

COMMENT LETTER

February 1, 2011

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

February 1, 2011 Ms. Elizabeth M. Murphy Secretary Securities and Exchange Commission 100 F Street, N.E. Washington, D.C. 20549 Re: Suspension of the Duty to File Reports For Classes of Asset-Backed Securities Under Section 15(d) of the Securities Exchange Act of 1934 (File No. S7-02-11) Dear Ms. Murphy: The Investment Company Institute¹ supports the Commission's proposal relating to ongoing reporting obligations of asset-backed securities ("ABS") issuers.² As purchasers of ABS, funds devote substantial time and resources to analyzing offerings of these securities. The Commission's proposal recognizes the importance of ongoing reporting for ABS investors, which we have consistently supported,³ and provides for suspension of that obligation under only very limited circumstances. Proposed Standard for Suspension The Commission's proposal provides 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

¹ The Investment Company Institute is the national association of U.S. investment companies, including mutual funds, closed-end funds, exchange-traded funds (ETFs), and unit investment trusts (UITs). ICI seeks to encourage adherence to high ethical standards, promote public understanding, and otherwise advance the interests of funds, their shareholders, directors, and advisers. Members of ICI manage total assets of \$12.68 trillion and serve over 90 million shareholders. ² Securities Exchange Act Release No. 63652 (January 6, 2011), available at <http://www.sec.gov/rules/proposed/2011/34-63652.pdf>. ³ See Letter from Karrie McMillan, General Counsel, Investment Company Institute, to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, dated August 2, 2010; Letter from Karrie McMillan, General Counsel, Investment Company Institute, to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, dated March 26, 2009; and Letter from Amy B.R. Lancellotta, Senior Counsel, Investment Company Institute, to Jonathan G. Katz, Secretary, Securities and Exchange Commission, dated July 12, 2004. Ms. Elizabeth M. Murphy February 1, 2011 Page 2 of 2 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. We support this standard and believe it would result in ABS investors receiving important disclosure on an ongoing basis, while appropriately balancing the costs and benefits of ongoing reporting. We note that this standard for suspension is consistent with that included by the Commission in its 2010

proposal to require ABS issuers to provide an undertaking to file ongoing reports as a condition to shelf registration eligibility.⁴ 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. We believe that ABS investors deserve the benefit of ongoing reporting without additional limitations and urge the Commission to not adopt a lesser standard of disclosure. Section 942 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, which amended Section 15(d) to require continuous reporting by ABS issuers, reflects Congress' intent to improve transparency in ABS.⁵ Permitting suspension or termination under circumstances that would limit the benefits to ABS investors of ongoing reporting would be inconsistent with that intent. If you have any questions on our comment letter, please feel free to contact me at (202) 326-5815. Sincerely, /s/ Karrie McMillan Karrie McMillan General Counsel cc: Meredith Cross, Director Paula Dubberly, Deputy Director Division of Corporation Finance Securities and Exchange Commission

⁴ See Asset-Backed Securities, Securities Act Release No. 9117 (April 7, 2010), at nn. 158-59 and accompanying text. The issuer's obligation under the undertaking would have existed as long as non-affiliates of the depositor held any of the issuer's securities that were sold in registered transactions. ⁵ See S. Rep. No. 111-176, at 131 (2010).