

From: Richard Hatton
Proposal: 1411 (7100-AD70) - Credit Risk Retention
Subject: Credit Risk Retention - Reg RR

Comments:

To whom it may concern,

Was it the intention of the proposed rules to capture traditional municipal borrowing transactions within the scope of the risk retention rules for "asset-backed securities"? For example, municipalities (acting for themselves or as on behalf of conduit issuers for other municipal or qualifying borrowers) often avail themselves of borrowings through master trust indentures that issue certificates of participation, or similar instruments, representing an interest in loans or leases pledged to the master trust indenture. Additionally, state and local agencies often operation pooled or revolving loan programs, whereby loans or leases are originated by the municipality and financed by a borrowing that is secured by an interest in the loans and leases. Traditionally, the master trust indenture is disregarded and the obligation is treated as a borrowing of the municipal entity(ies). Would these transactions fall outside of the scope of the risk retention rules or would an exemption be necessary to avoid the requirement to retain 5%?

Regards,

Richard Hatton