ASSET COVERED SECURITIES ACT 2001
REGULATORY NOTICE (SECTIONS 32(10) AND 47(10)) 2007

This regulatory notice is issued pursuant to sections 32(10) and 47(10) of the Asset Covered Securities Act 2001 (No. 47 of 2001) (the "Act") by the Irish Financial Services Regulatory Authority in performance of the functions of the Authority under the Act in accordance with section 33C(1)(a) of the Central Bank Act 1942 (No. 22 of 1942).

1. The formula and criteria for the purposes of the definition of "duration" in sections 32(9) and 47(9) of the Act are as specified in this regulatory notice.

2. Definitions

In this regulatory notice, unless the context otherwise requires, "relevant cover asset" means a cover asset other than a cover assets hedge contract.

3. Relevant Cover Assets or Asset Covered Securities Issued

In the case of a relevant cover asset or an asset covered security issued (taking into account the effect of any relevant cover assets hedge contract entered into by the institution in relation to the pool or those securities, or both, as the case may be), duration for the purposes of sections 32(9) and 47(9) shall be determined using the following formula:

$$\text{Duration} = D = \frac{\sum_{t=1}^{T} t\text{Capital}_t}{\sum_{t=1}^{T} \text{Capital}_t}$$

where

Capital_t = principal repayment at time t on the relevant cover asset or asset covered security with maturity T.

4. Overall Duration for the Cover Assets Pool or the Asset Covered Securities Issued

The duration of the cover assets pool and the asset covered securities issued (taking into account the effect of any relevant cover assets hedge contract entered into by the institution in relation to the pool or those securities, or both, as the case may be), shall be calculated as described in paragraphs 4.1 and 4.2 of this regulatory notice where it is assumed that the cover assets pool is broken into *h* assets or legs and that the asset covered securities issued are broken into *k* liabilities or legs.

4.1 Cover Assets Pool

$$D_{pool} = \frac{\sum_{i=1}^{h} Capital_i D_i}{\sum_{i=1}^{h} Capital_i}$$

where D_{pool} = Duration of the cover assets pool;

$Capital_i$ = principal outstanding on a relevant cover asset i;

D_i = Duration of the relevant cover asset/cover assets hedge contract or leg i; and

there are *h* relevant cover assets in the cover assets pool.

4.2 Asset Covered Securities Issued

$$D_{securities} = \frac{\sum_{i=1}^{k} Capital_i D_i}{\sum_{i=1}^{k} Capital_i}$$

where $D_{securities}$ = Duration of asset covered securities issued;

$Capital_i$ = principal outstanding on a relevant asset covered security issued;

D_i = Duration of asset covered security/cover assets hedge contract or leg i; and

there are *k* asset covered securities issued.

5. The Asset Covered Securities, Act 2001 Regulatory Notice (Section 47(10), of effective date 13 August 2002, and the Asset Covered Securities, Act 2001 Regulatory Notice (Section 32(10)), of effective date 2 July 2004, are repealed.

Signed for and on behalf of
THE IRISH FINANCIAL SERVICES REGULATORY AUTHORITY
on this the 31st day of August 2007

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Mr Patrick Neary
Chief Executive
Irish Financial Services Regulatory Authority

This regulatory notice was published in Iris Oifigiúil on 31 August 2007 and comes into operation on that date.