



## P-Glossary



### Securitization

Securitization is a financial tool that relies on cash flows of underlying assets. Under a securitization scheme, a company raises money by issuing securities that are backed by specific underlying assets. These underlying assets vary from collateral real estate to loans such as mortgages and auto loans. Cash flows borne by the underlying assets are the sources of funds for investors in securities.

Depending on the differences in underlying assets, securitization products can be classified as asset-backed securities, residential mortgage-backed securities, commercial mortgage-backed securities, collateralized debt obligations, and asset-backed commercial paper.

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