

MEMO# 24933

February 2, 2011

ICI Comment Letter on Proposal to Permit Limited Suspension of Reporting Duty for Asset-Backed Securities Issuers

[24933]

February 2, 2011

TO: FIXED-INCOME ADVISORY COMMITTEE No. 13-11
MUNICIPAL SECURITIES ADVISORY COMMITTEE No. 6-11
SEC RULES COMMITTEE No. 9-11 RE: ICI COMMENT LETTER ON PROPOSAL TO PERMIT LIMITED SUSPENSION OF REPORTING DUTY FOR ASSET-BACKED SECURITIES ISSUERS

The Institute has filed a comment letter on the Securities and Exchange Commission's proposal which would permit suspension of the reporting obligations for asset-backed securities ("ABS") issuers when there are no longer asset-backed securities of the class sold in a registered transaction held by non-affiliates of the depositor. [\[1\]](#) The letter, which is attached and briefly summarized below, supports the SEC's proposed standard for suspension.

Proposed Standard for Suspension

Section 942(a) of the Dodd-Frank Act eliminated the automatic suspension of the duty to file under Section 15(d) of the Securities Exchange Act of 1934 for ABS issuers and granted the Commission the authority to issue rules providing for the suspension or termination of that duty. The Commission's proposal would provide that the reporting obligation regarding any class of ABS would be suspended for any fiscal year, other than the fiscal year within which the registration statement became effective, if at the beginning of the fiscal year there are no longer any securities of such class that were sold in a registered transaction held by non-affiliates of the depositor. The letter supports the Commission's proposed standard for suspension, as it would result in ABS investors receiving important disclosure on an ongoing basis, while appropriately balancing the costs and benefits of ongoing reporting.

The Commission requests comment on several alternatives to its proposed standard for suspension of an ABS issuer's reporting obligation under Section 15(d) of the Exchange

Act. These alternatives include, among others, permitting suspension of the reporting obligation based on a limited number of non-affiliates of the depositor holding the securities, the percentage of pool assets remaining, or a mandatory period of time since the registered offering. The Institute believes that ABS investors deserve the benefit of ongoing reporting without additional limitations and, accordingly, urges the Commission to not adopt a lesser standard of disclosure.

Sarah A. Bessin
Senior Counsel

[Attachment](#)

endnotes

[\[1\]](#) See Memorandum No. [24870](#), dated January 12, 2011.

Copyright © by the Investment Company Institute. All rights reserved. Information may be abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice.