

Treasury Encourages Development of Covered Bonds in the U.S. and Issues “Best Practices”

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As has been widely discussed in the financial press, on July 28, 2008, Treasury Secretary Henry Paulson announced the Treasury Department's support for covered bonds as “a promising financial vehicle” for U.S. mortgage funding and overall market stability. His remarks accompanied the release of a set of detailed Treasury Department (the “Treasury”) guidelines titled “Best Practices for Residential Covered Bonds” (the “Best Practices”).¹ The Best Practices are intended to be a standard-setting tool “providing homogeneity and simplicity” to the nascent U.S. covered bond market.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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