

September 7, 2012

Elizabeth Sandoe, Esq., Senior Special Counsel
Securities and Exchange Commission
100 S Street, N.E.,
Washington, D.C. 20549

Re: Release No. 34-65355; File No. S7-38-11

Dear Ms. Sandoe:

Thank you again for the time that you and your colleagues spent with us by telephone on August 14 discussing our supplemental letter, dated June 28, 2012 (the "*Supplemental Letter*"), regarding the treatment of synthetic securitizations in the Securities and Exchange Commission's (the "*Commission*") proposed Rule 127B ("*Proposed Rule 127B*") concerning material conflicts of interest in connection with securitizations.

There are two items that we wish to address as a follow-up to that conference call, as follows:

First, we suggested in paragraph (a) on page 2 of the Supplemental Letter, as one of the conditions for synthetic transactions that are permitted by the final version of Proposed Rule 127B, a requirement that the reference entities be corporate obligors and not include individuals, and that the reference obligations not include residential mortgages, other consumer loans or interests in securitizations. Conceptually we have no concerns with including as permitted transactions reference entities that are individuals or reference obligations that include residential mortgages, other consumer loans or interest in securitizations. We proposed the more narrow standard in the Supplemental Letter simply because the more narrow standard reflects our immediate business focus – that is, the type of exposures that our members currently transfer through CDS as a risk management tool.

Second, we suggest that paragraph (d) on page 2, which again is one of our suggested conditions for synthetic transactions that are permitted by the final version of Proposed Rule 127B, be revised to read as follows:

“(d) At the time of each credit event entitling the Lender to payment from the ABS issuer, the Lender will

360 MADISON AVENUE
17TH FLOOR
NEW YORK, NY 10017
tel (646) 289-5430
fax (646) 289-5429
ADMIN@IACPM.ORG

WWW.IACPM.ORG

CHAIRMAN

Derek Saunders
HSBC

VICE CHAIRMAN

Jeffery J. Weaver
KeyCorp

TREASURER

Randy Miller
Bank of America

SECRETARY

Sarah Cheriton
Lloyds Banking Group

DIRECTORS

James Baldino
Union Bank

Davide Crippa
Standard Chartered Bank

Richard Henshall
Westpac

Mark Hughes
Royal Bank of Canada

Som-lok Leung
IACPM

Andy Payne
Barclays

Yasuhiro Sekiguchi
Bank of Tokyo-Mitsubishi

UFJ, Ltd.

Masaki Shimoda
Mizuho Corporate Bank, Ltd.

Kevin Starrett
Citigroup

Mario Verna
Deutsche Bank

Carlos Alfredo Vianna
Banco Itaú-Unibanco SA

CHAIRMAN EMERITUS

Sean Kavanagh
Citigroup

NON-VOTING DIRECTOR

Dan Norman
ING Investment Management

either own the reference obligation of the related reference entity identified in the CDS or will own loan obligations or other obligations of the reference entity that rank *pari passu* with those reference obligations (in each case in its banking book), and the Lender will establish and maintain the CDS as part of its credit portfolio management activities (i.e., in its banking book) and not as part of its trading activities (i.e., not in its trading book).”

* * *

Again, the IACPM appreciates the opportunity to discuss Rule 127B with the Commission’s staff. Please free to contact the undersigned at (646) 289-5434 with any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Som-lok Leung". The signature is fluid and cursive, with a long horizontal stroke at the end.

Som-lok Leung
Executive Director
The International Association of
Credit Portfolio Managers