

## 20 GATES MANAGEMENT LLC

30 Irving Place  
New York, NY 10003

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This brochure provides information about the qualifications and business practices of 20 Gates Management, LLC ("**20 Gates**"). If you have any questions about the content of this brochure, please contact Josh Borg, 20 Gates' Chief Compliance Officer ("**CCO**") at (212) 295-3784. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("**SEC**") or by any state securities authority.

Registration of an investment adviser does not imply that 20 Gates or any of our principals or employees possesses a particular level of skill or training in the investment advisory business or any other business.

Additional information about 20 Gates also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2: Material changes**

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This amended ADV Part 2A reflects (a) the recent ownership change of 20 Gates Management LLC to become a 100% owned subsidiary of 20 Gates Holding LLC. 20 Gates Holding LLC is owned by the managing members as reflected in Schedule B of our ADV Part I; and (b) effective November 1, 2011, 20 Gates Holding LLC, the parent to 20 Gates, acquired a 20% interest in Morningside Securities LLC, a registered broker-dealer, a FINRA member firm, SIPC.

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**Item 4: Advisory Business**

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20 Gates Management LLC ("**20 Gates**," "**we**," or the "**Firm**"), is a Delaware limited liability company which commenced significant operations in September 2010. 20 Gates is owned 100% by 20 Gates Holding LLC which is in turn owned by the managing members who are all actively involved in the day-to-day operations of the Firm. The following is a general description of the Firm's advisory business.

**Asset-Backed Funding Programs:** 20 Gates specializes in creating funding programs for portfolios of Asset-Backed Lending Facilities or ABS securities. The Firm provides a full range of structuring and administrative services for third party programs, including asset-backed commercial paper ("ABCP") conduits, and operates its own special purpose funding vehicles to assist with client funding solutions.

**Portfolio Management Services:** Our services include asset performance monitoring, testing for compliance with facility covenants and triggers, market value discovery, and management of distressed facilities.

**Asset-Liability Management Services:** We provide advice on funding strategies, daily or as needed liability issuance, complete cash management and bank reconciliations, and customized reporting.

**Transaction level services:** The Firm conducts asset investigations, seller-servicer diligence, cash flow modeling and stress testing, documentation review, structuring advice, ratings advisory, and private credit assessments.

More specifically and currently, 20 Gates provides non-discretionary services as a "**Sub-Administrative Agent**" to one account for a financial institution and as an advisor for another account (collectively, the "**Client Accounts**"). One account ("**ABCP Conduit**") participates in the ABCP market. ABCP is a source of senior secured, short-term borrowing for financing the acquisition of assets of various sellers and is fully supported by backstop facilities from a financial institution. Our duties under the advisor account are set forth in an Asset Advisory and Administration agreement, with similar duties as those contained in our Sub-Administrative agreement (see below).

The ABCP Conduit was established by 20 Gates' client, a large financial institution ("**Client**"). The ABCP Conduit issues ABCP (typically with maturities of less than 270 days) to fund purchases of asset-backed transactions from various originating sellers secured by a variety of collateral such as trade receivables, credit card receivables, auto loans and leases, equipment loans and leases, and similar types of assets located in the United States or other countries (collectively, "**Financial Assets**"). Payment of interest and principal repayment at maturity on the ABCP will be made from receipt of cash flow from the Financial Assets purchased by the ABCP Conduit, from the proceeds of newly issued ABCP, and from full support backstop facilities provided by one or more financial institutions. Each transaction funded in the ABCP Conduit is typically structured through various forms of asset specific credit enhancement that is intended to provide at least an implied investment grade and, in addition, is fully supported by a backstop liquidity facility provided by a financial institution.

In the future, 20 Gates expects to structure one or more ABCP conduits where we will act as an administrative agent or in a similar function in connection with other special purpose entities unrelated to the Client Accounts.

Our duties as Sub-Administrative Agent are set forth in the Sub-Administrative agreement with our Client. Pursuant to our role as Sub-Administrative Agent, we assist our Client with the assessment of new transactions and amendments to existing transactions which may include: analysis of the assets and the structure of the transaction, due diligence on the Financial Assets, and due diligence on the seller in the transaction. In addition, we will assist our Client in the day-to-day operations of the ABCP Conduit, including the issuance of ABCP and ongoing surveillance of the Financial Assets.

As of May 31, 2011, 20 Gates sub-administered and advised Client Account assets, on a non-discretionary basis, which totaled \$18,352,677,920 in commitments.

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**Item 5: Fees and Compensation**

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We currently collect a negotiated standard fixed fee from the Client Accounts.

