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By Email: rule-comments@sec.gov

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

Ladies and Gentlemen:

Asset-Backed Securities

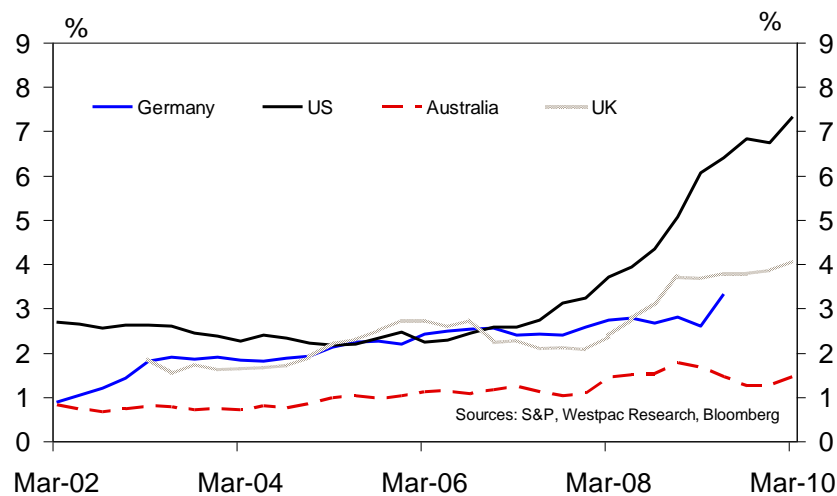
Release Nos. 33-9117; 34-61858; File Number S7-08-10

This letter is submitted on behalf of the Australian Securitisation Forum ("**AuSF**") in response to the Staff's (the "**Staff**") request for comments in Release Nos. 33-9117; 34-61858 dated April 7, 2010 (the "**Release**"). The proposed rules discussed in the Release (the "**Proposed Rules**") intend to significantly revise Regulation AB and other rules regarding the offering process, disclosure and reporting for asset-backed securities ("**ABS**").

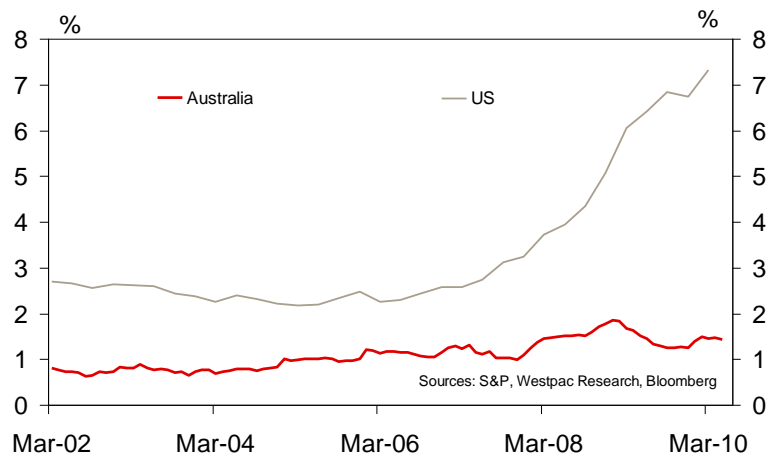
The AuSF was formed in 1989 to promote the development of securitization in Australia. As the primary industry body representing participants in the Australian securitization market, the AuSF's members act as issuers, underwriters, dealers, investors, servicers and professional advisors working on securitization transactions. The AuSF performs a pivotal role in the education of Government, regulators, the public, investors and others who have an interest or potential interest, both in Australia and overseas, regarding the benefits of securitization in Australia and aspects of the Australian securitization industry. The comments expressed in this letter represent the views of the members of a sub-committee of the AuSF who have been chosen to review the Release and determine the possible effects of the Proposed Rules on Australian issuers issuing ABS in the US markets. We have also received advice from our outside US counsel, Mayer Brown LLP. In this letter we have limited our comments to those issues which we believe would have an effect specifically on Australian ABS issuers that would not necessarily be the same as on other issuers. The AuSF and its advisers have participated in discussions regarding the American Securitization Forum ("**ASF**") and American Bar Association ("**ABA**") comment letters with respect to the Proposed Rules and we are generally supportive of the issues raised in those letters to the extent that those issues affect our members.

