assets secured by mortgage or any other right in rem".

Finally, we consider that the mention that a valuation report is required where there has been a revaluation of any of the properties for the purpose of the issue, should be deleted. It is not always be possible to find out the reason behind the revaluation of the properties (and therefore it would not be possible to determine if the revaluation was made for the purpose of the issue). Consequently, this would oblige the person responsible of the prospectus to include the valuation report required in the first paragraph of B.2.16. in all cases of revaluation.

C.3 *Details of any ratings issued by a recognised rating agency*

Our suggestion is to substitute "*ratings issued by a recognised rating agency"* for "*ratings, if any, issued by one or more recognised rating agencies*".

We realise that not all jurisdictions that are implementing the harmonised prospectus system there impose the obligation to rate the asset back securities by a recognised agency; we also understand that the bonds could be rated by one or more agencies**.**

D.1.4 *(f) the order of priority of payments made by the issuer to the holders of the class of securities in question; and*

It may be more convenient to indicate the order of priority of payments that applies to the whole fund (including the order of priority of payments due to all the parties involved in the securitisation process: management company, assets administrators etc.) including the bondholders, too, of course.

D.1.5 *the name address and significant business activities of the originator or creator of the assets backing the issue*

The references to the "originator" or "creator" should be made in a plural form as we consider that the different jurisdictions (including Spain) that are implementing the harmonised prospectus system admit the creation of funds whose assets have been originated by more than one company or entity.

On the other hand, when referring to the principal activities developed by the originators only those that affect the origination of the securitised assets must be detailed.

E.1 The issuer shall indicate in the prospectus whether or not it intends to provide post-issuance transaction information.

We understand that this complementary information depends on the regulations of each jurisdiction. Therefore, the reference to "the information that the issuer intends to publish" should be substituted by "the information that the local legislation requires to provide."

Other Comments

We consider it important to give information on the buying and selling contracts of the securitised assets and their management, and other relevant contracts that are part of a securitisation transaction.