

Clean Sweep: Nelnet Extends Maturities on 9 of 9 FFELP ABS Trusts Using DealVector's Consent Solicitation Service

DealVector network makes amendments feasible even with unanimous consent thresholds

SAUSALITO, Calif., Sept. 16, 2016 /PRNewswire/ -- DealVector today announced that they achieved a 100% success rate in consent solicitations to extend the maturity dates on nine Nelnet (NNI) trusts representing \$4.6B in face value. This "clean sweep" of all nine trusts is particularly noteworthy given the requirement for unanimous approval from holders of all tranches.

According to Greer McCurley of Nelnet, "Our 100% amendment passage rate is directly attributable to the DealVector network. Instant ballot delivery, electronic voting and real-time investor communications were essential to our success."

It is strong proof of the value that DealVector's all-to-all communication network is bringing to issuers and investors in the structured credit market. "We believe this is a concrete example of how a robust bondholder communication network can create value for the market as a whole," says DealVector CEO Mike Manning

Background

Investors are increasingly asking issuers to extend the maturity dates on FFELP ABS trusts to address maturity concerns raised by rating agencies, which have placed nearly 500 bonds across 39 issuers on downgrade watch (full list at www.DealVector.com/FFELPWatch).

Issuers, however, noting the difficulty of securing 100% consent through the traditional DTCC/Custodian notification channels, have had cause to doubt the possibility of achieving such extensions. DealVector makes it possible.

With over \$150B in total FFELP ABS assets already registered on DealVector, issuers can communicate directly with their holders rather than rely solely on DTC. Direct delivery of ballots and online voting increase response rates and allow proactive outreach to owners who have not voted. Tabulation tools allow for real-time tracking of ballot returns and comparison against total amounts held by each custodian.

Nelnet Results

Nelnet approached DealVector after realizing the benefits of the service as an investor voting on other issuers' consents. They wished to extend the maturities on 9 of their own trusts, and recognized the importance of using new technology to achieve a successful outcome for investors.

Working with DealVector, Nelnet created an investor forum at www.DealVector.com/Nelnet that allows bondholders to:

- Register holding levels anonymously
- Receive notifications instantly, vs. a one week wait with traditional channels
- Ask questions of Nelnet or other investors using DealVector's identity-protected messaging.
- Complete consent materials online

Investors responded enthusiastically, quickly registering over \$25B in Nelnet holdings. When consents were ready, DealVector distributed them directly to holders, avoiding the delays and misrouting that can occur with the traditional custodial channels. DealVector also proactively reached out to custodians to ensure they had received materials, identifying several who had not. Finally, DealVector, used their online balloting tools to spot consents that had gone astray or had not yet been completed. Meanwhile DealVector allowed Nelnet to track progress real-time using the online Tabulation features.

The result: all nine trusts were extended, helping to protect investors against downgrade. "We are extremely excited by the way our platform performed for Nelnet," says Manning, "and we look forward to helping other FFELP issuers address their investors' demands for maturity extensions."

"We also believe that consents represent just the tip of the iceberg in terms of the value a robust online investor network can bring to all market participants," continued Manning. "For example, a by-product of having so many FFELP assets registered in one place is that we are starting to see connections made via the platform subsequently lead to trades. This means we are starting to help investors and brokers address liquidity issues as well as maturity issues—and will hopefully ultimately lower the cost of capital for issuers."

This sentiment is increasingly being recognized by the market. "Over the last couple of months, I've had numerous buy side accounts mention that they were notified of an action on DealVector and that they are now using it to follow the sector," says David Stauber, Managing Director at Cantor Fitzgerald. "The platform is clearly gaining traction with investors."

About DealVector

DealVector (www.dealvector.com) is the first global online fixed income asset registry & identity-protected communication platform. Their award winning service rapidly connects fixed income professionals to non-public holders of specific bonds, loans and other debt instruments.

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