July 12, 2004

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

Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549-0609
Attention: Jonathan G. Katz, Secretary

Re: Asset-Backed Securities Release Nos. 33-8419 and 34-49644
File No. S7-21-04

Ladies and Gentlemen:

We appreciate this opportunity to share with you our comments on several aspects of the Securities and Exchange Commission's Asset-Backed Securities ("ABS") rules proposal that are of particular concern to us.[1] We are members of the Legal Department of J.P. Morgan Chase & Co. ("JPMorganChase")[2] and are submitting this comment letter on behalf of JPMorganChase, as well as certain subsidiaries as described herein. JPMorganChase is a leading global financial services firm actively involved in many aspects of the ABS market. Through several subsidiaries, JPMorganChase is an issuer of many types of ABS, including residential and commercial mortgage-backed securities and ABS backed by credit card receivables, auto loans and home equity loans, among others. Our subsidiary, J.P. Morgan Securities Inc., is a broker-dealer registered under the Securities Exchange Act of 1934 (the "Exchange Act") and is a leading underwriter and dealer in the ABS markets. Through our Institutional Trust Services business, JPMorgan Chase Bank provides a range of services to ABS issuers and broker-dealers, from traditional trustee and paying-agent functions to global securities clearance. We are also a servicer for third-party owned residential mortgage loans and auto loans and are active in providing derivatives to ABS issuers and investors.

In each of these businesses and across securitization products, JPMorganChase has a leading market position. For example, as an issuer, JPMorganChase is the largest bank originator of automobile loans and leases in the U.S. and the second largest originator of credit card receivables. As an underwriter and dealer, JPMorganChase ranked #2 in the public ABS league tables for 2003, and #2 for public CMBS in the first half of 2004. As a trustee, JPMorganChase is ranked as the #1 trustee for ABS and #2 for MBS. And, as a servicer,

---

1 In this letter, we refer to the ABS release as the "Release" and the new rules, amendments and forms proposed in the Release as the "Proposals."

2 On July 1, 2004, Bank One Corporation merged with J.P. Morgan Chase & Co., with J.P. Morgan Chase & Co. being the surviving corporation. Information and comments provided in this letter relate to and are provided on behalf of the combined institutions.

JPMorganChase is the fourth largest originator and servicer of residential mortgage loans in the U.S.

First and foremost, we would like to commend the Commission and its staff for developing very thorough, well written and much-needed rules in a major sector of the fixed-income markets. ABS provide an extremely important source of funding to our credit markets, increasing available credit to consumer and corporate borrowers alike. As the Release cites, the ABS market, which began to develop in the late 1970's and early 1980's, has grown to be one of the largest and most important sectors of the fixed-income markets. During that time, participants and legal practitioners in the ABS market have been forced to adapt these offerings to rules that were enacted to serve a completely different corporate market. The process of fitting the "square pegs into round holes" often resulted in challenging legal analyses, and many times required the Commission staff to interpret the Securities Act of 1933 (the "Securities Act"), the Exchange Act and the Investment Company Act of 1940, often through no-action letters, to permit ABS to develop within the framework of the Federal securities laws. However, such an ad hoc system resulted in an inconsistent application of rules and a lack of transparency for market participants. So we very much welcome the Proposals and feel that if enacted, as modified as requested in this letter and the Industry Comment Letters (as defined below), they will bring clarity and efficiency to this important market.

Although there are many aspects of the Proposals that we feel need to be modified, this letter is not intended to address all of the matters in the Proposals that are of concern to us. We actively participated in the preparation of the comment letters being submitted to you by the American Securitization Forum ("ASF"), the American Bar Association ("ABA"), The Bond Market Association ("BMA"), the Mortgage Bankers Association ("MBA"), the Corporate Trust Committee of the American Bankers Association, and the Commercial Mortgage Securities Association ("CMSA") (together, the "Industry Comment Letters"), and in general we concur with and support the analysis, commentary and recommendations expected to be contained in the Industry Comment Letters, particularly as to matters not covered in this letter. We note in this letter any major comments from the Industry Comment Letters which we would like to stress or, to a very limited extent, with which we disagree.[3] You should not infer from our choice of discussion topics in this letter that we are any less concerned about the other serious drawbacks of the Proposals which are being brought to the Commission's attention by these groups and other members of the financial and legal communities. However, there are certain items in the Proposals which are of particular concern to us and we also felt that we could provide the Commission with additional information on the applicability of the Proposals from our perspective.

* * * *

[3] We would like to note that we did not have an opportunity to review the final versions of all of the Industry Comment Letters before submitting this letter today. We understand that some of these letters, or portions thereof, will be filed after the date of this letter. Our statements herein referring to comments and recommendations made in the Industry Comment Letters are based on the close to final drafts which we reviewed. In the event any of such letters subsequently filed change in any material respect, we may submit a supplement to this letter to address any such changes.

This comment letter is divided into three sections. The first section discusses the following five major topics, each of which have broad significance to several of the ABS businesses in which JPMorganChase engages:

1. Eligibility to Use Form S-3
2. Static Pool Disclosure
3. Market-Making Prospectus
4. Form 10-D Reporting and Item 1119
5. Transition Periods

The second section provides specific comments and information for the Commission to consider that are specifically applicable to the following JPMorganChase businesses:

1. Chase Home Finance
2. Chase Cardmember Services
3. J.P. Morgan Securities Inc.
4. Institutional Trust Services

The third section covers certain miscellaneous topics that, while well articulated in the Industry Comment Letters, we felt were important to highlight as especially significant concerns to us.