The largest asset class in the Australian securitization market is residential mortgages. This asset class has typically been the most common type of ABS registered under the Securities Act for offering to US investors. Australian residential mortgage-backed securitization (“**RMBS**”) transactions have performed well in comparison to other global securitization markets. This is illustrated by the charts below which show a comparison of levels of arrears for prime mortgages on a country-by-country basis. The charts show that arrears levels in Australia have continuously been low in comparison with the United States and Western Europe and that they did not exhibit anything like the spike experienced in the United States and Western Europe over the past three years.

30+ Day Prime Arrears By Country



30+ Day Prime Arrears



In part this strong credit performance can be attributed to the national regulatory framework that has governed consumer lending in Australia for many years. Up until June 30, 2010, Australia's Uniform Consumer Credit Code (the "UCCC") set minimum consumer loan underwriting standards in Australia. From July 1, 2010, the UCCC has been replaced by an even more rigorous regulatory framework, the National Consumer Credit Protection Act (the "NCCP"). Australian housing loans are full recourse loans (indeed, in general, if a borrower in Australia has a home loan and an auto loan with the same lender, default on either loan would put their home at risk). In addition, Australian residential mortgage loan-to-value ratios have traditionally been relatively low.¹ These factors have contributed to relatively low default rates in Australia and a tendency of Australian borrowers to use all of their efforts to repay all of their loans.

The AuSF's members have a particular interest in the Proposed Rules. The international capital markets, whether in the United States, Europe or Asia, are vital to Australian ABS issuers whose funding needs outstrip the size of their domestic market. Since shelf eligibility was extended to foreign issuers as part of the original Regulation AB, a number of Australian issuers have filed registration statements with the Commission. Australian issuers have also accessed the 144A markets. For example, of the \$50 billion of Australian RMBS issued in 2007 approximately \$25 billion was issued into international capital markets including the US. In today's increasingly competitive global capital markets, the AuSF believes that it is in the best interests of its members that they are able to access the US capital markets and also that it is in the best interests of US investors that they have access to high-grade Australian ABS issuances.

The AuSF commends the Staff for taking a leading role in relation to the review of, and proposed improvements to, the securitization market, and particularly the Staff's willingness to address issues that affect foreign ABS issuers. We are also grateful to the Staff for providing us with an opportunity to share our thoughts and concerns regarding the Proposed Rules. The AuSF fully supports any appropriate regulatory and industry reform which is designed to improve investor protection and to promote more efficient ABS markets. To that end, the AuSF has been working in close co-operation with its home regulator, the Australian Securities and Investments Commission ("ASIC"), in relation to proposed industry reforms in Australia for Australian participants in the securitization market.

In particular, the AuSF has been working closely with ASIC in respect of three specific initiatives in this regard:

- (a) the appropriate form of economic risk retention by a sponsor in an Australian securitization programme;
- (b) the proposed standard for disclosure and on-going reporting for RMBS and other ABS; and
- (c) the appropriate form of industry standard representations and warranties to be provided by an originator or the sponsor in a securitization.

¹ In Australian RMBS transactions since March 2009 the weighted average original loan-to-value ratio of the underlying pool of loans has been 65.4%. This means that, on average, borrowers have contributed approximately 34.6% of equity in each such Australian RMBS issuance. Also, on average, loans with original loan-to-value ratios of 80% or more have only made up approximately 21.6% of such issuances. *Sources: Presale Reports, Bloomberg and Westpac Research.*

Discussion of Comments to Proposed Rules

1. Sponsor risk retention

Is five percent an appropriate amount of risk for the sponsor to retain in order for the offering to be shelf eligible? Should it be higher (e.g., ten or 15%)? Should it be lower (e.g., one or three percent)? Should the amount of required risk retention be tied to another measure?).

