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Mr. Randall W. Roy
Associate Director
Division of Trading and Markets
Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549

Amendment to the Rules for Nationally Recognised Statistical Rating Organisations;
Rule 17g-5: Requirements for credit ratings in respect of foreign issuer transactions which do not involve a United States offering

Dear Mr. Roy,

This submission is made by the Australian Securitisation Forum ("**AuSF**"). The AuSF has previously made various submissions to the Securities and Exchange Commission (the Commission) in relation to the effect of US laws and regulations on its members including a letter on the above dated 14 May 2010. The AuSF wishes to reiterate its concern regarding certain amendments adopted by the Commission with respect to the rules governing the conduct of Nationally Recognised Statistical Rating Organisations (NRSROs) under the Securities Exchange Act of 1934.

The new Rule 17g-5(a) (3) (iii) (the Rule) requires arrangers of structured finance transactions seeking a rating from a NRSRO to provide information to a website accessible by other NRSROs. Consistent with other laws that regulate the offering of financial products (such as securities laws), the AuSF submits this Rule should only apply to structured finance products offered to United States (U.S.) persons. Specifically, we ask that the Rule be clarified so that it does not apply to credit ratings provided in respect of non-US transactions that involve an offering of a structured product to non-U.S. persons only.

We request that the Commission limit the application of the Rule by reference to whether or not there is a U.S. offering of the relevant securities. We submit that this more defined scope would still satisfy the Commission's policy objectives, provide sufficient certainty for market participants and regulators in other jurisdictions and avoid certain unintended consequences which might otherwise arise in the context of rated deals involving non-U.S. arrangers.

We have set in our letter of May 14 the reasons why we believe it is appropriate and important that the Rule only apply to structured products offered to persons subject to the jurisdiction of the United States or at least that an exemption be given for non-U.S. transactions.

The AuSF supports the September 2009 recommendations of IOSCO with respect to securitisation and is working with the Australian Securities and Investment Commission (ASIC) to implement such recommendations as they apply to the Australian securitisation market, including the regime that has been introduced in Australia by ASIC for the licensing and regulation of NRSROs in Australia. We also support the intention of the G20 to facilitate changes in securitisation markets to support recovery of the markets and provide ongoing finance for economic development and growth.

We appreciate the Commission granting the six month exemption to the application of the Rule to credit ratings on structured products offered only to non-US persons. We respectfully ask that the Commission give serious consideration to the application of the Rule to structured finance transactions offered only to non-US persons.

Exemption for Australian and non-U.S. offered transactions

In common with other OECD jurisdictions, the federal securities laws of the United States focus on the regulation of offerings to U.S. persons. This guiding principle of local investor protection is reflected in the preamble to, and the findings set out at the start of, the U.S. Credit Rating Reform Act of 2006 and in the general mandate of the Commission itself. Consistent with this, it is clear that the Commission has a limited interest in regulating securities offered solely within Australia or more generally outside the U.S. and this is evidenced by certain existing provisions and practices, including the Regulation S safe harbour. Given this background, it is arguable that the application of the Rule to all credit ratings provided by an NRSRO or a registered affiliate - regardless of whether the relevant transaction involves a U.S. investor connection (i.e. via a U.S. offering) - is inconsistent from a policy perspective with the wider U.S. legislative and regulatory framework, and the legislative and regulatory framework that exists in Australia in respect of these matters.

We recognise the intent of the Commission in adding the new requirements to the Rule is to increase the number of credit ratings assigned to a structured finance product and, in particular, to promote the provision of credit ratings by NRSROs which are not hired by the arranger. In this regard, the requirements may be relevant in the context of recent rating experience in the U.S market, but are not relevant in the context of the experience in the Australian market and is not a policy being advanced by ASIC.

The AuSF respectfully submits that the regulation of the affiliates of NRSROs in Australia, and in particular for transactions that do not involve the offering of a structured finance product to US persons, is best assessed and addressed by local regulators such as ASIC rather than by the Commission. We have a concern that if the Rule is not amended it may operate in a manner which is disruptive to Australia laws and market practices.

The primary concern the AuSF has with the Rule is that it fails to recognise the primacy of Australia's regulatory regime. The application of the Rule in respect of a credit rating provided by an NRSRO and/or a registered affiliate, regardless of whether the relevant transaction involves a U.S. offering, does not take account of regulatory or other requirements which may already be in place in Australia (or any non-U.S. jurisdictions) with respect to NRSROs and/or the disclosure of information in respect of structured finance products.

ASIC introduced in January this year a requirement for NRSROs operating in Australia to hold an Australia Financial Services License (AFSL) and be subject to the regulations and requirements for holders of an AFSL. An AFSL governs the operation of the locally incorporated subsidiaries of the NRSROs conducting business in Australia. The AuSF believes that this is the appropriate regulatory regime for a domestically offered transaction.

We also have a serious concern of the impact of the Rule on Australian dollar denominated (AUD) asset-backed commercial paper programs (ABCP) rated by the Australian affiliates of NRSROs operating in Australia. We are very concerned that the application of Rule 176-5 to local AUD ABCP programs may inhibit the return of issuers to this market, impede its future growth, and therefore restrict the critical role performed by these issuers in providing funding to certain bank and non-bank providers of residential housing loans and other forms of credit to small business. We fully support the issues raised by the American Securitization Forum in its letter to you dated 3 May 2010 relating to disclosure by existing ABCP conduits.

Thank you once again for the opportunity to comment on the Rule. Should you have any questions or desire additional information regarding any of the comments set out above, please do not hesitate to get in touch with me (Tel. +61 2 8243 3906) or Stuart Fuller, AuSF Chairman (Tel. +61 2 9296 2155).

Yours faithfully

Chris Dalton
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