

August 17, 2007

By E-Mail: rule-comments@sec.gov

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

Re: File Number S7-13-07

Ladies and Gentlemen:

On behalf of Financial Security Assurance Holdings Ltd. (the “Company”), a New York corporation, I am pleased to submit comments with respect to Release Nos. 33-8818; 34-55998; *“Acceptance from Foreign Private Issuers of Financial Statements Prepared in Accordance with International Financial Reporting Standards Without Reconciliation to U.S. GAAP”* (the “Proposing Release”). We are broadly supportive of the proposal (the “Proposed Rule”) to permit foreign private issuers to file financial statements prepared in accordance with the English language version of international financial reporting standards (“IFRS”) without reconciliation to generally accepted accounting principles (“GAAP”) as used in the United States. We agree that the time and cost savings resulting from eliminating the need to apply multiple accounting standards will further the beneficial effects on issuers and investors described in the Proposing Release. For that reason, we respectfully request that the Securities and Exchange Commission (the “Commission”) adopt the Proposed Rule, and, as discussed in this letter, extend its provisions to U.S. domiciled consolidated subsidiaries of foreign businesses that are subject to reporting requirements under the Securities Exchange Act of 1934 (the “Exchange Act”).¹

¹ We believe that the rationale for adopting the Proposed Rule with respect to foreign private issuers would lead to the conclusion that IFRS is an appropriate substitute for U.S. GAAP for all U.S. registrants. However, prior to making such a broad determination, an extension of the Proposed Rule could be limited to those U.S. domiciled consolidated subsidiaries of foreign businesses that do not have publicly held equity. The interests of debt holders in the financial performance of the issuing company are more limited than those of equity holders. The U.S. securities laws and stock exchange rules recognize this, and provide streamlined disclosure and compliance requirements for debt issuances and issuers without publicly held equity.

Overview of the Company

By way of background, the Company was publicly held from 1994 until July 2000, with both common stock and debt listed on the New York Stock Exchange. On July 5, 2000, the Company completed a merger in which it became an indirect wholly owned² subsidiary of Dexia S.A. ("Dexia"), a Belgian corporation whose shares are traded on the Euronext Brussels and Euronext Paris markets as well as on the Luxembourg Stock Exchange. Dexia is primarily engaged in the business of public finance, banking and investment management in France, Belgium, Luxembourg and other European countries, as well as in the United States. The Company's debt continues to be listed on the New York Stock Exchange, and consequently the Company continues to file reports under the Exchange Act.

Dexia requires the Company to submit to it periodic financial statements prepared in accordance with IFRS for inclusion in Dexia's IFRS basis financial statements. The Company also uses IFRS as a measure of its performance for determining its annual bonus pool and valuing employee equity compensation, in order to better align the interests of employees with the interests of its principal shareholder (Dexia).³ Thus, the Company's accounting staff and external auditors utilize IFRS, both as a matter of necessity insofar as its parent company requires IFRS financial statements and to further the Company's identity as a member of the larger Dexia group of companies.

At the same time, the Company must, in connection with its listed debt issues, maintain financial statements in accordance with U.S. GAAP in order to satisfy its reporting obligations under the Exchange Act. In addition, the Company must prepare financial statements for its principal operating subsidiaries ("FSA") on a U.S. GAAP basis due to the application of Regulation S-X⁴ and Regulation AB⁵. FSA engages in the business of providing financial guaranty insurance on public finance and asset-backed securities ("ABS") in domestic and international markets. A significant portion of the insured securities consists of ABS publicly issued in the U.S. which are, therefore, governed by Regulation AB. Regulation AB, and amendments to Form 10-K and Form 10-D adopted in connection with Regulation AB, require that FSA provide U.S. GAAP financial statements meeting the requirements of Regulation S-X as part of the initial and ongoing financial information, respectively, to be provided to the ABS issuer. Therefore, the Company and its operating subsidiaries must maintain U.S. GAAP financial statements, in addition to IFRS statements.

