



April 23, 2014

**BY EMAIL**

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Dear Sirs/Mesdames:

**Re: Notice and Request for Comments on the Proposed Amendments to National Instrument 45-106 *Prospectus and Registration Exemptions* relating to Short-Term Debt Prospectus Exemption and Proposed Securitized Products Amendments (the “Proposed Amendments”)**

We are writing in response to the request of the Canadian Securities Administrators (the “CSA”) for comments regarding the Proposed Amendments. Capitalized terms used in this letter and not defined herein have the meanings given to them in the CSA’s Notice and Request for Comments published January 23, 2014 (the “RFC”).

The Structured Finance Industry Group (“SFIG”) Latin America and Canada Committee (the “Committee”) welcomes the opportunity to comment on the Proposed Amendments on behalf of its members. SFIG is a member-based, trade industry advocacy group focused on improving and strengthening the broader structured finance and securitization market. SFIG provides an inclusive network for securitization professionals to collaborate and, as industry leaders, drive necessary changes, be advocates for the securitization community, share best practices and innovative ideas, and educate industry members through conferences and other programs. Members of SFIG represent all sectors of the securitization market including issuers, investors, financial intermediaries, law firms, accounting firms, technology firms, rating agencies, servicers, and trustees. Further information can be found at [www.sfindustry.org](http://www.sfindustry.org).

## **RESPONSE TO REQUEST FOR COMMENTS**

Set out below are our responses to certain of the questions posed in the RFC with respect to the Proposed Amendments. We do not address the Proposed Short-Term Debt Amendments but rather are commenting only on the Proposed Securitized Products Amendments contained in the Proposed Amendments. The related questions from the RFC have not been reproduced below, but rather we have specified the relevant heading and question number as set out in the RFC. We have not replied to each of the questions set out therein, but rather have responded to those with respect to which we feel we can provide valuable input. We would welcome an opportunity to discuss the Proposed Amendments further with CSA staff in an attempt to assist staff as it formulates the final amendments.

In preparing this response to the RFC, we consulted with various members of SFIG participating in the Canadian securitization market, including sellers, originators, servicers, conduit sponsors and their respective legal counsel. The Committee does not, however, include any investors in the Canadian ABCP market. The general consensus among such members is that (i) it is not necessary to eliminate the ability for conduits to distribute ABCP under the currently available prospectus exemptions, in particular the Short-Term Debt Exemption, for a number of reasons discussed in detail below, and (ii) the Proposed Securitized Products Amendments are overly onerous and will have an unduly negative impact on the Canadian ABCP market by greatly limiting the availability of a critical source of financing for Canadian originators/sellers/servicers as well as an important and stable investment product for Canadian investors.

In summary, the Committee has four principal concerns with the Proposed Securitized Products Amendments. The first is the significantly increased administrative burden and cost that would be borne by conduit sponsors in complying with the increased informational requirements set forth in the Proposed Securitized Products Amendments, which we believe far outweigh any benefit to short-term securitized product investors. The increase in the quantity, frequency and level of detail of information reporting is, in our view, unwarranted and not something that investors have been requesting. Several factors, including (i) the current level of enhanced disclosure seen in the Canadian market, (ii) the robust, global style liquidity requirements mandated by the rating agencies that are rating ABCP issued by Canadian conduits, (iii) the traditional asset classes now supporting such ABCP, (iv) a minimum of two rating agencies rating all ABCP issued in Canada, and (v) the lack of a non-bank sponsored ABCP market in Canada since the 2007 crisis, have all led to a stable and safe market, with sufficient transparency and disclosure to provide the necessary level of protection for investors. The RFC states that additional disclosure is required for ABCP because it is more complex and raises additional investor protection and systemic risk concerns. SFIG

disagrees with this conclusion on the basis that, while legally more complex than other short-term debt securities such as CP, ABCP is secured by, and has the benefit of, specific assets pools as a source of funds for repayment thereof and must also have liquidity support from a highly-rated federally or provincially regulated financial institution in place, each of which are structured to maximize the likelihood of repayment of interest and principal on the ABCP, whereas CP relies solely on the general creditworthiness of the CP issuer without these dedicated sources for repayment. In reality, the structured aspect of the ABCP now sold in the Canadian market leads to a lower-risk form of investment. More specific detail relating to our concerns in this regard is set out below.