I. Topics of General Applicability

1. Eligibility to Use Form S-3

Access to the securitization market is critical to the business plans of many ABS sponsors/issuers. It would be egregiously unfair to punish an ABS sponsor/issuer by restricting its ability to use an existing shelf due to (i) actions or inactions of an unaffiliated third party, (ii) minor or inadvertent mistakes in complying with Exchange Act reporting requirements or (iii) actions or inactions of affiliates over which it has no actual control or influence. We understand and agree with the Commission's desire to close an existing loophole that a small minority of sponsors has used in the past to avoid complying fully with the Exchange Act reporting requirements. We firmly believe that acts of bad faith should be punished, but the Proposals would also severely punish sponsors acting in good faith who may have made an honest mistake or have been unable to comply with the reporting requirements through no fault of their own.

In addition to punishing the sponsor, the Proposals would punish existing and potential investors in the sponsor's ABS by severely limiting the liquidity of the sponsor's program. All things being equal, a larger program will have better pricing because of the liquidity available to an investor in the sponsor's ABS. The possibility that a sponsor/issuer may be unable to access the capital markets for its ABS due to an Exchange Act issue would have an adverse impact on its liquidity and investors. The Industry Comment Letters offer numerous proposals that would eliminate the abuse cited by the Commission, without unduly harming market participants. We

strongly encourage the Commission to adopt one of the proposals and remove the specter of uncertainty that would hang over the sponsors and investors if the Proposals were adopted in their current form.

2. **Static Pool Disclosure**

We believe that static pool information, while it may be useful to certain investors in their purchase decision, is not necessarily material for all investors in every asset class, and in some cases may even be misleading. In certain asset classes (for example, commercial mortgage loans), static pool information is not even useful and rarely requested by any investor (as more fully explained in the CMSA letter). We are aware that the requirement to disclose static pool information is qualified by "to the extent material." But the Commission's tone in the Release and statements by members of the Staff in various public forums regarding the Proposals seem to indicate that, in the Commission's view, static pool information is per se material and the references to "to the extent material" only relate to the extent and type of static pool disclosure required. If this was not the intent of the Commission, we respectfully request that the Commission make an affirmative statement that the materiality of static pool information should be determined solely by the sponsor and the Commission has no views on whether static pool information is material for ABS disclosure.

The scope of static pool disclosure set forth in the Proposals would be extremely cumbersome and expensive for a sponsor to provide and would overwhelm an investor with data that is not necessarily material. We strongly feel that if this type of information is to be disseminated to investors, it should be in a format that an investor would find both useful and be able to manipulate (for example, an Excel spreadsheet, or a bond analytic form, such as Intex). To the extent that the Commission determines that extensive static pool information is material to investors, and we would strongly encourage the Commission to leave that determination to the sponsor, then a web site is a more appropriate method to disseminate such information and we concur with the recommendations in this regard in the ABA letter. We concur with the ABA letter that a certain amount of basic static pool information may be appropriate for disclosure in the Prospectus for certain asset classes.

We generally concur with the ABA letter's approach to static pool disclosure for amortizing fixed pools. Data regarding prior securitization pools that are comparable to the offered pool will provide ample information for investors interested in doing a static pool analysis. We strongly agree that a safe harbor must be provided for the disclosure of the static pool information, especially relating to any explanatory, interpretive or summary statements. Such statements inherently contain assumptions regarding underlying economic trends and issues, since pool performance is heavily influenced by economic matters not related to the assets.

Static pool information for master trusts is a much more difficult issue. We are aware of the Commission's citation of a Moody's report in footnote 127 of the Release, which in our opinion greatly oversimplifies the application of static pool disclosure for master trusts. We

would like to note that when we polled the largest credit card securitizers we found that no sponsor currently provides static pool information to the rating agencies. As each sponsor is presumably incentivized to provide this information to reduce its credit enhancement requirements, there must be bona fide reasons why it is not provided. We believe these reasons include (i) the complexity of master trust structures and (ii) the growth of master trusts through asset portfolio acquisitions.

Due to the revolving nature of master trusts, assets are added and removed over the life of the trust, i.e., it is not a static pool. When accounts are added or removed from the trust, the addition/removal will be comprised of accounts of various ages. This presents two practical limitations. To show performance by origination vintage would actually show performance before the accounts were even part of the master trust. To show performance by each addition would show performance which is arbitrarily based on the issuer's timing, size and age composition of any particular addition and would not be meaningful to investors as it does not approximate performance by origination vintage. Another major problem involves purchased receivables where individual account history is not provided by the seller and therefore it is impossible to construct static pool data. Currently over 40% of our receivables are purchased from various third parties. The third party purchased accounts have origination dates ranging from newly originated to very aged. Even if the third party could provide us with static pool information on the purchased pool, we do not believe that we could assimilate that information into the existing pool without confusing investors with performance data prior to when we actually owned the purchased pool, thus making the original static pool data meaningless. Also, conducting adequate diligence on a third party's vintage data information in order to be comfortable taking Section 11 liability under the Securities Act on the static pool data provided would be extremely difficult.

We also note that most of the credit card accounts in our sponsored credit card master trusts are over three years old (e.g. approximately 70% for the Chase Credit Card Master Trust and 80% for the First USA Master Credit Card Trust.) They are already seasoned accounts. We note that the Chase Credit Card Master Trust has been in existence for almost nine years and has a pool of approximately $36 billion of receivables. The First USA Credit Card Master Trust has been in existence for almost twelve years and has a pool of approximately $46 billion of receivables. We do not believe that static pool data would be material to investors with respect to a seasoned master trust.