Neither 20 Gates nor our members or employees accept any sales charges or service fees from any person for the sale of securities or other investment products.

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**Item 6: Performance-Based Fees and Side-By-Side Management**

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We do not collect a performance based fee from the Client Accounts; however, we may collect a performance based fee from future clients.

Performance based fee arrangements may create an incentive for us to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also may create an incentive to favor higher fee paying clients over other clients in the allocation of investment opportunities. If performance based fees are to be charged in the future, we will design and implement procedures to ensure that all clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients.

Clients may pay costs such as administration services, fees to the issuing and paying agent, external legal counsel, and expenses related to performing due diligence on the Financial Assets.

It is important to note that lower fees for comparable services may be available from other sources.

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**Item 7: Types of Clients**

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Our typical investor is a financial institution, such as a large commercial bank, or an entity sponsored by the financial institution.

**Account Minimums**

The minimum Client Account is generally \$100 million. We may waive the minimum requirement for any Client Account or raise it in the future.

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**Item 8: Methods of Analysis, Investment Strategies and Risk of Loss**

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As stated above, we will assist our Client in the day-to-day operations of the ABCP Conduit including the issuance of ABCP and ongoing surveillance of the Financial Assets. This generally involves:

- Advising our Client to have ABCP issued in the appropriate amounts, maturities and discount rates consistent with the ABCP Conduit's business purpose and program documents; and
- Advising our Client as to the prompt repayment of maturing ABCP, either from cash collections from the Financial Assets, from the issuance of new ABCP, or by timely draws on liquidity, credit enhancement or other support facilities provided to the ABCP Conduit by the financial institution.

In addition, we assist our Client in the assessment of new transactions and amendments to existing transactions which may also include: analysis of the assets and the structure of the transaction, due diligence on the Financial Assets, and due diligence on the seller in the transaction. Our Client has an established framework that typically is followed when assessing Financial Assets for acquisition by the ABCP Conduit that includes the following:

*Type of Assets and Asset Characteristics (Generally)*

- Financial Assets are structured inclusive of various forms of credit enhancement to attain an implied investment grade rating;
- Financial Assets in which a security interest can be perfected;
- Obligor's/seller's Financial Assets are located in the United States or other countries as approved by the Client; and
- Financial Assets denominated in US dollars or currency of another country approved by the Client.

*Credit Policies and Process*

- Sellers are generally investment grade or seller must demonstrate stable or improving financial condition;
- Review legal risks associated with the seller and the Financial Assets;
- Review the historical performance of the seller's Financial Assets; and
- Review the background and experience of the seller.

*Use of External Counsel*

- Our Client generally will retain external legal counsel to review each transaction.

*Monitoring and Surveillance*

- Monitoring the performance of the Financial Assets in the Client Accounts relative to transaction borrowing bases, performance triggers and other relevant collateral information; and
- Providing information on the status of the program and its funding commitments to investors, rating agencies, and liquidity and credit support providers as appropriate.

**Risk of Loss Factors**

Investing in securities involves risk of loss that prospective clients should be prepared to bear. The following list of risk factors does not purport to be a complete enumeration or

explanation of the risks involved in 20 Gates' operations and advisory business. Prospective clients are urged to consult their professional advisers before deciding to become a client.

#### Risks Specific to Engaging 20 Gates as a Sub-Administrative Agent or Advisor

##### *Limited Operating History*

Although we have significant investment experience in the ABCP and asset-backed securitization markets, the Firm is a recently-formed entity and has limited operating history upon which prospective clients can evaluate our performance. Accordingly, becoming a client of the Firm entails a significant degree of risk.

##### *Reliance on Management and Key Personnel*

The Firm's success will be dependent on the expertise and performance of the members. There can be no assurance that the members will continue to be associated with the Firm, as they are under no contractual obligation to remain with the Firm. If key personnel were to leave, we may not be able to find equally desirable replacements and the Firm as a result may be adversely affected.

#### ABCP Program Risks

##### *Credit Risk*

Credit risk is the risk that the Financial Assets financed through the program will suffer losses and ultimately not be fully collectible.

##### *Liquidity Risk*

Liquidity risk is the risk that collections on the Financial Assets will not be received quickly enough to provide funds for the payment of maturing ABCP, assuming that new ABCP cannot be issued to provide funds for the repayment of maturing ABCP.

##### *Structural Risk*

Structural risk refers mainly to the risk that an ABCP program might become entangled in a bankruptcy or similar proceeding and, therefore, might be unable to make full and timely payments on its ABCP.