The second principal concern relates to the detailed information that would need to be provided with respect to particular securitization transactions, in particular the requirement to disclose the identity of sellers/originators/servicers and other significant parties, which raises privacy, confidentiality and proprietary/market competition issues for such parties. To date Canadian investors have not been requiring such disclosure as a pre-condition to purchasing ABCP and we are concerned that such a requirement will reduce the number of such parties that will agree to participate in the Canadian conduit market. This differentiation of the Canadian securitization market from other securitization markets has the potential to do more harm than good through discouraging sellers from participating in the Canadian securitization market. The level of disclosure proposed is well in excess of that required in the United States and other jurisdictions. More specific detail relating to our concerns in this regard is set out below.

The third principal concern is the specified content of the required information memorandum and monthly disclosure report and the manner and timing under which such information is to be provided. As a general comment, we believe the information memorandum should be a relatively static document, providing a general summary of principal matters relating to the conduit and its securitization program while the monthly disclosure report should address dynamic aspects of the securitization program and the asset pools. As currently drafted, we believe the Proposed Securitized Products Amendments do not properly delineate between these two categories of information and, as a result, compliance with the related requirements will be excessively burdensome for conduit sponsors. More specific detail relating to our concerns in this regard is set out below.

The fourth principal concern is the risk associated with prescriptive regulations which will not allow for innovation or structural differences that, while consistent in spirit with the policy objectives of the Proposed Amendments, are contrary to the prescribed rules and therefore not permissible. We believe that the level of detail in the Proposed Amendments relating to structural features and liquidity requirements is inappropriate

and that reliance should instead be made on the robust structural framework and the creditworthiness of the eligible liquidity providers. In order to obtain such ratings, the securitization program of a conduit must satisfy the relevant rating agency's criteria, and such criteria already encompasses credit enhancement and liquidity support requirements.

While the Committee understands that the CSA remains concerned that short-term securitized products may be distributed to retail investors who are not sufficiently sophisticated to understand the nature of ABCP and its risks and rewards, we believe that, as was the case with the 2011 Proposals, the revised approach in the Proposed Securitization Products Amendments fails to strike the appropriate balance between investor interests and the need to facilitate an efficient and viable ABCP market in Canada and will have an unnecessary detrimental effect on a stable and well-functioning ABCP market.

We respectfully submit that the CSA could strike a balance between its concerns relating to which investors participate in the ABCP market and the need to maintain a healthy, efficient ABCP market by introducing a middle ground, alternative prospectus exemption that would allow the sophisticated investors that currently purchase nearly all, if not all, of the ABCP issued in the Canadian market to continue to purchase ABCP in an efficient, cost-effective manner, while the Proposed Amendments (with appropriate modifications) would be in place to protect less sophisticated investors. Such alternative exemption would require three conditions be met: (i) a minimum cash purchase price of \$150,000 is paid at the time of purchase, by a purchaser purchasing as principal who is not an individual and who has not been established solely to rely on the exemption, (ii) the securitized product has two prescribed minimum short-term ratings, and (iii) the securitized product is backed by global style liquidity from a liquidity provider having at least two prescribed minimum short-term ratings. The prescribed minimum ratings for such exemption should be consistent with those applicable to other short-term debt products such as CP. We further recommend that an exempt distribution report not be required with respect to each distribution of ABCP under such exemption, nor should there be any resale restrictions applicable thereto, in each case provided that the three conditions have been met. We would propose that conduit sponsors file quarterly exempt distribution reports containing summary information regarding the initial trades made under this exemption during the preceding calendar quarter, which would provide the CSA with sufficient information to monitor the use of this exemption and ABCP issuance volumes thereunder. This exemption could replace the current short-term debt exemption as it applies to securitized products, and would ensure that securitized products are not being sold to investors lacking the sophistication to determine the appropriateness of an investment in ABCP without the additional protections contemplated by the Proposed Amendments. Again, the Proposed Amendments, with suitable modifications, would be in place to protect less sophisticated investors.

