



COMMITTEE OF EUROPEAN SECURITIES REGULATORS

THE CHAIRMAN

Mrs Mary Schapiro
Chairman
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549, USA

Date: 18 May 2010
Ref.: CESR/10-619

RE: Application of SEC Rule 240 17g-5 to European arrangers

Dear Chairman Schapiro

I am writing to draw your attention to certain perceived issues concerning the imminent application of Rule 240 17(g)(5) to European arrangers of structured finance transactions. More specifically, these issues relate to the obligation imposed on NRSROs hired to rate structured finance instruments to obtain, as from 2 June this year, written representations from arrangers that all relevant information will be made available, on a password protected web site, to other non-hired NRSROs that intend to rate the transactions.

CESR fully shares the objectives of enhancing the quality of issuer-paid ratings of structured finance products and fostering competition especially by allowing subscriber-paid CRAs to elaborate competing ratings. However, in order to achieve these objectives to the fullest extent possible it is important to take into account that major market participants seem to be uncertain about the granularity of information required under the Rule. Indeed, certain aspects of the structured finance business as conducted in Europe could require further attention in order for this rule to be successfully implemented.

Moreover, I understand the new rule would pose a challenge to the European securitization industries as in some areas potentially sensitive information would need to be exposed to a wider group of entities operating under different data protection standards.

These uncertainties, if not appropriately addressed, could adversely impact the ability of EU enterprises to refinance themselves through securitization transactions.

Finally, I understand that setting up a password-protected web site where sensitive information on high profile transactions would be made available requires more time and efforts than expected.

Against this background, any steps by the SEC to facilitate the transition to the new rule would be very much appreciated. In particular, I believe a delay of its application to EU arrangers could prove very helpful.

Should you have any questions on this letter, please do not hesitate to contact either myself, Karl-Burkhard Caspari, Chairman of CESR Standing Committee on Credit Rating Agencies, or Carlo Comporti, Secretary General of CESR.

I am copying this letter to Michel Barnier, Member of the European Commission with responsibility for Internal Market and Services.

Yours sincerely,

Eddy Wymeersch