In conjunction with ASIC, the AuSF is finalising a market framework to implement the recommendations contained within the September 2009 IOSCO Task Force on Unregulated Markets and Products (TFUMP) Report on securitization. A key initiative is the establishment of a framework for the retention of risk by the sponsor of an Australian securitization transaction to better align the interests of the various parties in the securitization value chain. Reflecting the directive of the IOSCO TFUMP Report that regulators adopt changes appropriate for their local markets and legal jurisdictions, Australia will implement a minimum retention requirement that reflects the credit risk of the asset pool.

Domestic Australian and global investors have not identified risk retention as a significant issue with Australian securitizations. Instead, investors have encouraged the AuSF to develop more consistent and comprehensive disclosure and reporting standards so they have the information and data to make better informed investment decisions. Nonetheless, the AuSF is in agreement with ASIC that a risk retention standard for Australian securitizations must be one that is sensitive to the risks of the underlying collateral pool and transaction structure. The AuSF considers that a minimum retention requirement of 5% is inappropriate to the Australian market due to long established loan underwriting standards and the legal and regulatory standards that did not exhibit any systemic flaws during the financial crisis.

The AuSF has proposed to ASIC a retention standard that sets a minimum retention requirement which represents a multiple of forecasted/expected losses over the life of the assets in the collateral pool, whether such assets are residential mortgages, auto loans or equipment leases. Further the AuSF agrees with ASIC that flexibility needs to be provided in the form in which the sponsor of a securitization transaction can retain the required level of risk. In particular, given the perception that risk retention has not been a significant issue with Australian securitizations, the AuSF does not agree that a standardized vertical slice requirement which does not take into account the characteristics of asset classes and of the individual collateral pools within such asset classes would be of benefit to the Australian securitization market.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the “**Dodd-Frank Act**”) directs the Commission and other US banking regulators to set regulations which allow for exemption from, or reduction of, the minimum 5% retention requirement. However, the Dodd-Frank Act limits the definition of qualified residential mortgage loans to “qualified mortgages” as defined in the Truth in Lending Act. Naturally, this domestic consumer protection legislation does not take into account foreign mortgages. The Dodd-Frank Act does not allow this definition to be expanded. Compliance with the UCCC and the NCCP are effectively the Australian equivalent of attaining qualified residential mortgage status and in

our view should reduce the need for risk retention in the same way that qualified residential mortgage status would do in the US. These standards have the added benefit of being enforced by ASIC which better understands the nature of the Australian market. Therefore, the AuSF requests that the Staff, pursuant to the new Section 15(C)(e) of the Securities Exchange Act, issue an exemption from the minimum retention requirement that would permit an Australian sponsor of ABS to be considered to have satisfied the sponsor risk retention requirement of Form SF-3 if the amount and nature of retention held by it satisfies the requirements of ASIC for an Australian sponsor of the relevant asset class.

The AuSF believes that such a position would be appropriate as it would recognize local underwriting standards, the credit risk of the asset pool and the legal and regulatory framework governing the underlying asset pool. Moreover, it is possible to analogize the underwriting standards that are used for Australian residential mortgages to the risk retention relief that is offered for commercial mortgage loans where third party diligence is performed on the underlying assets. In the case of Australian prime residential mortgages, mortgage insurers typically underwrite 100% of the loan amount. As a result, there exists an independent third party who has first loss exposure to the assets for life and therefore conducts its own stringent due diligence for the purposes of underwriting and managing risk.

Alternatively the AuSF requests that the Staff give consideration to exempting ABS offered by Australian issuers from the risk retention requirements based on its own determination that Australia, through its securities regulator ASIC, has introduced its own IOSCO TFUMP-consistent risk retention requirements.

The AuSF would support a proposal that would require differences between Australian and US risk retention requirements to be disclosed to investors in circumstances in which an exemption is offered for Australian ABS. The AuSF submits that any exemption for Australian ABS that would encourage Australian issuers to issue ABS in the US would be in the public interest as it would be beneficial to both domestic investors and to the United States' position as the preeminent capital market in the world.

