

Berkeley Business Law Journal
Berkeley Center for Law, Business and the Economy
Financial Regulatory Reform: Dodd-Frank and Beyond
March 11, 2011
Panel One: Securitization & Governance

Bank Regulation and Mortgage Market Reform

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Covered bonds and securitization are two alternative financial instruments that achieve the same ultimate goal: to allow capital market investors to fund directly large pools of individual mortgage loans. Covered bonds dominate the European Union mortgage market while securitization dominates the U.S. market. In his paper for the Symposium, Professor Dwight Jaffee will draw out the distinctive features of the two instruments to help identify why the different instruments have met such different levels of acceptance in the two regions. He will also evaluate whether covered bonds could play a much more important role in the United States as part of the reform of the U.S. mortgage market in the aftermath of the subprime mortgage crisis. The following are some background resources on covered bonds, their use in the EU markets, and the performance of that regions housing finance markets.