CENTER FOR CAPITAL MARKETS COMPETITIVENESS

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September 26, 2013

Mr. Robert deV.Frierson
Secretary
Board of Governors of the
Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551

Mr. Alfred M. Pollard
General Counsel
Federal Housing Finance Agency
400 7th Street SW
Washington, DC 20024

Mr. Robert Feldman
Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

Ms. Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549

Legislative & Regulatory Activities
Division
Office of the Comptroller of the Currency
400 7th Street SW
Washington, DC 20219

Regulations Division
Office of General Counsel
Department of Housing and Urban
Development
451 7th Street SW
Washington, DC 20410

Re: Request for Extension of Comment Period, Joint Proposed Rule on Credit Risk Retention OCC RIN 1557-AD40; FRB RIN 7100-AD70; FDIC RIN 3064-AD74; SEC RIN 3235-AK96; FHFA RIN 2590-AA43l HUD RIN 2501-AD53

Dear Mr. deV. Frierson, Mr. Pollard, Mr. Feldman, Ms. Murphy and To Whom It May Concern:

The U.S. Chamber of Commerce ("Chamber") is the world's largest business federation representing the interests of over three million companies of every size, sector, and region. The Chamber created the Center for Capital Markets Competitiveness ("CCMC") to promote a modern and effective regulatory structure for the capital markets to fully function in a 21st century economy. We are writing to express concerns regarding the short time period for which comments may be filed on the revised proposal regarding credit risk retention published in the Federal Register on September 20, 2013 ("Revised Proposal").[1] The comment period, following the publication in the Federal Register, is only 37 days long, which is wholly insufficient for a rule that is over 120 pages long and that asks over 100 questions and many more sub-questions. Accordingly, because of the complexity of the rulemaking and the narrow window in which comments may be submitted, we respectfully request a 60 day extension of the deadline until December 31, 2013.

Section 941(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act") mandates that the Agencies prescribe rules to require securitizers to retain an economic interest in a material portion of the credit risk of the underlying securitized assets. On April 29, 2011, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, the Federal Reserve Board, the Securities and Exchange Commission, the Federal Housing Financing Agency, and the Department of Housing and Urban Development (collectively, the "Agencies") published their original joint proposed rule to implement section 941(b) ("Original Proposal").[2] The Original Proposal would generally have required that sponsors of asset-backed securities retain at least 5 percent of the credit risk of the assets underlying the securities and would not have permitted sponsors to transfer or hedge that credit risk, subject to certain exemptions. The CCMC participated in this rulemaking and submitted responsive comments to the Agencies.[3] Given our concerns with the Original Proposal, we appreciate the Agencies' decision to re-issue the credit risk retention regulations via the Revised Proposal.

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[1] Credit Risk Retention, 78 Fed. Reg. 57,928 (Sept. 20, 2013).
[2] Credit Risk Retention, 76 Fed. Reg. 24,090 (Apr. 29, 2011).
[3] *See* http://www.centerforcapitalmarkets.com/wp-content/uploads/2010/04/Risk-Retention-FDIC-8.1.2011.pdf.

Comments on the Revised Proposal are currently due by October 30, 2013. In light of this abbreviated comment period, however, the CCMC is concerned that the business community and other stakeholders will not have sufficient time to thoroughly analyze and comment on the Revised Proposal. The CCMC therefore requests the Agencies extend the comment period until December 30, 2013 to allow interested parties sufficient time to assess the new facets of this revised proposal and to prepare informed and insightful comments.

The CCMC believes that this request is reasonable and appropriate in light of present circumstances. First, the Revised Proposal is a voluminous rule that seeks to establish a new complex regulatory regime governing securitizers and the treatment of certain assets. Keeping with the 97-page Original Proposal, the 121-page Revised Proposal includes credit risk retention exemptions for securities supported by qualified residential mortgages ("QRMs"), qualifying commercial loans, qualifying commercial real estate loans, and qualifying automobile loans, as well as loans guaranteed by Fannie Mae and Freddie Mac. However, the Revised Proposal includes a number of major updates to the Original Proposal, including, but not limited to: (1) the expansion of the QRM exemption via the adoption of the Consumer Financial Protection Bureau's definition of "qualified mortgage"; (2) new risk retention options for open market collateralized loan obligations and municipal bond "repackaging securitizations"; (3) sunset provisions; (4) the switch from a "par value" to a "fair value" measurement of risk retention calculations; (5) elimination of the cash reserve account requirement for sponsors issuing interest-only tranches; and (6) disclosure requirements.

