



INVESTMENT INDUSTRY ASSOCIATION OF CANADA  
ASSOCIATION CANADIENNE DU COMMERCE DES VALEURS MOBILIÈRES

September 22, 2010

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

**Re: Amendments to the Rules for Nationally Recognized Statistical Rating Organizations;  
Rule 17g-5; Requirements for credit ratings in respect of foreign issuer transactions which  
do not involve a U.S. offering**

Dear Mr. Roy:

This submission is made by The Investment Industry Association of Canada (IIAC) which is the professional association for the Canadian securities industry, representing over 200 investment dealers in Canada. Our mandate is to promote efficient, fair and competitive capital markets for Canada and assist our member firms across the country.

The IIAC wishes to raise its concern regarding certain amendments adopted by the Commission with respect to the rules governing the conduct of Nationally Recognized Statistical Rating Organizations (NRSROs) under the Securities Exchange Act of 1934.

The new Rule 17g-5(a) (3) (iii) requires arrangers of structured finance transactions seeking a credit rating from a NRSRO to provide information to a website accessible by other NRSROs.

We recognize that the intent in adding the new requirement is to increase the number of credit ratings assigned to a structured finance product and to promote the provision of credit ratings by NRSROs which are not hired by the arranger.

While the new requirement is framed as a rating agency requirement, the provisions referring to websites with arranger-provided information have significant consequences for issuers, arrangers, sponsors and underwriters in respect of rated deals in general. In addition, as the rule is U.S. legislation designed to protect U.S. investors, the rule extends beyond its intended scope to

influence any offerings distributed outside the U.S. by virtue of the credit rating agency registering its non U.S. affiliate under the NRSRO rules.

The Commission's policy objectives would be satisfied if the rule were applicable only to U.S. offerings of the relevant securities. This would also provide certainty for market participants and regulators in other jurisdictions and avoid unintended consequences which might affect securities offered to non-US persons.

The IIAC submits that the regulation of the Canadian affiliates of NRSROs, and particularly for transactions that do not involve a structured finance product offering to U.S. persons, is best addressed by Canadian securities regulators rather than by the Commission. The imposition of the rule fails to recognize the primacy of the Canadian regulatory regime. It does not take into account requirements that are already in place with respect to NRSROs or the disclosure of information already required.

The IIAC submits that the rule should be amended such that it applies to structured finance product offered only to United States (U.S.) persons. IIAC requests a permanent exemption from the rule for credit ratings provided in respect of non-US (Canadian) transactions which involve an offering of a structured product to non-U.S. persons only.

Thank you once again for the opportunity to comment on the rule. Should you have any questions or require additional information regarding any of the comments set out herein, please do not hesitate to get in touch with me.

Sincerely,

“Jack Rando”

Jack Rando  
Director, Capital Markets