

August 31, 2011

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Nova Scotia Securities Commission
New Brunswick Securities Commission
Office of the Attorney General, Prince Edward Island
Securities Commission of Newfoundland and Labrador
Superintendent of Securities, Government of Yukon
Superintendent of Securities, Department of Justice,
Government of the Northwest Territories
Superintendent of Securities, Legal Registries Division,
Department of Justice, Government of Nunavut

Dear Sirs/Mesdames:

Re: Proposed Securitized Products Rules

This letter is submitted in response to the request for comments by the Canadian Securities Administrators in its April 1, 2011 release referenced above. Thank you for the opportunity to comment on these proposals.

First, we would like to express our support for the emphasis on transparency and the increased disclosure requirements. We believe that these are important steps in fostering and maintaining investor confidence in the Canadian securitization market. In particular, we are supportive of the requirement for increased disclosure requirements with respect to short-term securitized products in the context of ABCP conduits.

We do have a concern, however, with the manner in which the market has been segmented as between short-term securitized products and other securitized products. The current proposed amendments to National Instrument 45-106 would define a short-term securitized product as "a securitized product that is a negotiable promissory note or commercial paper, in either case maturing not more than one year from the date of issue, including without limitation, asset-backed commercial

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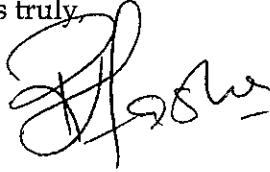
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paper". Our particular concern is the requirement that an information memorandum in the form prescribed by Form 45-106F7 be required to be delivered in respect of all short-term securitized products (as currently defined). A common securitization structure that is used in the Canadian term markets involves a single issuance of notes in multiple tranches each having different maturity dates and often the most senior (and first maturing) tranche of notes would mature not more than one year from the date of issuance. The other tranches would have maturities of more than one year and would therefore be the subject of an information memorandum under the proposed rules. In this scenario, we do not think that the short-term tranche should be subject to the prescribed form. It should be sufficient if the short term tranche is disclosed in the Offering Memorandum in the form, determined by the issuer, that would otherwise be prepared and delivered to investors for the other tranches. We believe the intent of the proposal is to prescribe a form of disclosure for ABCP and not for the short term tranche of a term ABS deal. We believe that an exception should be made to the definition of short term securitized product that would explicitly exempt, for example, the A1 tranche of a term auto loan securitization. Furthermore, the use of the term information memorandum for all types of securitized product is inconsistent with market practice and may lead to confusion. We believe the term 'offering memorandum' is more appropriate for non-ABCP disclosure documents.

Our second observation relates to the requirement that an information memorandum must disclose sufficient information about the securitized product and securitized product transaction to enable a prospective purchaser to make an informed investment decision. While we do not take issue with this requirement, we think it is important to recognize (either in the rule or in the companion policy) that different investors may request (and may require) more than the minimum required information (or different information) than other investors. Therefore, it would be useful for the policy to clearly and explicitly allow for additional and individually tailored information to be provided to investors. The private distribution market tends to be a more interactive/tailored relationship between issuers/underwriters and individual investors and we believe that the rules should expressly recognize this. We note that this flexibility has been an essential feature of the private market especially since the financial crisis.

We would be pleased to respond to any inquiries regarding this letter or our views on the Proposed Securitized Product Rules generally. Please contact Rasha Katabi at 416-369-2057.

Yours truly,



Merrill Lynch Canada Inc.