To the extent the CSA determines that it will move forward with the separate exemption regime for short-term securitized products set forth in the Proposed Securitized Products Amendments, we have set forth below our general and specific comments regarding the Proposed Securitized Products Amendments, the questions contained therein for which responses have been requested, and certain of the specific provisions being proposed.

### **Proposed Securitized Products Amendments**

#### **Question 1.**

(a) We do not believe that there are any types of short-term securitized products that should not be allowed to be sold on a prospectus-exempt basis, in particular where short-term securitized products are defined to be those backed solely by traditional or conventional asset classes. In the Committee's view, denying short-term securitized products access to the prospectus-exempt market and, as a result, increasing the administrative burden and cost to issuers of short-term securitized products, will likely result in less access to such investments for investors and reduce the availability of an important source of financing for originators of related asset pools.

(b) We do not believe that short-term securitized products would be sold under other exemptions if the final exemptions specified in the Proposed Securitized Products Amendments are appropriately drafted. Our specific comments in this regard are provided below. The other exemptions currently available impose a significant administrative burden on conduit administrators due to the requirement that exempt distribution reports be filed within a specified time frame which, in light of the volume of asset-backed commercial paper issued during any particular period, would be an extremely time consuming and costly requirement to meet.

(c) We believe the definition of Securitized Product is sufficiently broad. However, there are certain aspects of the asset pool limitations in Section 2.35.2(c) that would exclude certain issuers of short-term securitized products for various technical reasons. Our specific comments in this regard are provided below in our response to Question 5. As well, we do not believe that the exclusions under the Short Term Debt Prospectus Exemption should be broadened.

#### **Question 2.**

While we have no objection to the requirement that short-term securitized products be rated by at least two rating agencies, the prescribed minimum ratings are set at the highest short-term ratings by each of the specified rating agencies and are therefore too prohibitive. Certain short-term securitized products may be issued with lower ratings from time to time. For various reasons specified in each rating agency's ratings criteria,

not all securitization programs are able to be structured in a manner which will permit such short-term securitized products to receive the agencies' highest ratings. The Committee believes that investors in the short-term securitized products market are sufficiently sophisticated to make an investment determination with respect to such lower rated short-term securitized products, and such lower ratings alone should not preclude the sale of such short-term securitized products on an exempt basis to those investors willing to purchase such securities.

**Question 3.**

As a general response, we believe that the level of specificity in the Proposed Amendments relating to liquidity arrangements is inappropriate and overly prescriptive and we caution that such specificity may have unintended restrictive effects on liquidity arrangements. We believe the minimum ratings requirements will ensure that appropriate liquidity arrangements are in place as the ratings criteria of each of the rating agencies contain explicit requirements with respect to liquidity, which criteria is updated from time to time to adhere to global market standards.

(b) It is not common for a conduit sponsor or an affiliate of the conduit sponsor to not also be the liquidity provider. However, certain conduits' liquidity arrangements do contemplate additional liquidity providers being added at a later date and we believe this should be permissible provided that such additional liquidity providers meet the minimum eligibility criteria specified in the final exemptions.

(d) The proposed minimum credit rating levels for liquidity providers are too stringent. They should include the short term equivalents to the specified long term credit rating levels in order to be consistent with the applicable rating agency criteria.

(f) We do not believe that foreign banks should be permitted to act as liquidity providers. We believe it is imperative that liquidity providers be Canadian federally or provincially regulated financial institutions that are subject to the same oversight and regulatory regime in order to ensure consistency in capital requirements and the application of other regulatory safeguards arising under Basel III and other applicable regimes. Allowing foreign banks to participate would fail to ensure such consistency and, in our view, potentially weaken the integrity of the underlying liquidity arrangements currently in place with Canadian conduits.

(g) Certain conduits have liquidity arrangements which are specific to each transaction and, accordingly, the wording in Section 2.35.3(2) should be modified to also speak to portions of the asset pool that are specific to the particular transaction rather than the entire asset pool in such circumstances.