² The Company is wholly owned by Dexia with the exception of shares owned by directors of the Company through the Company's Director Share Purchase Program. The number of shares issued to directors through this program is less than 1% of the Company's shares outstanding. Shares owned by directors are considered to be indirectly controlled by the Company.

³ In 2004, the Company replaced its then existing incentive plan with a new plan which provides that book value measurements used in valuing performance share awards are determined in accordance with IFRS. Commencing in 2006, determinations of the annual bonus pool began to be made in accordance with IFRS rather than U.S. GAAP.

⁴ 17 CFR 210.1-01 through 210.12-29.

⁵ 17 CFR 229.1100 *et seq.*

Extension of Proposed Rule to U.S. Domiciled Consolidated Subsidiaries of Foreign Private Issuers

We respectfully request that the Securities and Exchange Commission (the “Commission”) extend the provisions of the Proposed Rule to U.S. domiciled consolidated subsidiaries of foreign businesses that are subject to reporting requirements under the Exchange Act.⁶ We believe that the perceived benefits of reducing the multiplicity of accounting standards for foreign private issuers would also apply to U.S. subsidiaries of foreign businesses, and would benefit investors and issuers for the reasons set forth in the Proposing Release. Such benefits include substantial savings in external audit costs and internal resource allocation, while providing high quality financial disclosure conforming to a single set of international accounting standards. At the same time, we believe that there would be no detriment to U.S. investors. Insofar as the Proposed Rule, if adopted, would deem IFRS adequate for U.S. investors in foreign private issuers, we believe that the logical conclusion is that IFRS provides adequate financial information for U.S. investors in U.S. issuers. We believe this logic is compelling for U.S. domiciled consolidated subsidiaries of foreign private issuers, who use IFRS because their foreign owners require them to do so. In addition, we also believe that users of the U.S. domiciled consolidated subsidiary’s financial statements (including users in the U.S. and outside the U.S.) will benefit from being able to view the subsidiary’s financial statements and those of its foreign parent company on the same accounting basis (IFRS).

We further respectfully request that this extension apply to the requirement contained in Regulation AB⁷ that a significant enhancement provider provide to the applicable ABS issuer, on a periodic basis, financial statements meeting the requirements of Regulation S-X, in cases where the enhancement provider is a U.S. domiciled consolidated subsidiary of a foreign private issuer. Instruction 5 to Item 1114 of Regulation AB permits an enhancement provider that is a “foreign business (as defined in Section 210.1-02 [of this chapter])” to satisfy its obligation to provide financial statements by using financial statements meeting the requirements of Item 17 of Form 20-F.⁸ Accordingly, if the Commission extends the Proposed Rule to U.S. domiciled consolidated subsidiaries of foreign businesses, as is here requested, a conforming modification to Instruction 5 should be made. Absent such an extension, the benefits referred to in the Proposed Rule and the preceding paragraph would not be achieved for companies such as the Company that conduct business in the U.S. but are part of an international group whose financial statements are prepared in accordance with IFRS. Moreover, we believe that, insofar as the U.S. securities laws may accept IFRS financial statements for one purpose (e.g., holders of an issuer’s securities viewing Exchange Act filings), the reasoning is equally applicable where investors seek financial information about that issuer for another purpose (e.g., in connection with that issuer’s role as a significant enhancement provider under Regulation AB).

⁶ See Note 1 regarding suggested limitations.

⁷ Item 1114(b)(2)(ii).

⁸ Because the amendments to Item 17 of Form 20-F contained in the Proposed Rule would eliminate the requirement for reconciliation to U.S. GAAP where IFRS is employed, Instruction 5 to Item 1114 would automatically provide relief to a foreign private issuer that is a “foreign business (as defined in Section 210.1-02 [of this chapter])” acting as an enhancement provider if the amendments proposed in the Proposed Rule are adopted.

Thank you for considering this comment letter. If you have any questions or require any additional information in considering our comments, please feel free to contact me directly (telephone: 212-339-3482; e-mail: BStern@FSA.com).

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Bruce E. Stern". The signature is written in a cursive, flowing style.

Bruce E. Stern,
General Counsel and Managing Director