Structured Risk Analytics
Sound Decisions in Risk Management

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November 15, 2010

TO: SECURITIES AND EXCHANGE COMMISSION
100 F STREET NE
WASHINGTON DC 20549-1090

ATTN: MS. ELIZABETH M. MURPHY

FROM STRUCTURED RISK ANALYTICS LLC
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RE: FILE # S7-26-10

Structured Risk Analytics (SRA) is delighted to offer thoughts on the proposed Rule 193of the Securities and Exchange Commission's (SEC) efforts to improve efficiency and transparency in the structured products market.

We agree that asset review and the disclosure of findings and conclusions by subject matter experts should improve investor confidence about asset quality, whether such reviews are by the issuer or by a competent third party with proven expertise in the specific asset class.

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More broadly, we believe that some additional borrower level and collateral level information should be disclosed because they affect investors' risk. For example, a borrower's total household leverage (debt servicing, debt to assets) and collateral valuation method (drive-by or walk-by appraisals) would enable investors to make informed credit decisions. Similarly, a disclosure of the issuer's (or the aggregator's) financial ability to honor buy-backs resulting from representations and warranties should be based on total outstanding obligations, including other contingent liabilities, to enable investors to better gauge their potential loss.

For second-level (or subsequent-level) re-securitizations, disclosure of the ultimate asset level correlations would better enable investors to understand the asset class to which they are ultimately exposed. Thus, for collateralized debt obligations (CDOs) or collateralized loan obligations (CLOs) the ultimate asset level exposure in some cases may be real estate or automobile manufacturers. Such information would benefit investors seeking to manage their portfolio allocations and correlation exposure in a matrix for capital adequacy purposes.

We would not encourage being too granular by specifying the types of review to be performed because of the dynamic nature of the sector, but some minimum level review guidelines would be beneficial for comparability purposes, especially in the mature asset classes.

We consider requiring the disclosure of the identity of the party who determined that assets which deviate from underwriting criteria should be included in a securitized pool to be too granular and may not meaningfully cover the risks faced by investors. Such risks are already covered under the issuer's representations and warranties. All issuers manage deviations from underwriting policy as a matter of business judgment. It is the materiality of the deviation in a securitized pool that should be explained in the disclosure – in terms of comparability to the issuer's

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own on-balance-sheet assets, the offsetting or compensating factors considered by the issuer, and how such material deviations might impact the issuer's expectations of credit performance. Such disclosure requirement should be based on some threshold deviation, perhaps 5%, and compared with the issuer's on-balance-sheet deviations.

Overall, we support the SEC's efforts to improve disclosure and transparency and we believe that Rule 193 goes a long way in that direction.

Signed

Edward Bankole
Founder and Managing Member,
Structured Risk Analytics LLC

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