2. Certification of the depositor's Chief Executive Officer

Is our proposal to require certification appropriate as a condition to shelf eligibility? Would investors find the certification valuable? Is the proposed language for the certification requirement appropriate? Should we revise it in any way? Should we require that the officer certify that he/she has a reasonable basis to believe that the assets will produce cash flows at times and in amounts necessary to service payments on the securities as described in the prospectus (rather than certify that the assets have characteristics that provide a reasonable basis to believe that the assets will produce cash flows at times and amounts necessary to service payments as described)?

The AuSF notes that such a certification requirement is not required by the Staff when non-securitized debt securities are offered to US persons. The AuSF submits that for ABS, a certification by a senior executive of the depositor which certifies as to the processes and due diligence completed in arranging the securitization may be of more benefit to investors. This would avoid investors potentially placing undue reliance on the certification (as was the case

with credit ratings) and would instead require investors to satisfy themselves that the processes and due diligence of the depositor were appropriate.

The AuSF strongly believes it is more appropriate for a senior executive in the treasury function of the relevant depositor to provide the certification (rather than the CEO) because of their necessarily close involvement with and intimate knowledge of all securitization funding.

The AuSF seeks to highlight that ABS issued in a typical Australian securitization transaction includes a representation and warranty by the Trust Manager that it has the capacity through the pool of assets and associated credit and liquidity enhancements to meet its obligations under the ABS.² It is the AuSF's contention that this feature of Australian securitizations should satisfy the proposed certification requirement. Given the enhancement that is common to Australian ABS (including but not limited to loan-level and pool-wide mortgage insurance, interest rate swaps and cross-currency swaps) the AuSF wishes to emphasize that any required certification should be permitted to take such enhancement into account. The AuSF understands that this issue is also addressed in the ASF and ABA comment letters but wishes to emphasize the importance of this issue to Australian issuers.

As an alternative, the AuSF suggests that the Staff accept the practice already operational in Australia whereby a senior funding or treasury executive in Australian banks periodically attests to Australia's central bank, the Reserve Bank of Australia, that the terms and conditions of RMBS (and other ABS) which have been transferred to the Reserve Bank of Australia under a repo arrangement meet the conditions imposed by the Reserve Bank of Australia for repo-eligible contingent liquidity support from the Reserve Bank of Australia.

3. Disclosure requirements

Is our proposal to require asset-level disclosure with data points identified in our rules appropriate? Is a different approach to asset-level disclosure preferable, such as requiring it generally, but relying on industry to set standards or requirements? If so, how would data be disclosed for all the asset classes for which no industry standard exists or for which multiple standards may exist? To the extent multiple standards exist, how would investors be able to compare pools? Please be detailed in your response.

The AuSF supports any enhancement of standards of disclosure and reporting of information to investors which provides investors with greater confidence to invest in ABS. During 2010 the AuSF has worked with ASIC to agree a comprehensive set of standards to improve the consistency and availability of data available in offering documents and investor reporting in Australian securitizations.

Given the variations in the characteristics of consumer receivables between markets and legal jurisdictions the AuSF believes the appropriate disclosure standards for transactions involving assets located outside the United States should be those endorsed by local regulators such as ASIC. While there is a high degree of commonality in the reporting fields of asset classes across jurisdictions, the AuSF submits that it is important that the regulations acknowledge

² The Trust Manager is typically a subsidiary of the originator and manages the originator's securitization transactions. In response to Staff comments following the implementation of Regulation AB, the Trust Manager is usually deemed to be both the Sponsor and Depositor for purposes of Regulation AB.

that the relevant reporting items are not identical and that the data points identified in the Proposed Rules do not cater for assets that are located outside the United States.

The AuSF requests that the Staff accept that Australian issuers need only satisfy the ASIC requirements and that differences between US and Australian standards be disclosed in the offering documents.

The AuSF RMBS Disclosure and Reporting Standards applicable to the Australian market are attached as Schedule I to this letter. ASIC have reviewed the final draft of the new Standards and the AuSF expects these will be released publicly later this month.

4. Privately-Issued Structured Finance Products

What are the costs of our proposal to require that more information be disclosed to the investor when a sale is made in reliance on the Rule 144A or Regulation D safe harbors? Are those costs justified by the benefits provided by the proposals?