Sponsors who will also have a very difficult time complying with static pool requirements will be the "aggregators". Most investment banks, including J.P. Morgan Securities Inc. ("JPMSI"), have developed lines of business called "Principal Finance" (also known as "conduit" businesses) relating to ABS which is separate from their traditional underwriting of securities for third-party sponsors. Principal Finance fills an important need by providing small originators of receivables with access to the securitization market on a cost basis similar to large originators. In a Principal Finance business, JPMSI will, through a non-SPV affiliate of JPMSI, either (i) purchase pools of assets from various unaffiliated third party originators or (ii) enter into "flow" agreements to purchase loans from various unaffiliated third party originators. JPMSI's intention is to take a principal position in the assets purchased,

aggregate the assets and do a "take out" of the assets (usually in the form of a securitization through an SPV depositor, often as a publicly registered transaction). Principal Finance is substantively different from a "Rent-a-Shelf" (in which the sponsor will generally be a third party asset seller), which is also offered by many investment banks.

Under the Proposals, for Principal Finance securitizations, JPMSI (as sponsor) will be required to provide static pool information. In order to highlight how static pool information may be difficult to produce, immaterial and potentially misleading to investors, we would like to use a Principal Finance business as another example of the issues that may be faced by a sponsor in providing static pool information. The Commission has set forth three types of static pool information as potentially being material: (i) the portfolio level information, (ii) the prior securitization pool level information ("prior pool information") and (iii) current pool level information.

(i) Portfolio Level Static Pool Information

As previously stated, JPMSI does not originate or service the assets which will be aggregated and securitized (the servicing will usually be retained by the originator). JPMSI will purchase assets from various originators who will have different origination standards, different servicing standards and different asset performance characteristics. Providing portfolio level static pool information would not be meaningful and may be very misleading. For example, assuming a standard of providing quarterly origination portfolio level static pool information, JPMSI could make the following purchases:

1Q2004 - $100 million sub prime portfolio from Auto Company A
- $250 million near-prime portfolio from Bank A
- $200 million distressed portfolio from Finance Company A
- $500 million prime portfolio from Bank B

2Q2004 - $800 million prime portfolio from Bank C

3Q2004 - $700 million sub-prime pool from Finance Company B

Assuming that the 3Q2004 purchased assets are securitized, providing portfolio level static pool information from the sponsor does not make sense and may in fact be misleading. Providing static pool information on 1Q2004 portfolio would produce a "blended" portfolio from four different originators with four different servicing operations and four different asset qualities. Such a "blended" portfolio information would have no correlation to the expected performance of the 3Q2004 portfolio. Providing static pool information on 2Q2004 would be misleading for an investor in the 3Q2004 since a prime portfolio would be expected to perform markedly different and better than a sub-prime portfolio. However, even two portfolios that are considered sub-prime may have very different performance characteristics based upon expertise in origination and the quality of on-going servicing capabilities. For these reasons, we strongly believe that disclosure of portfolio level static pool for a Principal Finance business is not relevant or material and is potentially very misleading.

(ii) Prior Securitization Pool Level Static Pool Information

Many of the concerns we raise above with respect to Portfolio Level Static Pool Information are also applicable here. If a prior securitization transaction was completed involving multiple originators, then blended delinquency and loss information on the prior securitization pool is not meaningful to a current investor unless the current deal involves exactly the same blend. If a prior securitization transaction involves a different originator and/or servicer, then such information is irrelevant and potentially misleading for an investor in a current deal unless the same originator and/or servicer is involved in the current deal and the assets are of similar quality (many originators originate assets across a broad spectrum of quality). We would propose that in a Principal Finance transaction, the only static pool information that may be material to an investor is information on prior securitization transactions that involve (i) the same originator and servicer, (ii) comparable assets and (iii) assets that are of comparable quality as the current transaction.

(iii) Current Pool Level Information

Generally, JPMSI will enter into a purchase of assets with the intention to securitize the assets. For various reasons, the assets may not be immediately securitized (for example, JPMSI may purchase $100 million of sub-prime assets, the whole loan market may "disappear" and no similar assets can be purchased for a reasonable price at that time with which to do an efficiently sized ABS offering). From the origination of an asset to the purchase by JPMSI, an originator will not be able to generate static pool information for the subset of loans that JPMSI will ultimately purchase. At best, the originator may be able to provide static pool information on the entire portfolio, but the subset purchased by JPMSI will likely have different characteristics. After purchase, the assets will be serviced by different servicers and the ability to aggregate the purchased pool information to produce an overall static pool will be left to the mercy of the interoperability of the various servicer's proprietary systems. For practical reasons, this type of static pool information may not be obtainable.

In sum, the above are examples of why in some cases static pool information may be difficult or impossible to obtain, may not be material and may in fact be misleading, and why we feel strongly that the Commission should emphasize in its adopting release that static pool information is not "per se" material but that the determination of materiality should be left to the sponsor for each ABS transaction.

3. **Market-Making Prospectus**

The Commission has raised the issue of market-making transactions in footnote 86 of the Release. In a number of instances in the Release, the Commission has noted that ABS offerings are substantially different from other types of offerings and rules specific to ABS need to be

applied. We strongly believe that the requirement for a market-making prospectus is one such area and therefore believe that the Commission should re-examine its position in this area.

The fundamental theory used to require that a market-making prospectus be delivered in sales of ABS securities in the secondary market from a dealer which is affiliated with the depositor and servicer of a transaction, is that the dealer has sufficient access to information about the asset pool to permit it to supplement the information in the prospectus. In practice, this is not the case. The asset servicing operations are performed by a separate corporate entity from the dealer. There are internal walls that are erected between the servicing operations and the dealer so as to avoid any appearance of impropriety and avoid allegations of potential conflicts.

