



September 16, 2013

Via Email

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Ms. Elizabeth M. Murphy
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Mr. Robert E. Feldman
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Attention: Comments
Federal Deposit Insurance Corporation
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Regulations Division
Office of General Counsel
Department of Housing and Urban
Development
451 7th Street, S.W., Room 10276
Washington, D.C. 20410-0500

Re: Request for Extension of Comment Period, Notice of Proposed Rulemaking, Credit Risk Retention

SEC (Release No. 34-64603; File No. S7-14-11); FDIC (RIN 3064-AD74); OCC (Docket No. OCC-2011-0002); FRB (Docket No. 2011-1411); FHFA (RIN 2590-AA43); HUD (RIN 2501-AD53)

Ladies and Gentlemen:

The Securities Industry and Financial Markets Association¹, the Association for Financial Markets in Europe², and the Structured Finance Industry Group³ (together, the “Associations”) write in support of

¹ SIFMA brings together the shared interests of hundreds of securities firms, banks and asset managers. SIFMA’s mission is to support a strong financial industry, investor opportunity, capital formation, job creation and economic growth, while building trust and confidence in the financial markets. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association (GFMA). For more information, visit www.sifma.org.

² AFME represents a broad array of European and global participants in the wholesale financial markets, and its 197 members comprise all pan-EU and global banks as well as key regional banks, brokers, law firms, investors and other financial market participants. AFME was formed on 1 November 2009 by the merger of the London Investment Banking Association and the European operations of the Securities Industry and Financial Markets Association. AFME provides members with an effective and influential voice through which to communicate the industry standpoint on issues affecting the international, European, and UK capital markets. AFME is the European regional member of the Global Financial Markets Association (GFMA) and is an affiliate of the U.S. Securities Industry and Financial Markets Association (SIFMA) and the Asian Securities Industry and Financial Markets Association (ASIFMA). AFME is listed on the EU Register of Interest Representatives, registration number 65110063986-76.

³ SFIG was created to be a broad-based, member-directed non-profit organization dedicated to providing education and advocacy on matters relating to the structured finance, securitization and related debt capital markets, and to providing a forum for exchanging ideas and career development for members. Structured Finance Industry Group, “FAQs” (available at http://www.sfindustry.org/uploads/SFIG_FAQ_070813.pdf).

the request of the Loan Syndications and Trading Association (“LSTA”) for a 40-day extension of the deadline for filing of comments in the credit risk retention rulemaking proceedings noted above.

The Associations agree with and support LSTA’s concerns regarding the need for more time to consider the significant revisions to the proposed risk retention rule as it relates to collateralized loan obligations (“CLOs”). In order to develop thoughtful comments on proposed framework, market participants will require significant time to consider how it is similar to, and distinct from, current market practice. In turn, market participants will need to analyze how meaningful the deviations are, and what the consequence of those deviations will be for the ability of the CLO markets to fund extensions of credit.

There also are a number of other significant changes in the revised rule proposal that are important to a wider range of asset classes. These include, but are not limited to: the implementation of a fair value measurement for risk retention calculations, limitations on cash flows to horizontally retained risk positions, sunset provisions, changes to the retention framework for asset-backed commercial paper conduits, and disclosure obligations. We believe these proposed changes will also require further time for market participants to prepare an informed and considered response.

Additionally, non-U.S. organizations have a significant stake in the outcome of this rulemaking, given that the U.S. market is an important source of funding for many European and U.K. securitization issuers. As the Agencies may know, European risk retention regulations are in the process of being amended. Both non-U.S. issuers who issue into the U.S. and U.S. issuers who issue into Europe will require more time to consider the complexities of the interaction between the U.S. and European rules. This task is made more challenging by the fact that rules are in flux on both sides of the Atlantic.

In sum, while respectful of the fact that the Agencies are under increasing pressure to conclude the rulemaking process, the Associations believe that the proposed deadline for comments provides insufficient time for market participants to consider the nuances of the proposed rules, their interaction with the broader regulatory framework, and their impact on market function at the level of depth that is needed for a rulemaking of this importance. Given that the process of revising the initial rule proposal spanned over two years, we respectfully believe the imperative should be to make sure that the final rules are drafted correctly, and that market participants should be given additional time to consider the proposal. The Associations support the LSTA’s request for a 40-day extension of the comment period.

We appreciate the opportunity to provide these comments. Please contact any of the undersigned with questions or for more information.

Sincerely,



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