**Question 5.**

While we agree that the asset list is fairly comprehensive, we are concerned that codifying a list of what is permissible, rather than specifying what cannot be included in an asset pool, may be too restrictive and eliminate the potential for innovative securitization products to be created which should otherwise be permissible from a policy perspective. We would propose that the rule instead restrict the inclusion of structured finance products or structured products (referred to in the RFC as synthetic or arbitrage products) in assets pools.

With respect to the list of assets currently contemplated, we would suggest (i) the addition of the words “and the related security interests and other related rights” to each item generally, (ii) the addition of the words “and the related leased asset” to follow “a lease” in clause (iii) thereof to clarify that an interest in the underlying leased asset is permissible as well, and (ii) the addition of “vehicles” and “equipment” as additional asset types since such assets are currently included in certain Canadian securitization transactions.

**Question 6.**

We have significant concerns with respect to the proposed timely disclosure reports, as the nature of the securitization transactions and related asset pools are extremely dynamic and the obligation to disclose changes of this nature as frequently as specified, and within the short time frame specified, would create an enormous burden for conduit administrators which the Committee believes would far outweigh any benefit to investors. While we have not obtained direct input from Canadian ABCP investors, we believe this would also result in a flood of information in the market which would not all be material and hence be irrelevant to investors. Timely disclosure requirements should only be applicable to “material changes” as defined in applicable securities laws, which in this case would be those which would reasonably be expected to have an impact on the payment of interest or principal payable in respect of the short-term securitized products when due, after giving consideration to the applicable liquidity arrangements. In addition, such changes should only need to be disclosed after any applicable cure periods, credit enhancement or other structural protections have passed or been exhausted, or are reasonably expected to be exhausted, as applicable.

**Question 8.**

We do not believe that it would be appropriate to require frequent reporting by a conduit of each of its distributions of ABCP, again due to the exceptionally burdensome nature of such a requirement in light of the frequency of such issuances. Generally, each conduit

will have near daily distributions of ABCP. To the extent necessary for monitoring purposes, distribution information can be gathered by the CSA from the monthly disclosure reports prepared by the conduits and the rating agency reports on ABCP which also contain aggregate ABCP distribution information. In addition, OSFI would have access to such information through its oversight of the conduit sponsors and liquidity providers.

### **Specific Comments on Provisions of Proposed Securitized Products Amendments**

#### **Limitations on short-term securitized product exemption**

2.35.2(a)(i) – As noted above, the specified ratings are too high and would unduly restrict the securitization transactions that could be entered into by a conduit. They should be consistent with the rating requirements applicable to liquidity providers and include the short term equivalents to the specified long term ratings.

2.35.2(a)(ii) – We believe this provision should be removed. It is an unfair subjective test that places the onus on the conduit sponsor to make a judgment call that has very serious consequences if it is incorrect. In our view, these potential consequences are disproportionate to any investor protection provided by this provision. Any such ratings action would be made public by the applicable rating agency, with details of the rationale for such action, and investors can make their own decisions on the basis of the information provided by such rating agency at that time.

2.35.2(a)(iv)(D) – We believe this provision should be removed for the same reasons cited above in respect of Section 2.35.2(a)(ii).

2.35.2(b) – This would preclude the issuance of subordinated short-term notes, which is inappropriate as the Committee believes investors are able to determine their own risk profile and interest in purchasing subordinated notes in return for a higher rate of interest. As noted above, lower minimum ratings should be prescribed.

#### **Exceptions relating to liquidity providers**

2.35.3(2) – As noted above, certain liquidity arrangements are transaction-specific and the language should be modified to also speak to obligations to fund that do not exceed the aggregate value of the particular assets that are the subject of the related liquidity arrangements rather than the entire asset pool. In addition, additional guidance should be provided with respect to the manner in which the “aggregate value” of assets is to be calculated for such purpose.



