



This is a **RESPONSE** to the Discussion paper re


RETAIL CORPORATE BOND MARKET

Of December 2011

By **C&CO CAPITAL PTY LTD.**

C&CO

C&Co is the trading name for the Cunnington & Co Holdings Pty Limited group of Finance Companies.

One of the entities, C&Co Corporate Services Limited trades as  and is an **Asset Backed Servicer** rated by **Standard and Poor's** as Average and Above Average for Receivables Administration.

Various C&Co loan pools are managed by  as Special Purpose Entities [SPE's] and hold financial assets backed by

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1. BUSINESS INVESTMENT LOANS
 2. TRADE RECEIVABLES
 3. AUTO LOANS
 4. PLANT AND EQUIPMENT INSTALLMENTS
 5. INSURANCE PREMIUM FUNDING
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These assets are funded by

1. First loss Equity and mezzanine pieces funded internally by the Cunnington Family – owners of the Group
2. Senior banks

It would be convenient in the absence of Bank appetite to undertake issues to both Institutional and retail Investors with Asset Backed instruments such as contemplated by the Discussion paper.



C&Co is not an entity which would be approved as an Issuer under the Discussion paper or the present Class Order and has no intention as an Issuer.

FUTURE C&CO PLANS

C&Co Capital Pty Limited in anticipation of developing a public ownership platform to supplement its Private Investments has undertaken the following investment:

ACQUIRED A 15% STAKE IN THE ASX LISTED LEGAL EVENT FUNDER – ASK FUNDING LIMITED [“AKF”]

AKF is suffering a near death experience for poor credit policy development during the last 5 years and C&Co is attempting to

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1. RE-INVIGORATE AKF
 2. DEVELOP IT AS A MULTI FINANCE PRODUCT COMPANY
 3. ESTABLISH SEPARATE SPE'S FOR EACH PRODUCT ASSET CLASS
 4. OPERATE IN AN S&P MANAGED ENVIRONMENT WITH PAYNOW AS SERVICER AND MANAGER OF SEPARATE TRUSTS
 5. INVESTIGATE RAISING A RETAIL BOND ISSUE TO FUND ASSET GROWTH
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AKF HAS THE FOLLOWING POOR CAPITAL STRUCTURE OF ITS SHAREHOLDERS

1. 42 shareholders own 92%
2. 600 shareholders own 8%

IDEAS HEREIN



Comments herein are in the capacity of a possible issuer involved in a retail [and institutional] bond issue to fund Senior [i.e. unsubordinated] tranches of ABS using AKF equity as first loss support or another similar listed corporate structure.

REDUCED DISCLOSURE AND LIABILITY PROVISIONS

It is not C&Co intention to comment on this process. No doubt lawyers and ASIC together are moving to streamline this process to be attractive to prospective issuers.

C&Co will accept these outcomes and trust simple processes to inform and protect investors and issuers will ensue.

ELIGIBILITY CONDITIONS

The conditions proposed in the discussion paper seem reasonable to C&Co with the following qualifications and clarifications:

1. SUBSIDIARY STRUCTURES SUCH AS SPE TRUSTS SHOULD BE ABLE TO ISSUE DIRECTLY IN SEPARATE OFFERINGS DETAILING THE EXACT NATURE AND LIKELY PERFORMANCE OF THE ASSET IN THE SPE TRUST AND NOT ISSUED BY THE LISTED ENTITY
2. WHERE THERE IS AN INDEPENDENT PUBLIC TRUSTEE MAKING THE ISSUE – THE “ISSUER” FOR THE PURPOSES OF LIABILITY SHOULD BE THE LISTED PARENT AND NOT THE TRUSTEE
3. AUDIT OF THE LISTED PARENT SHOULD BE DEEMED CLEAN EVEN IF A QUALIFICATION CAPABLE OF REMEDY OR EXPLANATION IS MADE AS A COMMENT BY A PARTICULAR TRUST AUDITOR WITHIN A QUARANTINED SPE TRUST
4. FULLY DETAILED REPORTS TO BE MADE AVAILABLE TO THE MARKETS AS CONTINUOUS DISCLOSURE OF EACH SPE TRUST POSITION



RELATED TO ARREARS / INCOME / ACHIEVEMENT
AGAINST TARGET OR WHATEVER IS REQUIRED –
REGULARY [MAYBE MONTHLY OR QUARTERLY]
WITHIN 21 DAYS AS WOULD BE THE
RESPONSIBILITY OF A SERVICER IN ANY EVENT.

RETAIL AS A CONCEPT

It is probably a myth that “retail” investors will utilize liquidity. It is clear they want liquidity but present retail oriented issues on ASX and NSXA indicate

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1. LITTLE TURNOVER DURING TERM
 2. STRONG REINVESTMENT ON ROLLOVER
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Additionally the Term suggested of 10 years is far too long and in fact does nothing for the investor and little for the issuer.

TERM & OTHER ISSUES

ISSUERS SHOULD BE ABLE TO ISSUE FOR TERMS TO
MATCH THEIR CAPITAL NEEDS. IN THE CASE OF C&CO THIS
SHOULD BE

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1. MIX OF TERMS FROM 2 YEARS TO 6 YEARS TO
MATCH THE PROFILE OF CLOSED END TRUSTS
ISSUING SERIES NOTES / BONDS
 2. VARYING VOLUMES WITHIN EACH SPE TRUST
WITH A MINIMUM OF \$10M PER ISSUE
 3. UNDERWRITTEN ISSUES OF TRANCHES THAT
DRAWDOWN PROGRESSIVELY FROM INITIAL
COMMITMENT TO PERMIT RAMP UP OF ASSET
ORIGINATION
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