No information can be exchanged between the servicing operations (which is on the private side of the "Chinese Wall") and the ABS trading desk (which is on the public side of the "Chinese Wall"). There is active monitoring by compliance personnel to ensure that there is no breach of the wall. On occasion, the affiliated sponsor may want to provide non-public information to its affiliated dealer so that the dealer may advise the sponsor on market strategies or gauge investor sentiment. But this type of interaction occurs even when there is no affiliation between the sponsor/servicer and the dealer. There is no "pipeline" of information, including servicing information, between the sponsor/servicer and the dealer, nor does an affiliated dealer have any privileged access to servicing information. Regulations and internal policies generally require that the sponsor/servicer and the dealer have an arm's length relationship on their securitization transactions.

Footnote 86 would impose a new requirement of updating all disclosure, including asset composition tables. This requirement would impose a substantial hardship for an affiliated dealer in ABS to provide a market-making prospectus compared to other types of securities offerings where incorporation by reference to existing information is commonly used. This requirement would provide a very strong disincentive for the depositor to use an affiliated dealer to make a market in its ABS. The depositor would have to incur the substantial costs related to making Exchange Act filings when depositors without affiliated dealers would be able to suspend such obligations by filing a Form 15. The continuation of Exchange Act filings would also dramatically increase the chance that a depositor would make a mistake in a filing and not be able to use Form S-3 for its ABS offerings.

Finally, requiring the depositor to update all the asset pool information in a prospectus on a monthly basis would require system and reporting changes that may not be feasible or may be prohibitively expensive. Under a cost/benefit analysis, we believe that any incremental benefit to an investor would be outweighed by the substantial costs to be borne by the depositor, especially in light of the fact that, to our knowledge, investors are not requesting this information. Such updating of collateral information may also not be relevant or material to an investor. For example, most auto ABS prospectuses provide a geographic breakdown of the states in which an auto loan was originated. Generally, a servicer does not track, for pool performance purposes, whether the automobile has been moved to another state because such information is meaningless in assessing the performance of the loan. Providing current material asset pool information to an investor purchasing an ABS security in the secondary market can be

accomplished by providing the investor with the most recent distribution date report, which the investor can obtain from the depositor fairly readily (in many cases they are available on sponsor, servicer and/or trustee web sites), without requiring all asset pool information to be updated on a monthly basis.

For these reasons, we strongly encourage the Commission to take this opportunity to revisit the policy of requiring the delivery of a current market-making prospectus due solely to the affiliation of a dealer to the depositor and servicer. We also strongly support the arguments set forth in the Industry Comment Letters regarding this topic. While we feel very strongly that the market-making prospectus requirement should be eliminated entirely for the reasons we state above, at a minimum we would respectfully request that, if the Commission disagrees, it clarify the circumstances under which a market-making prospectus is required, as there has been confusion on this point among market participants. We would request that the Commission affirm that the requirement is only applicable to ABS in the event that the underwriter is an affiliate of both the depositor and the servicer. In addition, for the reasons stated above, we would strongly urge the Commission to eliminate the requirement in footnote 86 that updated pool composition information be provided for market-making transactions and specify that the market-making requirement can be satisfied by the depositor continuing to file distribution date reports via the Exchange Act.

4. **Form 10-D Reporting and Item 1119**

Since JPMorganChase plays so many roles in the ABS industry (including as originator, servicer, trustee[4], depositor and sponsor), we felt that it would be beneficial to go into detail about how we view the requirements set forth in Form 10-D and Item 1119 of the Proposal. The first point we would like to emphasize is that the information required to be included in Form 10-D comes from various parties to the ABS transaction. The extent to which a party is responsible for information depends on the contractual arrangements agreed to by the parties (for example, a trustee may be responsible for receiving raw loan level data and calculating all the bond and aggregate pool level information in one deal, and at the other end of the spectrum, the trustee may receive final distribution date reports from the servicer and its only obligation would be to distribute such report to investors). But in a majority of the cases, the servicer generates asset/pool level information, the trustee generates bond level information and the sponsor is responsible for monitoring, if applicable, the issuer's compliance with the program documents and any extraordinary events. JPMorganChase, as trustee, has been filing the monthly distribution date reports on many ABS transactions on which it is involved and it would expect to file the Form 10-Ds in the future to the extent they are limited to distribution date report information recommended below. As an administrative convenience, we believe the trustee should be permitted to sign Form 10-D directly or through the use of a power of attorney.

[4] Unless otherwise specified, when we use the term "trustee" in this letter, we also mean to refer to an institution acting in the capacity of administrator for the ABS, even if there is another entity acting as the actual "trustee".

The information required to be in Form 10-D is much more extensive than what is currently provided in a typical monthly distribution date report for many asset classes. We concur with the Commission that a new Form 10-D would be useful for investors, but we strongly encourage the Commission to limit the information required to be included in the Form 10-D to monthly distribution date information, leaving all other information disclosure to the Form 8-K. We would recommend removing items (k), (l) and (n) from Item 1119 and Items 2 through 7 of the Form 10-D, and instead move such requirements to the Form 8-K. This information does not relate to the performance of the collateral or the securities and the trustee would have to be notified by another party of the occurrence of such items, which could lead to a delay in filing the Form 10-D. This proposal would eliminate the duplicative reporting requirements highlighted in the ASF comment letter. Reserving such items for the Form 8-K would also alert investors to important events, without having such information buried in a monthly distribution date report filing.

