

MEMO# 25248

June 3, 2011

Draft ICI Comment Letter on ABS Risk Retention - Please Comment by June 8

[25248]

June 3, 2011

TO: CLOSED-END INVESTMENT COMPANY COMMITTEE No. 31-11
FIXED-INCOME ADVISORY COMMITTEE No. 43-11
MONEY MARKET FUNDS ADVISORY COMMITTEE No. 36-11
MUNICIPAL SECURITIES ADVISORY COMMITTEE No. 29-11 RE: DRAFT ICI COMMENT LETTER
ON ABS RISK RETENTION - PLEASE COMMENT BY JUNE 8

As you may know, six federal agencies (the Securities and Exchange Commission, Office of the Comptroller of the Currency, Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, Federal Housing Finance Agency, and Department of Housing and Urban Development (together, the “Agencies”)) recently jointly proposed rules, pursuant to Section 941(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, that would require securitization sponsors to retain an economic interest in the assets that they securitize. [\[1\]](#) Comments on the proposal are due June 10, 2011.

Our draft comment letter is attached. The letter generally supports the goal of the proposal to better align the interests of securitizers with those of investors in asset-backed securities (“ABS”) but raises concerns about the proposal’s implications for certain instruments in which funds invest, particularly asset-backed commercial paper and municipal tender option bonds. The letter requests that the Agencies exclude or exempt these instruments from the proposal’s risk retention requirements. The letter also raises some specific points about the Agencies’ proposed rules relating to residential and commercial mortgage-backed securities.

Please provide all comments on the draft letter to me (sarah.bessin@ici.org or 202/326-5835) by noon on Wednesday, June 8.

Sarah A. Bessin
Senior Counsel

[Attachment](#)

endnotes

[1] See ICI [Memorandum](#) No. 25162, dated May 2, 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.