



Insights

SEC Adopts Revisions to Regulation AB

Regulatory Updates - SFI
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At an open meeting this morning, the SEC unanimously adopted final rules under Regulation AB that substantially revise the offering process, disclosure, and reporting requirements for registered offerings of asset-backed securities (ABS). More than four years after the SEC originally published its comprehensive "Regulation AB II" rule proposals, and after two partial re-proposals in 2011 and 2014, the final rules adopted today implement several key areas of reform but defer action on other significant aspects of the original proposals.

Key Reforms Adopted Today

Key reforms adopted today include:

- **Asset-Level Information:** Requires issuers to provide standardized loan-level information for ABS backed by residential mortgages, commercial mortgages, auto loans, auto leases, debt securities and resecuritizations in the prospectus and in ongoing reports.
- **Investor Review Period:** Requires issuers using a shelf registration statement to file a preliminary prospectus containing transaction-specific information at least 3 business days in advance of the first sale of securities in the offering.
- **Shelf Eligibility:** Replaces the prior investment grade requirement for ABS shelf eligibility with new transaction requirements, including a requirement that the chief executive officer of the depositor provide a certification at the time of each takedown regarding disclosure contained in the prospectus and the structure of the securitization.
- **Filing of Transaction Agreements:** Accelerates the date by which transaction agreements must be filed in connection with shelf takedowns. Final transaction agreements must be filed no later than the date the final prospectus is required to be filed.

Action Deferred on Other Proposed Rules

The SEC deferred action on several significant aspects of its earlier Regulation AB II rule proposals, including:

- Imposing public-style disclosure requirements on private placements and resales of structured finance products;
- For equipment loans and leases, student loans and floorplan financings;
- Requiring grouped-account disclosure for credit and charge card ABS; and
- Further accelerating the date by which transaction agreements, in substantially final form, must be filed -- requiring that they be filed by the date the preliminary prospectus is required to be filed.

Regarding the transition period, the final rules will become effective 60 days after publication in the Federal Register. Issuers must comply with the new rules, forms, and disclosures (other than asset-level disclosure requirements) no later than one year after the final rules are published in the Federal Register. Offerings of ABS backed by residential and commercial mortgages, auto loans and leases, debt securities, and resecuritizations must comply with the asset-level disclosure requirements no later than 2 years after the final rules are published in the Federal Register.

This overview is based on the remarks of the SEC Commissioners and staff at this morning's open meeting. We will provide further information and analysis upon further review of the adopting release and the final rules.

For a copy of the adopting release, [click here](#).

For a copy of the SEC's press release (including a Fact Sheet) regarding the final rules, [click here](#).