## **Disclosure Requirements**

2.35.4(5) – The specified time frame of 30 days is too short. Reporting under most securitization transactions relates to a particular calendar month and is generally not made available to the conduit until the second half of the immediately following month, which leaves the conduit insufficient time to prepare such detailed disclosure. We would suggest 60 days following the related reporting period as a more appropriate deadline.

2.35.4(6) – As noted above, this requirement should be restricted to “material changes” with respect to the short-term securitized product which could reasonably be expected to have a material impact on the payment of interest and/or principal thereon taking into account the liquidity arrangements then in place. The dynamic nature of the securitization transactions and the assets in an asset pool would otherwise result in excessive disclosure requirements that the Committee believes would not provide any value to investors and would be excessively burdensome and costly for conduit administrators.

2.35.4(7)(b) – Assuming our suggested changes to the scope of this provision are made, we would suggest this refer to two business days rather than two days to account for weekends and holidays.

## **FORM 45-106F7 – INFORMATION MEMORANDUM FOR SHORT-TERM SECURITIZED PRODUCTS**

As a general comment and as noted above, we believe the requirement for transaction-specific information to be included in the information memorandum described in Form 45-106F7 (the “**IM**”) is unnecessary and much too onerous as it will require constant updates to reflect new transactions, amendments to current transactions and other changes and would be better suited for disclosure items in the conduit’s monthly disclosure report. The IM should be restricted to program-level matters, including an overview of the program documentation, the manner in which the program operates and other matters specifically relating to the overall program itself, consistent with the current information memoranda being distributed by Canadian bank-sponsored conduits.

### **Instructions:**

The instructions should include statements that only material items need to be addressed and a negative response for inapplicable items is not required, as is the case with similar form requirements under the CSA rules (see Part 1 – General Provisions, clauses (f) and (l) of Form 51-102F1 – *Management’s Discussion and Analysis* under National Instrument 51-102 *Continuous Disclosure Obligations*, for example).

The list of definitions for the glossary to be contained in the IM are problematic due to confidentiality, privacy and proprietary/market competition concerns. First, the requirement to identify a “principal obligor” may result in a breach of privacy legislation, or confidentiality restrictions that are in place between the related originator and such principal obligor. If this continues to be a requirement, originators/sellers may not be able to participate in securitization transactions of this nature thereby eliminating an important source of financing currently available to them and the availability of investment product for investors.

Second, the identification of a “significant party” of the type specified in clauses (a), (c), (f) and (g), unless properly clarified, can be read to require identification of the originator/seller/servicer of the particular assets included in the asset pool rather than the sponsor of the conduit itself. To date, there has been no specific requirement to name the originator/seller/servicer (which in almost all cases are the same entity) and the confidentiality of such parties has been an important feature of the Canadian market to date. A requirement to identify these parties will again distinguish the Canadian ABCP market in a negative way as it will be harmful to these parties in that transaction-specific pricing and credit enhancement information will be made generally available to the market, which will impair their ability to negotiate such matters when executing subsequent transactions with other conduits. The competitive nature of transaction pricing in the Canadian ABCP market is a critical feature for sellers and the loss of the ability to negotiate such terms with different conduits may result in sellers withdrawing from the market. Canadian ABCP investors have not to date been required the identification of these specific parties by name as a condition to purchasing ABCP. The Committee believes the other features of Canadian ABCP, in particular the liquidity arrangements and the current level of disclosure by conduit sponsors and rating agencies, provide adequate protection for investors.

### **Item 1: Significant Parties to Securitization Transaction**

1.1 As noted above, a conduit should not be required to specifically name the seller/originator/servicer. This should be modified to remove reference to such parties.

1.2 This provision would require a conduit to monitor the involvement of significant parties in securitization transactions with other conduits which may not even be sponsored by the same sponsor, and the specified information may require information that could not reasonably be expected to be available to the conduit. This would impose an inappropriate duty on the conduit and should be removed.

1.4 As noted above, this should not require the identification of the seller/originator/servicer by name. This should be modified to remove reference to such parties.

### **Item 2: Structure**

This Item should be revised to clarify that it requires a diagram describing the overall conduit program, rather than a diagram for each individual securitization transaction within the conduit's program.