The 144A market has traditionally provided an alternative source of funding for Australian issuers. Some Australian issuers with shelf registration statements have accessed the 144A market from time-to-time in response to investor demand for that type of issuance, while other less frequent Australian issuers have relied solely on the 144A market for their US securitizations. The AuSF is supportive of the ASF position on this issue and believes that this proposal may be detrimental to the ability of the US market to attract the broadest array of high-grade securitization issuers from around the world.

5. Financial Information Regarding Party Obligated to Repurchase Assets

Are the proposed amendments relating to disclosure of the financial condition of the obligated party appropriate? Should we specify further when disclosure of the financial condition would be required such as a certain level of financial concentration? If so, what should that level be? Should we require financial information about 20% originators and sponsors for other circumstances? Should we require financial information for 20% originators and sponsors for all securitizations?

Repurchases of pool assets in Australian securitizations are relatively rare given the generally high-quality loans that are included in Australian securitizations, as well as Australian prudential requirements which limit the repurchase period to 120 days following the closing date of the transaction (thereafter the originator provides an indemnity to the securitization trust). However, a determination by the Staff that financial information must be disclosed about the parties obligated to repurchase assets may present a barrier to Australian issuers to the extent that it is determined that such information must include financial statements that are reconciled to United States Generally Accepted Accounting Principles (“GAAP”). Many Australian financial institutions have adopted International Financial Reporting Standards (“IFRS”) in recent years. Given the increasing rate of adoption and acceptance in the US of IFRS, as evidenced by the fact that Form 20-F has been revised to allow for IFRS-compliant financial statements, the AuSF requests that the Staff permit IFRS-compliant financial statements to be provided if it is determined that financial statements must be provided in order to comply with the proposed amendments to Items 1104 and 1110 of Regulation AB.

We hope that our comments are helpful to the Staff. Given the importance of the US market to our members we would like to travel to the US to meet with you in person to discuss these matters in more detail and to respond to any questions. We look forward to your reply.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Stuart Fuller', with a horizontal line drawn underneath the name.

STUART FULLER

Chairman, The Australian Securitisation Forum

Schedule I
AuSF RMBS Disclosure and Reporting Standards



20100715 ASF
Australian RMBS Repx



20100726 ASF
Australian RMBS Repx



Australian RMBS Reporting Standard

Version: 1.3
Issued: 26 July 2010



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Revision History

Version	Issue Date	Description	Author	Organisation
0.1	18 May 2010	Initial draft	Angelo Kalafatas	Perpetual Limited
0.2	16 June 2010	Standards References	Chris Dalton	ASF
0.3	21 June 2010	Update	Angelo Kalafatas	Perpetual Limited
1.0	08 July 2010	Release version	Angelo Kalafatas	Perpetual Limited
1.1	12 July 2010	Updated Release version	Belinda Smith	ASF
1.2	15 July 2010	Minor update	Angelo Kalafatas	Perpetual Limited
1.3	26 July 2010	Minor update to reflect comments from ASF MS&R Committee	Angelo Kalafatas	Perpetual Limited

Reference Documents

Title	Date	Organisation
Minimum Recommended Post-Issuance Reporting Standards for Australian Securitisation Transactions	Jul 2000	ASF
Prime RMBS Standardised Reporting Template	Dec 2008	ESF
ABSPerpetual.com Glossary of Terms	May 2008	Perpetual Limited
LEVELS Australia Standard File Format	Feb 2008	Standard & Poor's
Australian Securitisation Standards 100.10, 100.20, 100.30 & 100.40	July 2010	ASF

1. Executive Summary

1.1. Overview

The purpose of this document is to define reporting standards for issuers of Australian residential mortgage backed securities to provide investors, rating agencies, dealers, trustees and other market participants with consistent, comprehensive and timely pre-issuance and post-issuance information and data.

This standard was developed by the Australian Securitisation Forum with reference to reporting standards in other jurisdictions such as the United States and Europe, as well as disclosure principles released by the International Organisation of Securities Commissions.