The Industry Comment Letters have emphasized that the monthly distribution date reports and other information are freely made available on sponsor, trustee or servicer web sites. At the sponsor's direction, JPMorganChase, as trustee, will post information relating to a transaction at jpmorgan.com/sfr. This information could include monthly distribution date reports (in PDF and Excel formats), loan level information (in Excel format), program documents, prospectus supplements and notices. Investors generally view this "one-stop shop" approach as the most efficient way of accessing information regarding their securities.

Form 1119 Comments. The scope of the monthly distribution date report is tailored to the asset type and, to a certain extent, to the program. For example, a CMBS report provides extensive asset level information while a credit card report would generally provide minimal asset level information. We strongly concur with the ASF letter that the list of items in Item 1119 should be illustrative only and the actual reported items should be tailored to the specific assets and ABS program. We generally concur with the ASF comments regarding Item 1119, but would also like to highlight additional areas of concern.

The ABS market has historically viewed the monthly distribution date report as a reporting of quantitative data. The trustee has never had a role in providing a qualitative analysis or explanation for the quantitative data. Any obligation to provide such an analysis is more appropriately placed on the sponsor or depositor and should be filed via Form 8-K. If interpreted broadly, a number of statements in Item 1119 (such as the first sentence in Item 1119) could be viewed as requiring a qualitative analysis of the numerical information provided. We request that the Commission clarify that no analysis or qualitative assessments need to be provided in Form 10-D.

The second sentence of Item 1119 states: "Provide appropriate introductory and explanatory information to introduce any material terms, parties or abbreviations used." We adhere as closely as possible to the defined terms used in the related pooling and servicing agreement, which is filed on EDGAR. We see little value in providing pages of definitions in each Form 10-D, when the investor already has access to such definitions via EDGAR. To the

extent we use abbreviations that are not commonly known or defined in the pooling and servicing agreement, we agree that there should be a key for the abbreviations.

The third sentence of Item 1119 states: "Present statistical information in tabular or graphical format, if such presentation will aid understanding." Our reporting systems do not have the capability to generate tables or graphs and it would be expensive to provide such capability. We believe that presentation of information in those formats would only be of incremental, if any, value. We therefore request that the sentence be changed to "Present statistical information in tabular or graphical format, if such presentation will materially aid understanding."

Item 1119(c) states that flow of funds should be itemized by priority of payment. Providing this information would require a revamping of the distribution date statement and costly systems changes, given the extreme complexity and variety of "cash waterfalls" used in the ABS industry. We view this information as being of limited usefulness to an investor in a particular class of securities.

Item 1119(h). We strongly support the ASF comment on this item. Updating asset pool information for most assets would be a tremendously expensive and time consuming process. The information is of little relevance to the performance of the asset pool. If the Commission declines to eliminate 1119(h), we would request that "current payment/prepayment speeds and other prepayment or interest rate sensitivity information" be deleted; the former is a very difficult number to generate and may differ depending upon the prepayment model used and the latter is too vague and subject to qualitative assessment.

Item 1119(i) should be limited to pool level information and "buckets" of 30-59, 60-89 and 90+.

Items 1119(k), (l) and (n) are extraordinary events that a servicer or sponsor would have to furnish and would more appropriately belong in a Form 8-K filing.

Form 10-D and Form 8-K Filing deadline. Assuming that the content of the Form 10-D is limited to the information we propose above, a 15-day deadline for filing is adequate. But given the volume of monthly filings that JPMorganChase, as trustee, does on behalf of ABS issuers, an extension and cure mechanism would be extremely beneficial (especially if a delayed filing would lead to a sponsor not being able to use its shelf for a year).

Given that in most cases, information must come from multiple parties, we strongly encourage a 15-day filing period for the Form 8-K.

5. Transition Periods

We agree with the comments regarding transition periods in the Industry Comment Letters, but for the reasons stated below as to the need for re-proposal, we would like to stress to

the Commission a specific point regarding the transition periods stated in the Industry Comment Letters. We are particularly troubled by the statement in the Proposals that for outstanding ABS the Exchange Act requirements should apply beginning six months after the effective date. The Commission requested comment in the Proposal as to whether transactions before a certain point should be "grandfathered" from the Proposals. We respectfully but strongly urge the Commission to reconsider the applicability of the Proposals for all outstanding ABS transactions that have closed prior to the effective date of the Proposals and "grandfather" all such ABS. While the Proposals would limit their applicability to just the Exchange Act reporting requirements, we are extremely concerned that applying significantly different reporting requirements to transactions that have closed before the effective date of the rules would impose a substantial burden on the participants, with which, in many cases, it may be impossible to comply.

Transactions that have closed and are still reporting when these new requirements go into effect would likely need to go back and amend documentation to comply with the new requirements and the cost of that would be borne by the investors in the ABS, since many of the structures make it difficult for the sponsor to contribute any cash to the issuing entity post-closing. Furthermore, it may be extremely difficult, if not impossible, for transactions, particularly those that may have close years before these rules were even proposed let alone became effective, to obtain the information that would now need to be disclosed in the Exchange Act reports, especially from third-parties with no incentive to do so.

Due to the extremely negative consequences of a failure to comply with the Exchange Act reporting requirements, we urge the SEC to grandfather all outstanding ABS from any applicability of the Proposals.

II. Business-Specific Commentary

1. Chase Home Finance

Chase Manhattan Mortgage Corporation ("CMMC") originates, purchases, services and securitizes residential mortgage loans. Currently, CMMC is the fourth largest originator and servicer (excluding subprime and first lien home equity) in the U.S. As a servicer, CMMC services approximately 3.5 million loans having a principal balance of $472.67 billion. CMMC's prime master servicing business has 95 primary servicers reporting to it on over 58,000 loans involving more than 250 separate transactions. 79 of the primary servicers provide data on one to 1000 loans. CMMC has 83 securitization trusts outstanding having an unpaid principal balance of $18.8 billion.

