

Securities and Exchange Commission
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- **Release No. 34-65765**
- **File No. S7-04-09**
- **Order Extending Temporary Conditional Exemption for Nationally Recognized Statistical Rating Organizations From Requirements of Rule 17g-5 Under the Securities Exchange Act of 1934 and Request for Comment**

Dear Sir.

Thank you for giving us the opportunity to comment on your Order Extending Temporary Conditional Exemption for Nationally Recognized Statistical Rating Organizations From Requirements of Rule 17g-5 Under the Securities Exchange Act of 1934 and Request for Comment.

I strongly support the intention and rationale of Rule 17g-5(a)(3), which will promote market integrity generally, and improve confidence in nationally recognized statistical rating organization (NRSRO) ratings, by:

- increasing the number of ratings for a given (structured finance) product
- promoting the issuance of independent ratings thereon
- enhancing the transparency of said ratings
- improving the objectiveness of said ratings
- improving the quality of said ratings
- increasing competition in this arena
- reducing conflicts of interest in the issuer-pays model for these ratings (such conflicts are particularly prevalent for ratings of structured finance products)

I do accept that there are many open issues regarding the extra-territorial application of Rule 17g-5(a)(3) that need to be considered and addressed. I would strongly support the definition of U.S. person as defined under Securities and Exchange Commission Regulation S, in which

Please note that the comments expressed herein are solely my personal views

a non-U.S. branch or affiliate of a U.S. person or non-U.S. person would not be a U.S. person. In this case, if the issuer of a structured finance product (security or money market instrument) is not a U.S. person, and transactions in the structured finance product only occur outside the United States, then the conditional exemption from the requirements of Rule 17g-5(a)(3) is reasonable and appropriate.¹

Yours faithfully

Chris Barnard

¹ My view is similar (for example) to the statutory intent under the Dodd-Frank Act regarding jurisdiction and the extra-territorial application for its regulation of swap and security-based swap markets. Please see Sections 722 and 772 of the Dodd-Frank Act. In particular Section 722(d) states that: "The provisions of this act relating to swaps... shall not apply to activities outside the United States unless those activities – (1) have a direct and significant connection with activities in, or effect on, commerce of the United States..."