1.2. Document Structure

This document is divided into the following sections:

Section	Description
Terminology	Definition of key terms used in this document.
RMBS Standards	Description of each pre-issuance and post-issuance reporting standard for Australian RMBS.
Reporting Requirements	The recommended format, frequency and timing of data provision.
Compliance	The level of compliance to this reporting standard expected from market participants.

2. Terminology

2.1. Definition of key terms

Capitalised terms used throughout this document, as well as supporting documents are set out below:

Term	Definition
ASF	Australian Securitisation Forum
BD	Business day(s)
Collection Period	The period during which principal and interest receipts from borrowers are allocated by the servicer of the mortgage receivables to a given Payment Date.
CSV	Comma separated file. Column headings are mandatory.
Data Categories	Pre-defined set of allowable values for a given field.
Data Type	A class of data with predefined characteristics. For example, Text and Number.
Date	Fixed-length date. For example, 15-May-2010. All date values should be enclosed in double quotes in CSV files.
Excel	Spreadsheet saved in Microsoft Excel format (.XLS)
IOSCO	International Organisation of Securities Commissions.
Issue Date	The date on which a class of RMBS was first issued.
Format	Recommended representation of a data value.
LIXI	Lenders Industry XML initiative
LIXI Limited	A not-for-profit industry organisation established to develop e-Commerce standards within the Australian lending industry.
Mandatory	Denotes whether a Reporting Item must be reported.
Number	Variable-length numeric data. Must not contain any commas, symbols, single quotes or double quotes.
Payment Date	The date on which payment of principal or coupon to holders of a class of RMBS is scheduled to occur.
PDF	File saved in Adobe Portable Document Format (.PDF).
Reporting Item	Name of data field.
RMBS	Residential mortgage-backed security
Standard	RMBS reporting specification prepared by the ASF.
Text	Variable-length character data. Must be enclosed in double quotes, and must not contain any commas, single quotes or double quotes.

Term	Definition
XML	Extensible Mark-up Language (XML) is a set of rules for representing information electronically.

3. RMBS Standards

3.1. Data Requirements

Standard	Title	Reference
ASF 100.10	RMBS Pre-Issuance Disclosure	ASF Australian RMBS Reporting Standard - Data Requirements
ASF 100.20	RMBS Securities Information	ASF Australian RMBS Reporting Standard - Data Requirements
ASF 100.30	RMBS Pool Information	ASF Australian RMBS Reporting Standard - Data Requirements
ASF 100.40	RMBS Loan Level Data	ASF Australian RMBS Reporting Standard - Data Requirements

4. Reporting Requirements

4.1. Format, Frequency and Timing

Standard	Recommended File Format	Frequency and Timing	Comments
ASF 100.10 RMBS Pre-Issuance Disclosure	PDF	At least 5 BD before Issue Date	May include free text, charts, tables and diagrams.
ASF 100.20 RMBS Securities Information	Excel	At least 2 BD before each Payment Date	May include free text, charts, tables and diagrams. Must support >= Excel 2003.
ASF 100.30 RMBS Pool Information	CSV or XML	Within 10 BD after the end of each Collection Period	
ASF 100.40 RMBS Loan Level Data	CSV or XML	Within 10 BD after the end of each Collection Period	Tabular (CSV)

4.2. XML

The ASF is working with LIXI Limited with a view to creating a LIXI compliant XML based RMBS reporting standard for “ASF 100.30 RMBS Pool Information” and “ASF 100.40 RMBS Loan Level Data”.

The advantages of using XML for exchanging data instead of CSV or Excel files include:

- XML can be combined with any application which is capable of processing XML irrespective of the platform it is being used on;
- XML can be used on large networks and over the internet;
- XML is vendor independent and system independent. While data is being exchanged using XML, there will be no loss of data even between systems that use different data formats.

5. Compliance

The ASF requests that issuers adopt this standard for all RMBS transactions that close after 30 June 2011.

Where there is a conflict between this document or a Standard and an applicable law or regulation, the latter will prevail.