In connection with our residential MBS business, we would like to stress the following points:

- Section 229.1107. We support the ABA's proposed tiered approach to disclosure, but feel that the actual disclosure should conform to the MBA's

comments. We also agree with the ASF's comment that if a servicer has received a rating agency's highest rating, then only general information regarding the servicer's experience need be disclosed.

- Section 229.1107(a)(2). We support the MBA's rationale for deletion of portions of the item with the following language to remain: "Describe the general character of the servicer's business and state how long the servicer has been servicing the asset. Information regarding the size, composition and growth of the servicer's portfolio of serviced assets of the type to be securitized should be included."

- Section 229.1107(a)(3). We concur with the ABA's rationale supporting deletion of this item.

- Section 229.1107(b)(4). We agree with the ABA regarding their comments on advancing.

- Section 229.1120. We agree with the ABA's position that the Commission permit assessment of servicing to be effectuated through the "simpler and more effective approach" of servicers' compliance statements required under Item 1121.

- Section 229.1120(d)(2)(i). We agree with the ABA's proposal that this item be modified to read "no more than two business days, or such other number of days specified in the transaction documents, of receipt."

- Section 229.1120(d)(2)(ii). We agree with the ABA's request that the reference to disbursements made to investors be moved to Section 229.1120(d)(3).

- Section 229.1120(d)(2)(iv). Please confirm that "related accounts" would not include custodial accounts and that if the transaction documents do not require such accounts to be segregated, then such accounts do not have to be segregated. We concur with the ABA's and ASF's understanding that the Commission does not intend to override agreements within transaction documents to commingle funds.

- Section 229.1120(d)(2)(vii)(B). We request that reconciliations be prepared within 45 days instead of 30 days after the bank statement cut-off date. Even though the cut-off may be month end, it is several days before we actually receive the statement.

- Section 229.1120(d)(3)(i)(D). We agree with the ABA's rationale regarding the deletion of the words "investors' and/or".

- Section 229.1120(d)(3)(iii). We agree with the ABA's proposal to modify this item to refer to recordholders of securities instead of investors.

- Section 229.1120(d)(4)(iv). We concur with the MBA's request to delete this item.

- Section 229.1120(d)(4)(v). We concur with the MBA's request to delete this item.

- Audited Financial Statements. We support the ABA's comment that financial information regarding a servicer should not be required and is generally irrelevant. In the event of a material adverse change in the case of a servicer, we also believe that Form 8-K would be more appropriate than Form 10-K for disclosing such information.

2. **Chase Cardmember Services**

JPMorganChase is the second largest originator of credit cards with 87 million credit card accounts and $125 billion in managed receivables. We have approximately $65.6 billion of credit card ABS outstanding from 82 offerings.

In connection with our credit card ABS business, we would like to stress the following points:

- Definition of "Asset-Backed Security." We agree with the Industry Comment Letters that the prohibition in clause (c)(2)(iii) of the definition of "asset-backed security" on non-performing assets being included in an asset pool at the time of issuance needs to be clarified to acknowledge that master trusts can include non-performing assets because assets will be charged-off from time to time and a single pool supports issuances over time. Also the description of master trusts in clause (c)(3)(i) should be modified as described in the ABA letter to appropriately reflect the nature of a master trust.

- Series Trusts. We agree with the Industry Comment Letters that the limitation on "series trusts" described in footnote 63 of the Release should be eliminated because it would appear to prohibit a feature of credit card issuance trust documentation that allows the establishment of multiple asset pools in a single trust.

- Exceptions from Disclosure and Delivery Conditions. We request that the final rules confirm that no separate registration fee is required to be paid with respect to an underlying security such as a collateral certificate deposited in a credit card issuance trust.

- Item 1110(g). We agree with ABA comment letter that required disclosure in Item 1110(g)(3) regarding "the maximum amount of additional assets that may be acquired during the revolving period" should be deleted because it is not possible to determine such a maximum amount over the revolving period of any series, especially a series with a long maturity.

3. **J.P. Morgan Securities Inc.**

JPMSI engages in several different activities as part of its ABS business and we provide our comments specifically as to each below.

a. ***Underwriter/Dealer of ABS***. JPMSI is a leading underwriter and dealer in all ABS asset classes. For calendar years 2002 and 2003, JPMSI was the #1 and #2 ranked lead underwriter of public ABS, respectively. JPMSI is one of the largest and most active secondary market dealers of public ABS.

In connection with our activities as an underwriter and dealer, we would like to stress the following points from the Industry Comment Letters:

- Rule 134 Revisions. We support the BMA's suggestions for revising and broadening the scope of Rule 134.

- Research Report safe harbor. We support the BMA's suggestion to remove the requirement in subsection (d).

b. ***Commercial Mortgage-Backed Securities.*** JPMSI and its affiliate JPMorgan Chase Bank ("JPMCB") are providers of commercial real estate credit through their CMBS "conduit" program. Through this program, JPMCB originates commercial mortgage loans specifically for securitization, which it often pools with loans contributed by unaffiliated loans sellers. JPMSI acts as agent for JPMCB in its conduit program and as lead underwriter with respect to the resulting CMBS. Through this conduit program, JPMorganChase has issued approximately $50 billion of CMBS. JPMSI also acts as underwriter for third-party sponsors of CMBS and is an active dealer of CMBS in the secondary market. JPMSI was ranked #2 in lead underwriting of public CMBS as of the end of the first half of 2004.