#### **Item 9: Disciplinary Information**

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The Firm has not been subject to any disciplinary action, whether criminal, civil or administrative (including regulatory) in any jurisdiction. Likewise, no persons involved in the management of the Firm have been subject to such action.

#### **Item 10: Other Financial Industry Activities and Affiliations**

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Effective November 1, 2011, 20 Gates Holding LLC, the parent to 20 Gates, acquired a 20% interest in Morningside Securities LLC, a registered broker-dealer, a FINRA member firm, SIPC.

**Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

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**Code of Ethics Pursuant to Rule 204A-1 of the Advisers Act**

We have adopted a Code of Ethics and Employee Investment Policy (collectively, our "**Code**") pursuant to rule 204A-1 under the Investment Advisers Act of 1940 (the "**Advisers Act**"), that establishes various procedures with respect to investment transactions by accounts in which our "access persons" (i.e., persons with knowledge of our investment management activities on behalf of our clients) have a beneficial interest or accounts over which an access person has investment discretion. We will provide our Code to clients upon request.

Our Code requires our access persons, including members of their immediate households, to obtain written pre-approval from our CCO prior to executing certain personal transactions. Our Code also requires all of our access persons to report all securities holdings and personal transactions to our CCO (subject to exceptions permitted by rule 204A-1), who reviews and monitors the reported holdings and transactions to assure compliance with our Code's requirements. We require all of our access persons to instruct their brokers to send duplicate copies of brokerage statements to our CCO.

In addition, our access persons may not acquire securities for their own account in an initial public offering or other limited offering without the approval of our CCO. Our access persons must also obtain pre-approval from our CCO before engaging in any outside business activities. We do not, and we will not, permit our access persons to engage in principal transactions with our clients.

**Item 12: Brokerage Practices**

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20 Gates does not generally exercise discretion with respect to Client Accounts. In addition, as an adviser to Client Accounts that participate in the ABCP markets, we do not generally make investments in securities listed on national exchanges.

In the unlikely event that we would be required to execute a trade in a security listed on a national exchange, we would seek "best execution" in light of the circumstances involved with each transaction. In selecting a broker for any transaction, we would consider a number of factors, including, for example, broker's reputation, net price or spread, financial strength and stability, market access, efficiency of execution and error resolution, and the size of the transaction. We would not be obligated to obtain the lowest commission or best net price for a Client Account on any particular transaction.

**Item 13: Review of Accounts**

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**Review of Accounts**

The Client Accounts sub-administered and advised by 20 Gates are reviewed on at least a monthly basis to assure conformity with investment objectives and guidelines, as well as to compile the necessary data to report to rating agencies.



**Reporting**

Currently, each Client Account receives daily feeds of portfolio data related to the assets and liabilities. In addition, 20 Gates will provide weekly and monthly reporting to clients for a variety of uses which may include ABCP investors, rating agencies, and internal and other bespoke requests. As an added enhancement, 20 Gates has daily interaction and communication with the Client related to both the Financial Assets and the funding of such assets in the ABCP Conduit.

**Item 14: Client Referrals and Other Compensation**

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20 Gates currently utilizes a third party marketer/solicitor for client referrals.

**Item 15: Custody**

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The amended and revised Rule 206(4)-2 of the Advisers Act sets forth extensive requirements regarding possession or custody of client funds or securities. The Rule requires advisers that have custody of client securities or funds to implement a set of controls designed to protect those client assets from being lost, misused, misappropriated or subject to financial reverses.

Advisers with custody of client funds and securities must maintain them with "Qualified Custodians." Qualified Custodians under the amended rule include banks and savings associations and registered broker-dealers.

20 Gates will not have physical custody of any Client assets. Client assets are held with broker-dealers or banks that are deemed Qualified Custodians. Each Client Account receives statements directly from the Qualified Custodian at least quarterly.

**Item 16: Investment Discretion**

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20 Gates does not currently exercise discretion with respect to Client Accounts.

**Item 17: Voting Client Securities**

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20 Gates does not anticipate owning on behalf of any Client Account any equity securities granting it, or its clients, the right to vote proxies. However, in the unlikely event that the Firm is required to vote a proxy for certain investments or if 20 Gates is required to vote on a corporate action regarding a portfolio holding for a Client Account, the Firm will ensure that all matters are voted in the best interest of the Client.

Upon request, 20 Gates will provide an investor with information on how the proxies/corporate actions were voted and the proxy voting policy of the Firm.

**Item 18: Financial Information**

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Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about the Firm's financial condition. 20 Gates has no financial

commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.