

TRUST COMPANY OF THE WEST
865 South Figueroa Street
Suite 1800
Los Angeles, California 90017

March 12, 2007

Nancy M. Morris
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Ref: File Number S7-04-07
Comments on SEC Proposed Rules on Oversight of NRSROs

Dear Ms. Morris:

The TCW group of companies is an active participant, as investment manager, in the structured finance market, currently managing over \$60 billion of accounts that invest in mortgage-backed and asset-backed securities. We have been managers of over \$50 billion of collateralized debt obligations in various fixed income asset classes since 1996.

We write to comment on Proposed Rule 17g-6 implementing certain provisions of the Credit Rating Agency Reform Act of 2006 (the "Act") concerning prohibited unfair, coercive, or abusive practices.

We agree with the Commission's preliminary determination that it is unfair, coercive, or abusive for a NRSRO to issue or threaten to issue a lower credit rating, lower or threaten to lower an existing credit rating, refuse to issue a credit rating, or withdraw a credit rating with respect to instruments issued as part of a structured finance transaction unless a portion of the assets underlying the structured finance vehicle also are rated by the NRSRO. We believe that prohibiting such practices will increase competition within the credit ratings market. Investors in structured finance products should also benefit from increased choice among investment opportunities.

We understand that Proposed Rule 17g-6 is intended to further Congress' goal of fostering accountability, transparency, and competition in the credit rating agency industry by banning the practice commonly known as "notching" within the structured finance industry. We fully support this objective.

Nevertheless, we are concerned by the proposed exception to the prohibition against notching set out in paragraph (a)(4) of Proposed Rule 17g-6. Under the exception, a NRSRO may refuse to issue a credit rating to, or withdraw a credit rating of, a structured product if the NRSRO has rated less than 85% of the market value of the assets underlying the structured product. We believe the

threshold provided under the exception needs to be lowered in order for abusive practices within the credit ratings market to be effectively constrained.

Our concerns with the proposed exception are two-fold:

First, the proposed exception imposes a continued barrier to entry inconsistent with the Act. The 85% threshold allows the largest credit agencies to continue to suppress competition by compelling structured finance products to buy securities that carry their ratings; otherwise they may not be able to obtain a rating. Congress demanded an end to such abusive practices, recognizing that increased competition within the credit ratings market leads to increased responsiveness of the rating agencies to the needs of financial market participants, and to greater accuracy and comprehensiveness of available information.

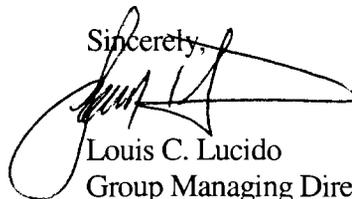
Second, there is no analytical justification for the proposed 85% threshold. A rating agency should not be able to impose an arbitrary requirement that structured finance securities purchased by asset pools or as part of any asset- or mortgage-backed securities transaction bear that agency's rating. That is unfair to the market.

The proposed exception means that credit ratings will continue to drive asset selection, rather than simply assess credit quality, causing market participants to miss out on investment opportunities. Market participants benefit from real choice among credit rating agencies. Issuers should hire rating agencies, and investors should purchase bonds rated by those agencies, based on their competitive merits, rather than based on the potential impact of anti-competitive practices such as notching on those bonds.

We therefore urge you to modify the exception to the prohibition set out in Proposed Rule 17g-6 by reducing the 85% threshold to no higher than 66% to allow for the increased competition that Congress demanded.

We would be happy to discuss our comments with you in greater detail at your convenience.

Sincerely,



Louis C. Lucido
Group Managing Director,
Trust Company of the West