



10<sup>th</sup> November 2014

Ms. Elizabeth Murphy, Secretary  
Securities and Exchange Commission  
100 F Street, N.E.  
Washington, DC 20549-1090

Dear Ms. Murphy,

**Re: Order granting temporary conditional exemption for nationally recognised statistical rating organisations from requirements of Rule 17g-5 under the Securities Exchange Act of 1934; Request for permanent exemption or further one year extension of temporary conditional exemption**

This letter is to reiterate our request set out in our letter to the Commission dated 11<sup>th</sup> November 2010 (the “Rule 17g-5 Exemption Letter”) for the temporary conditional exemption from the requirements of Rule 17g-5 for non-U.S. offered transactions to be made permanent or, as an alternative, for a further one year extension of the temporary conditional exemption. The various reasons for the exemption referred to in the Rule 17g-5 Exemption Letter remain relevant.

In this regard:

- We respectfully submit that the European authorities are best placed to assess the requirements which should apply in respect of the structured finance markets in Europe and to ensure that any adopted requirements appropriately reflect the wider regulatory framework. We note that the EU authorities have considered whether new requirements should be introduced to address perceived issues in respect of the issuer-pays model in a securitisation context and requirements have been adopted. In particular, through amendments made to Regulation (EC) No 1060/2009 earlier this year, new securitisation disclosure requirements have been finalised and will shortly take effect. While this legislation takes a different approach from Rule 17g-5, the general activity being regulated (namely the disclosure of information relating to securitisations) is the same.
- Other disclosure and transparency related initiatives have been put forward by the European authorities. For example, the European Central Bank and the Bank of England have already prescribed and implemented detailed transparency requirements in order for structured finance securities to be eligible collateral for the purposes of their liquidity-providing operations. Compliance is achieved by information submitted to and held by the European DataWarehouse (in the case of the ECB), and by other public disclosure (in the case of the Bank of England). In general, it is our view that the EU and national authorities are best placed to assess such regulatory “needs” in respect of the European structured finance markets and to ensure that any adopted requirements appropriately reflect the wider regulatory framework in Europe.
- Industry initiatives related to securitisation disclosures have also been introduced. In particular, the Prime Collateralised Securities initiative (“PCS”) has now been

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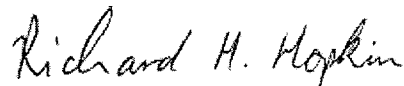
established for over two years. PCS is an independent, not-for-profit initiative set up to reinforce the asset-backed securities market in Europe as a key to generating robust and sustainable economic growth for the region. At the heart of the PCS initiative is the PCS Label designed to enhance and promote quality, transparency, simplicity and standardisation through the asset-backed market.

- As noted in the Rule 17g-5 Exemption Letter, in Europe compliance with Rule 17g-5 also raises significant data protection and bank confidentiality considerations under European laws.
- U.S. federal securities laws focus on the regulation of offerings to U.S. persons. The Commission has a limited interest in regulating securities offered solely outside the U.S. and this is evidenced by certain existing provisions and practices, including the Regulation S safe harbour and the Goodwin Proctor no-action letters. Therefore, the application of Rule 17g-5 to all credit ratings provided by a NRSRO regardless of whether the relevant structured finance product transaction involves a U.S. investor connection (i.e. via a U.S. offering) is inconsistent with the wider U.S. legislative and regulatory framework.

Since November 2010, a number of AFME members who are European originators / issuers have gained more experience of complying with Rule 17g-5 where this has been necessary as part of an offering into the U.S. Such compliance, while burdensome and adding to cost, has been accepted.

However, where the relevant securities are offered solely outside of the U.S., AFME members continue to believe that a permanent exemption from Rule 17g-5 is appropriate. As an alternative, we respectfully request a further one year extension of the temporary conditional exemption.

Yours sincerely



Richard Hopkin, Managing Director

cc. Mr. Thomas Butler, Office of Credit Ratings  
Mr. Randall W. Roy, SEC

## Annex I

AFME represents a broad array of European and global participants in the wholesale financial markets, and its 197 members comprise all pan-EU and global banks as well as key regional banks, brokers, law firms, investors and other financial market participants.

AFME was formed on 1 November 2009 by the merger of the London Investment Banking Association and the European operations of the Securities Industry and Financial Markets Association. AFME provides members with an effective and influential voice through which to communicate the industry standpoint on issues affecting the international, European and UK capital markets.

AFME is the European regional member of the Global Financial Markets Association (GFMA) and is an affiliate of the U.S. Securities Industry and Financial Markets Association (SIFMA) and the Asian Securities Industry and Financial Markets Association (ASIFMA). AFME is listed on the EU Register of Interest Representatives, registration number 65110063986-76.

For more information, visit the AFME website [www.afme.eu](http://www.afme.eu)