### **Item 3: Eligible assets**

Items 3.1 and 3.4 should be revised to clarify that program-level disclosure is required rather than disclosure specific to each individual securitization transaction. In particular, with respect to Item 3.1(b) and (c), a general summary with respect to these items should be required as such items vary depending on the nature of the securitization transaction and the particular rating agencies requirements, and such factors are not consistent across all securitization transactions within a program. Section 3.1(d) should be deleted as any originator information should be included in the monthly disclosure report.

### **Item 4: Liquidity support and credit enhancement**

Items 4.3 and 4.4 should be revised to refer to program-level disclosure rather than disclosure specific to each individual securitization transaction.

### **Item 5: Property interests in asset pool and priority of payments**

The provisions in this item should be revised to require only general descriptions of the specified matters, and Items 5.4 and 5.5 are addressed in Item 5.3 and should be deleted. Furthermore, it should be made clear that the specific identity of any seller/originator/servicer need not be disclosed for the reasons discussed above.

### **Item 6: Compliance or termination events**

Each of items 6.1, 6.2 and 6.3 should be revised to require only a general summary of the various circumstances, performance tests and contractual provisions rather than transaction-specific details of this nature.

### **Item 7: Description of short-term securitized product and offering**

Many of the enumerated items in Item 7 are dynamic and cannot be described in a static fashion in the IM, and we fail to see what benefit this information would provide to

investors. In particular, items (c) and (e) are most problematic as ABCP will be issued by a conduit on a near daily basis and this information therefore changes almost daily.

**Item 9: Material Agreements**

As currently drafted, this Item would require disclosure of any material agreements to which a significant party is a party, not only those to which the conduit is also a party. This should be revised to make this clarification.

In addition, as noted above, the IM disclosure should relate only to program-level disclosure and therefore describe the material program agreements for the conduit such as its trust indenture, liquidity agreements, financial services or administrative agreements and other agreements which govern the program, not those which are transaction-specific.

**Item 10: Summary of Asset Pool**

The information specified for inclusion in Item 10 is inappropriate for the IM as such information is dynamic and would be more properly included in the monthly disclosure report, in particular due to the proposed requirement in Item 12 that the IM does not contain a misrepresentation. Such a statement can certainly not be made when the information relating to the pool asset changes on a daily basis and will quickly become stale.

**Item 12: Representation that no misrepresentation**

As noted above, much of the information specified for inclusion in the IM in the Proposed Securitized Products Amendments are dynamic and are not suitable for inclusion in a static IM. If such dynamic information continues to be required in the IM, it would not be appropriate to require a conduit to make such a representation.

**FORM 45-106F8 MONTHLY DISCLOSURE REPORT FOR SHORT-TERM SECURITIZED PRODUCTS DISTRIBUTED UNDER SECTION 2.35.1**

**Instructions:**

As noted with respect to Form 46-106F7, the instructions should include statements that only material items need to be addressed and that a negative response for inapplicable items is not required.

### **Item 1: Significant Parties to the Securitization Transaction**

1.1 For the reasons detailed above, disclosure of the name of the seller/originator/servicer or any primary obligor for a securitization transaction should not be a requirement. In addition, the other information specified in 1.1 is required to be disclosed in the IM and it should not be necessary to repeat such information.

1.2 We believe a general diagram of the conduit's program, as required in the IM, together with the general descriptions of the types of securitization transactions to which the conduit is a party should be sufficient for investors' purposes and a conduit should not be required to provide a diagram of every securitization transaction to which it is a party.

### **Item 2: Program Information**

2(b) The information specified in items 2(b)(ii), (iii) and (iv) are repetitive of information required in the IM and should be removed from the monthly disclosure report.

2(d) The average maturity will change on a daily basis, especially in light of the short-term nature of the securities and the frequency of issuance, and, in our view, provides no useful information to investors. This should be removed from the monthly disclosure report.

### **Item 3: Flow of Funds**

The information in 3.1 and 3.2 is repetitive of information that will be contained in the IM. This should be removed from the monthly disclosure report.