Comprehending these numerous and interrelated requirements and their impact on both covered and exempt assets is a complex task. Additionally, the Revised Proposal requests that prospective commenters respond to 107 specific questions, many with multiple subparts. Interested parties need an adequate amount of time to conduct thorough analysis, collect relevant data, consult with industry participants, and assess the implications of the revised proposal in order to properly comment and answer the Agencies' many questions.

Second, the comment period provided for the Revised Proposal is much shorter than the comment period granted for the Original Proposal. The Original Proposal was published on April 29, 2011 with a June 10, 2011 deadline for the receipt of comments. On June 10, 2011, this deadline was extended until August 1, 2011 in response to requests for additional time. Including this extension, the comment period for the Original Proposal lasted for 94 days. In comparison, the revised proposal was published on September 20, 2013 with comments due by October 30, 2013, creating a comment window of only 40 days. Extending this comment period by an additional 60 days would keep the comment periods for these proposals consistent and would allow interested parties comparable time to gather data and perform analysis given the two intervening years between the rulemakings.

Finally, extending the comment period for the Revised Proposal is appropriate in light of the comparatively lengthy comment periods that agencies have provided in recent years for far less complex rulemakings. On August 11, 2011, for example, the U.S. Coast Guard published a proposed rule governing the inspection of towing vessels. [4] Comments on this proposal were due by December 9, 2011, for a comment period of 120 days. Similarly, on April 15, 2008, the Federal Aviation Administration published a proposed rule regarding the certification of "sport pilots" with a 120 day comment period.[5] In contrast to these rulemakings, the proposed credit risk retention requirements are inherently complex and have far-reaching implications across a web of complex relationships, including borrowers, issuers, and investors in the securitization chain.

In addition to these rulemakings by other parts of the government on unrelated topics, the Agencies themselves have recently issued proposed rules on equally or less complex aspects of the Dodd-Frank Act and provided lengthier comment periods than the one for the Revised Proposal. For example, on November 21, 2008, the Securities and Exchange Commission published a proposed rule setting forth a "roadmap" outlining several milestones that would lead to the required use of International Financial

[4] Inspection of Towing Vessels, 76 Fed. Reg. 49,976 (Aug. 11, 2011).
[5] Certification of Aircraft and Airmen for the Operation of Light Sport Aircraft; Modifications to Rules for Sport Pilots and Flight Instructors with a Sport Pilot Rating, 73 Fed. Reg. 20,181 (Apr. 15, 2008).

Reporting Standards by U.S. issuers by 2014.[6] The comment deadline for this proposal was originally slated for February 19, 2009 but was extended until April 20, 2009 for a total comment period of 150 days.[7] In light of the length and density of the Revised Proposal and given the longer comment periods that the Agencies have designated for other Dodd-Frank rulemakings, it stands to reason that interested parties should have a comment window that reflects the significance and complexity of the latest credit risk retention proposal.

For these reasons, the CCMC respectfully requests that the Agencies extend the comment period for the Revised Proposal by an additional 60 days until December 30, 2013. An extension will allow interested parties and industry participants the proper amount of time to fully examine the proposal and to submit comments informed by proper analysis and more complete responses to the questions posed. Thank you for your consideration of our request and would be happy to discuss these issues at your convenience.

Sincerely,

Tom Quaadman

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[6] Roadmap for the Potential Use of Financial Statements Prepared in Accordance with International Financial Reporting Standards by U.S. Issuers, 73 Fed. Reg. 70,816 (Nov. 21, 2008).

[7] Roadmap for the Potential Use of Financial Statements Prepared in Accordance with International Financial Reporting Standards by U.S. Issuers; Extension of Comment Period, 74 Fed. Reg. 6,359 (Feb. 9, 2009).