In connection with our CMBS business, we would like to stress the following points from the CMSA and ASF comment letters:

- Registration and Form S-3 Eligibility. We agree with and would urge the Commission to adopt the changes in the CMSA letter regarding Form S-3 eligibility and extension of the Exchange Act reporting compliance requirements to the "Sponsor". As explained in that letter, CMBS transactions (including those done by JPMorganChase) often involve multiple unaffiliated loan sellers and it would be extremely difficult to comply with the requirements if all such loan

sellers were considered "sponsors" for these purposes. Furthermore, it would be grossly unfair for one sponsor (JPMorganChase in our case) to lose S-3 eligibility due to the failure of an unaffiliated loan seller (that may be seen as a "sponsor" under the broad definition in the Proposals) to timely file Exchange Act reports in transactions unrelated to JPMorganChase. We doubt that the Commission intended such consequences and would respectfully request that the final rules address this point.

- Report of Compliance with Servicing Criteria. We strongly agree with the ASF letter proposing an alternative to the requirement in the Proposals that a single "responsible party" assess the compliance with the servicing criteria and that the "responsible party" necessarily be the same entity that signs the Form 10-K. In JPMorgan Chase's CMBS transactions, the depositor is the entity that signs the Form 10-K, either directly or via a power of attorney provided to the trustee or administrator on the transaction. However, the servicers on its transactions are always unaffiliated entities. To require the JPMorganChase depositor to assess the compliance by such unaffiliated parties with the specified servicing criteria would be unfair and would not provide investors with any additional comfort. Our depositor would be in no position to assess such compliance and while it would be permitted to reasonably rely on such unaffiliated parties, investors would be much better served by having the assessment made directly by the party responsible for the servicing. For that reason we support the position in the ASF letter (which is also supported by the CMSA) that each servicer and special servicer in a CMBS transaction be responsible for assessing its compliance with the servicing criteria and that the depositor's sole responsibility would be to confirm that such individual assessments have been provided and filed with the 10-K.

4. **Institutional Trust**

The Institutional Trust Services ("ITS") business of JPMorgan Chase Bank acts as a trustee, registrar, paying agent, securities/bond administrator, and back up servicer for ABS transactions. For MBS transactions, ITS is currently ranked #2 in the U.S. with an 18% market share and in Europe is ranked #1 with a 25% market share. For ABS transactions, ITS is ranked #1 in both the U.S. and in Europe, with a 19.8% and 33% market share, respectively.

In connection with our ITS business, we would like to stress the following points:

- Disclosure--"Servicer" Definition**.** The proposed definition of "servicer" in Item 1101(j) could be deemed to include ITS in its traditional "trustee" role, in that as trustee we "make allocations and distributions to holders." The definition of "servicer" may also include administrators, which is a role we also perform. The proposed definition would exclude trustees only to the extent that they "receive the allocations or distributions from the servicer." If the Proposals are adopted in their current form, we would be required to disclose the same level of information

as that required of servicers, many of which requirements do not apply to trustees or administrators. For example, collection processes and minimum servicing requirements do not apply. For this reason, we support the position of the ABA in its comment letter that requests the exclusion of administrators from the definition of "servicer" and would respectfully request the Commission to adopt the revised definitions proposed in the ABA letter, which include a definition of "administrator," and its proposal that the disclosure required under Item 1108 for trustees be expanded to include disclosure regarding administrators to the extent relevant. Also, Item 1107's back-up servicer disclosure should not be applicable to the trustee where the trustee is the back-up servicer.

- Section 229.1120. We disagree with those Industry Comment Letters which urge a change to the Proposals to permit the trustee and the administrator to sign Form 10-Ks, Form 8-Ks and Sarbanes Oxley certifications. A trustee or administrator performing the limited functions of a trustee or administrator should never be an appropriate party to sign such documents in its own right. As previously discussed, we support the ability of the trustee to sign Form 10-Ds as an administrative convenience. We also have no objection to the trustee or administrator signing by power of attorney for another transaction party.

- Section 229.1120. Some of the requirements set forth in Item 1120 are often responsibilities of the trustee and not of the servicer. We would like the Commission to clarify that performing some of the functions set forth in 1120 does not subject that party to any other requirements (such as disclosure) of a servicer.

- Section 229.1119(f). This item requires transaction account activity reporting. In many transactions there is daily activity. Beginning and ending balances should be adequate for investors' purposes.

- Rule 3a-7. With another bank trustee we have sought a Staff no-action position under Rule 3a-7 under the Investment Company Act of 1940 where a trustee for an ABS issue is affiliated with an underwriter for the issue. The Staff has indicated, subject to some representations, that it is inclined to act favorably on the no-action position. The matter could be treated instead in the Proposals and adopted as an amendment to Rule 3a-7, and we would urge the Commission to do so and bring certainty and transparency to this point.

III. Miscellaneous

In addition to the above, we would like to stress the following points:

- Section 229.1100(c)(1)(ii). The requirement that a third party, whose financial statements the issuer desires to incorporate by reference, must be current in its

Exchange Act reporting is a condition that is impractical and impossible to monitor.

- Section 229.1101. We support the ABA's definitions to replace the current definition of servicer. We support the Industry Comment Letters recommendations that the Commission adopt a principals-based approach to defining the term "asset-backed security". There is no reason to restrict certain assets from enjoying the benefits of Regulation AB by insisting that certain artificial numerical thresholds be met. If numerical thresholds are to be set, they should be set as a condition to using Form S-3.

