

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4798
ANSWERED ON:07.08.2009
TRANSPARENCY IN SECURITISATION
Singh Shri Rajnath

Will the Minister of FINANCE be pleased to state:

- (a) whether the International Organisation of Securities Commission (IOSC) has brought out any draft paper emphasising more transparency in securitisation;
- (b) if so, the recommendations of the Organisation; and
- (c) reaction of the Government thereto?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE(SHRI NAMO NARAIN MEENA)

- (a) to (c): The Technical Committee of the International Organization of Securities Commission (IOSCO) has set up a Task Force in November 2008 on Unregulated Financial Markets and Products (TFUMP) which published a consultation report on Securitisation and CDS for public comments in the website of IOSCO. The recommendations on securitisation as per this report include:
- (i) enhancing transparency through disclosure by issuers and retention of a long-term economic exposure to the securitisation by originators and/ or the sponsors,
 - (ii) independence of experts used by issuers,
 - (iii) encouraging the development of alternative means to evaluate risk with the support of the 'buy-side', requiring experts to revisit and maintain reports over the life of the product,
 - (iv) mandating improvements in disclosure including initial and ongoing information about underlying pool performance and the review practices of underwriters, sponsors and/or originators,
 - (v) strengthening investor suitability requirements as well as the definition of sophisticated investor and
 - (vi) assessment of the scope of regulatory reach and consideration of enhancements to regulatory powers needed for promoting international coordination of regulation. The proposals appear reasonable.