



FINANCIAL SERVICES AGENCY
GOVERNMENT OF JAPAN
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June 8, 2005

Mr. Jonathan G. Katz
Secretary
Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, DC 20549-0609

Re: Proposed Rule Relating to Definition of Nationally Recognized Statistical Rating Organization (File No. S7-04-05)

Dear Mr. Katz:

As the Director for International Financial Markets of the Financial Services Agency of Japan ("FSA"), I am pleased to submit this letter on behalf of the FSA in response to the request of the Securities and Exchange Commission ("SEC") for comments on its proposed rule ("Proposed Rule") under the Securities and Exchange Act of 1934 on the definition of a nationally recognized statistical rating organization ("NRSRO"), as contained in Release Nos. 33-8570; 34-51572; and IC-26834.

As we mentioned in our comment letter dated July 25, 2003, to the Concept Release on Rating Agencies and the Use of Credit Ratings under the Federal Securities Laws, foreign CRAs, including Japanese CRAs, would be important candidates for new entrants to the credit rating business in the United States, and such new entrants could contribute to the maintenance and promotion of competition in the credit rating business.

From such viewpoint, we appreciate that the Supplementary Information to the Proposed Rule refers to the general support for recognizing credit rating agencies that confine their activities to a limited geographic area, and our comment letter is quoted in note 51.

We also welcome that the second component of the proposed definition of the term "NRSRO" explicitly includes ratings for a particular geographic segment. We believe that in view of promoting competition in the credit rating business a credit rating agency that is recognized by the financial market for issuing credible and reliable within a limited sector or geographic area should be considered to meet the NRSRO definition not only for its ratings within such sector or geographic area but also more broadly. We support that defining the term "NRSRO" to include credit rating agencies that confine their activities to limited sectors of the debt market or to limited (or largely) non-U.S.) geographic areas is a more reasonable approach than the idea of permitting provisional NRSROs.

Yours Sincerely,

Naohiko Matsuo
Director for International Financial Markets
Financial Services Agency, Japan