- Section 229.1101(a). We agree with the Industry Comment Letters that the proposed definition of ABS informational and computational materials is narrower that that provided in the relevant no-action letters. We strongly encourage the Commission to permit information that is material to an investor to be communicated to an investor through these materials. Given the wide disparity of asset types, it is essential that a principles-based approach be taken when outlining the type of information that may be included in these materials. Otherwise, essential information that is necessary to understand the related transaction may be precluded from being distributed to investors. Since these materials are inherently incomplete by their nature, it is important to permit the use of appropriate legends to highlight this point to investors. Furthermore, we support the recommendations of the ASF and ABA in their comment letters regarding differing filing requirements and liability standards for ABS informational and computational materials depending on the source of the information.

- Section 229.1106(i). We agree with the Industry Comment Letters that the amount paid for the pool assets would not be relevant to investors and would require disclosure of highly sensitive business information.

- Section 229.1106(b). We support the ABA's comments regarding the disclosure of pool assets.

- Section 229.1112(a)(1) and (d)(1). We agree with the Industry Comment Letters that disclosure of a residual or subordinated interest should not be required if not material to a holder of ABS.

- Section 229.1113(b)(2). We support the ASF's and BMA's approach for determining when financial disclosure for a derivatives counterparty should be required.

- Section 229.1115. We affirm the ABA's proposal that the disclosure requirement for legal proceedings be limited to public information. If this position is not acceptable, then the ASF's proposal focusing on materiality should be used.

- Section 229.1117(b). We support the ABA's comments relating to this Section. A warehouse line would not violate any of the principles set forth in this Section and is therefore not an appropriate example.

- Third Party Credit Enhancement Providers. We agree with the ASF's comment that a ratings-based alternative to financial disclosure is more appropriate and meaningful to investors. Investors will generally not want to wade through financial statements to determine the credit worthiness of a credit enhancement provider, when the rating agencies have already performed a thorough analysis of the entire financial health of the provider.

- Form 10-K Servicing Compliance and Attestation. We strongly agree with the Industry Comment Letters that a certification regime involving the respective parties actually responsible for performing material servicing functions is the only feasible way to achieve the Commissions objective.

- Indemnification. Given the extensive interactions required among a number of unaffiliated parties in a typical ABS transaction, and the additional disclosure proposed to be required regarding these unaffiliated parties, we agree with the ASF and would encourage the Commission to clarify and confirm that its opinion as to the unenforceability of securities law indemnification provisions does not apply to indemnification provided by these unaffiliated parties to the issuer and underwriter as to disclosure regarding such unaffiliated parties in the prospectus.

The Need for Re-Proposal

In various forums during the Proposals' comment period, members of the staff of the SEC's Division of Corporation Finance have stated their intention to review the comments on the Proposals, modify the Proposals and then adopt final rules without seeking additional public comment. We believe that this would be highly inadvisable for a reform proposal as complex and wide-ranging as the Proposals and inconsistent with the SEC's recent past practice in proposing major reform initiatives. While the Proposals do codify much existing practice, as discussed more fully above and in the Industry Comment Letters, many aspects of the Proposals significantly change the existing practice, particularly in the areas of disclosure and reporting, and the need for market participants to understand and adapt to new requirements and processes (many of which have been in place for over 20 years) is substantial. It is these new rules that have been the focus of most of the comments and concern from market participants. It is vital for the Commission and market participants to fully understand and appreciate the significant impact the new rules would have on existing practices in the current, efficient market. Re-proposing the Proposals would allow all interested parties to fully review and analyze any modified version of the Proposals and assist the SEC in identifying and implementing any further improvements as needed.

In light of the substantial degree of investor protection provided by the existing system, we do not believe that the goals of the federal securities laws would be compromised in any material respect if the SEC proceeded in a more deliberate manner and allowed further opportunity for consideration of the Proposals before adopting any final reform. Indeed, we believe that acting too hastily could cause great harm to a market that is currently operating very efficiently. Some of the requirement in the Proposals, if not appropriately modified, may force certain ABS issuers and segments of the ABS industry to abandon the public markets and issue ABS in the private markets. The ramifications to the liquidity of the ABS market and impact on market participants, including ABS investors, if the Proposals are not appropriately modified is enormous. We strongly encourage the Commission to take the time necessary to perfect such an important and voluminous set of rules for such an integral part of the U.S. capital markets.

For all of the reasons discussed above, we urge the SEC to modify and re-propose the Proposals in response to the comments that it receives.

* * *

We are pleased to have had this opportunity to provide you with our comments on the Proposals. If you have any questions concerning this comment letter, or would like to discuss further any of the matters that we have raised, please feel free to contact either one of us. We also acknowledge, in particular, several colleagues listed below who collaborated with us in preparing this letter.

Sincerely,

/s/ Bianca A. Russo

Bianca A. Russo
Managing Director and Associate General Counsel
Tel: (212) 270-5918

/s/ James Y. Lee

James Y. Lee
Vice President and Assistant General Counsel
Tel: (212) 270-6255

Michael J. Getzler
(on behalf of Chase Auto Finance)
Vice President and Assistant General Counsel
Tel: (516) 745-3223

Thomas F. Godfrey
(on behalf of Institutional Trust Services)
Vice President and Assistant General Counsel
Tel. (212) 552-2192

Irshad S. Karim
(on behalf of J.P. Morgan Securities Inc.)
Vice President and Assistant General Counsel
Tel: (212) 270-2353

Ester C. Kim
(on behalf of Chase Home Finance)
Vice President and Assistant General Counsel
Tel. (813) 881-8220

Mary K. Walter
(on behalf of J.P. Morgan Chase & Co. Treasury)
Senior Associate General Counsel
Tel: (312) 732-9882