### **Item 4: Asset Pool**

4.3 As noted above, it should not be necessary to provide the identity of a principal obligor. This should be removed.

4.4 This information is either unnecessary or repetitive of information that will be contained in the IM and, in either case, should be removed from the monthly disclosure report.

4.5 This information is repetitive of information that will be contained in the IM and should be removed from the monthly disclosure report.

**Item 5: Second-level Assets**

The information in 5(a) and (b) is repetitive of information that will be disclosed under Item 4. This Item should be removed from the monthly disclosure report.

**Item 6: Asset Pool Changes**

In the Committee's view, the relevant information relating to the asset pool for an investor is the current composition of the asset pool, and information relating to assets no longer forming part of the pool provides no benefit to investors. The information in item 6(a) would be included in information disclosed under Item 8. Items 6(b) and (c) should be removed from the monthly disclosure report.

**Item 7: Program Compliance and termination events**

7(a) This should be revised to require that these events only need to be disclosed if they could reasonably be expected to have an adverse effect on the repayment of interest and/or principal on the short-term securitized products. In the case of clause (ii), amortization events are structural protections put in place to protect investors from any risk of loss. The disclosure of the occurrence of these events should not be required as they are intended to operate to better ensure the full repayment of amounts outstanding to investors. As noted above, disclosure should only be required if structural supports such as liquidity supports or credit enhancement have been, or are reasonably expected to be, exhausted, and if such circumstances apply this disclosure would be captured under item 7(a)(iv).

7(d), (f) and (g) These items are required to be disclosed in the IM and should be removed from the monthly disclosure report.

**Item 8: Securitization transaction summary**

8.2(c) This information is disclosed in summary fashion in the IM and need not be repeated on a monthly basis in the monthly disclosure report. This should be removed from the monthly disclosure report.

8.2(d) This information will vary frequently. For large, granular asset pools this information is not meaningful and is not available monthly. This should be removed from the monthly disclosure report.

8.2(e) This information seems redundant when information regarding the program and asset types is already being provided.

8.2(f) Disclosing the credit rating of an originator may allow readers to identify the originator and, as discussed above, this should be avoided.

8.3(b) The current drafting is ambiguous and it is unclear which information is to be provided. Credit enhancement figures on a transaction by transaction basis are appropriate, but credit enhancement as a percentage of total credit enhancement does not provide any useful information.

8.3(c) A general summary of the minimum requirements for a credit enhancer (minimum credit ratings, etc.) contained in the IM should suffice. This should be removed.

8.3(d) A general summary of the conditions and timing for drawing on credit enhancement contained in the IM should suffice. This should be removed.

8.4 This should be removed as it would only relate to structured finance or structured products which are not permissible for inclusion in the asset pool based on the proposed restrictions for use of the proposed exemption. Structural features of this type are not used by conduits in relation to traditional assets.

**Item 9: Material Agreements**

A general summary of this information in the IM should suffice. As noted above with respect to the disclosure obligations relating to material agreements in the IM, such disclosure should relate only to program-level disclosure and therefore describe the material program agreements for the conduit such as its trust indenture, liquidity agreements, financial services or administrative agreements and other agreements which govern the program, not those which are transaction-specific, and the appropriate place for such summary disclosure is in the IM. This entire item should be removed.

**Item 10: Fees and Expenses**

A general summary of this information in the IM should suffice. This entire item should be removed.

**Item 11: Alignment of interest and conflicts of interest**

A general summary of this information in the IM should suffice. This entire item should be removed.

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We are grateful for having been given an opportunity to provide our response to the Proposed Securitized Products Amendments. Please contact Richard Johns, Executive Director of the Structured Finance Industry Group at (571) 296-6017 or via e-mail at [Richard.Johns@SFIndustry.org](mailto:Richard.Johns@SFIndustry.org).

Respectfully Submitted,

A handwritten signature in black ink, appearing to be 'R. Johns', written over a horizontal line.

Richard Johns  
Executive Director, on behalf of the Latin America and Canada Committee  
Structured Finance Industry Group