



*Insight beyond the rating.*

## Filed Electronically

February 2, 2010

Ms. Elizabeth M. Murphy, Secretary  
U.S. Securities and Exchange Commission  
100 F Street, N.E.  
Washington, D.C. 20549

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Re: *Proposed Rules for Nationally Recognized Statistical Rating Organizations, File No. S7-28-09*

Dear Ms. Murphy:

DBRS appreciates the opportunity to comment on the above-referenced proposals to further modify the rules governing nationally recognized statistical rating organizations ("NRSROs").<sup>1</sup> DBRS is registered with the Commission as an NRSRO.

In this latest rulemaking, the Commission proposes to require NRSROs to (1) furnish the Commission with annual reports regarding the operation of their compliance programs; (2) disclose information on Form NRSRO about aggregate sources of their credit rating revenues and the percentage of their revenues attributable to something other than credit rating services; and (3) make detailed revenue information available on their public Web sites. In addition to seeking comment on these specific proposals, the Commission also seeks comment on measures that could be taken to differentiate structured finance credit ratings from ratings on other types of financial instruments.<sup>2</sup> Finally, the Commission asks whether it should extend the scope of a rule designed to encourage unsolicited credit ratings on structured finance products, despite the fact that the compliance date for this rule is still six months away.

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<sup>1</sup> "Proposed Rules for Nationally Recognized Statistical Rating Organizations," SEC Release No. 34-61051 (November 23, 2009), 74 Fed. Reg. 63866 (December 4, 2009) ("Proposing Release"). Since the current NRSRO regulatory regime was instituted in mid-2007, the Commission has adopted two sets of NRSRO rule amendments, [SEC Release No. 34-61050 (November 23, 2009), 74 Fed. Reg. 63832 (December 4, 2009); and SEC Release No. 34-59342 (February 2, 2009), 74 Fed. Reg. 6456 (February 9, 2009)] and has proposed other amendments that have yet to be adopted. See SEC Release No. 34-58070 (July 1, 2008), 73 Fed. Reg. 40088 (July 11, 2008); SEC Release No. 33-8940 (July 1, 2008), 73 Fed. Reg. 40106 (July 11, 2008); SEC Release No. IC- 28327 (July 1, 2008), 73 Fed. Reg. 40124 (July 11, 2008); SEC Release No. 33-9069 (October 5, 2009), 74 Fed Reg 53274 (October 9, 2009).

<sup>2</sup> In connection with the current proposal, the Commission has withdrawn a proposal it made in June 2008 to require NRSROs to use different symbology for structured finance ratings or to accompany such ratings with reports describing how structured finance ratings differ from other types of ratings. See SEC Release No. 34-57967 (June 16, 2008), 73 Fed. Reg. 36212 (June 25, 2008).



As explained below, DBRS supports the concept of annual NRSRO compliance reports, but believes that any requirements in this area should be consistent with the compliance reporting obligations imposed on other types of regulated entities. With regard to the proposed changes to Form NRSRO, DBRS objects to the proposal to require disclosure of revenues derived from the largest users of credit rating services for three reasons. First, DBRS believes that such information is of limited probative value, and is as likely to mislead the public as it is to educate it. Second, DBRS notes that existing regulations already address the issues of revenue concentration and conflicts of interest. Third, DBRS believes that this requirement could have an anticompetitive effect on smaller credit rating agencies. Likewise, DBRS believes the proposal to require public disclosure of detailed revenue information sorted by client is unnecessary, counterproductive and anticompetitive.

### ***Annual Compliance Reports***

Rule 17g-3 under the Securities Exchange Act of 1934 ("Exchange Act") requires NRSROs to furnish the Commission with a variety of confidential financial reports on an annual basis. The Commission proposes to amend this rule to require a new annual report regarding the operation of an NRSRO's compliance program. This report would describe the steps the NRSRO's designated compliance officer took during the past fiscal year to administer the firm's policies and procedures relating to insider trading and conflicts of interest, as well as the steps taken to ensure the rating agency's compliance with applicable securities laws and rules.<sup>3</sup>

In this regard, the report would: (1) describe any compliance reviews of the NRSRO's activities conducted during the fiscal year; (2) disclose the number of material compliance matters identified during each review, along with the description of each such matter;<sup>4</sup> (3) describe any remediation measures implemented to address such material compliance matters; and (4) describe the persons within the NRSRO who were advised of the results of the compliance reviews.<sup>5</sup> Finally, the designated compliance officer would be obligated to attest to his or her responsibility for the report and state to the best of his or her

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<sup>3</sup> Proposed Rule 17g-3(a)(7)(i).

<sup>4</sup> A "material compliance matter" would mean a determination that there has been a violation of the securities laws or rules, or a failure to adhere to the NRSRO's policies, procedures, or methodologies to, for example, determine credit ratings, prevent the misuse of inside information, manage conflicts of interest, and comply with the NRSRO rules. The phrase also would include a determination that there was a weakness in the design or implementation of the NRSRO's policies and procedures. Proposing Release at 18.

<sup>5</sup> Proposed Rule 17g-3(a)(7)(ii).



knowledge, that the report fairly presents, in all material respects, the steps taken during the reporting period.<sup>6</sup>

The Commission opines that instituting such a reporting requirement would improve the integrity of the credit rating process by more actively engaging an NRSRO's compliance officer in reviewing the firm's compliance with the securities laws and its own policies and procedures, and by motivating the NRSRO to promptly correct any compliance problems it uncovers.<sup>7</sup> The Commission also believes that the proposed compliance reports will enhance its efforts to oversee NRSROs and protect investors.

DBRS agrees that imposing the discipline of an annual compliance report would enhance the compliance function within NRSROs and help to mitigate any compliance failures that may occur. Nevertheless, DBRS submits that the obligations imposed on NRSROs in this area should be consistent with the obligations imposed on other regulated entities, which the proposed requirements are not.

For example, a registered investment company ("fund") must conduct at least annual reviews of, among other things, the adequacy of its policies and procedures and the effectiveness of their implementation.<sup>8</sup> The fund's chief compliance officer must provide a written report to the fund's board that addresses the operation of those policies and procedures and any material changes made to those policies and procedures during the reporting period, as well as each material compliance matter that occurred since the date of the last report.<sup>9</sup> The fund is not, however, obliged to file its compliance reports with the Commission.

Likewise, a registered broker-dealer is required to conduct annual compliance testing and to create a report detailing the firm's system of supervisory controls, a summary of the test results, significant identified exceptions and any additional or amended supervisory procedures created in response to the test results.<sup>10</sup> Although these compliance reports

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<sup>6</sup> Proposed Rule 17g-3(b)(2).

<sup>7</sup> Proposing Release at 12, 22.

<sup>8</sup> Rule 38a-1 under the Investment Company Act of 1940 ("Company Act") [17 CFR 270.38a-1].

<sup>9</sup> A "material compliance matter" is a matter about which the fund's board would reasonably need to know to oversee fund compliance, if that matter involves a violation of the federal securities laws or rules, a violation of the fund's policies and procedures or a weakness in the design or implementation of those policies and procedures. Rule 38a-1(e)(2).

<sup>10</sup> These requirements are found in NASD Rules 3010 and 3012, which have been approved by the SEC.



are provided to the broker-dealer's senior management, they are not filed with any regulator.

Finally registered investment advisers, who have a fiduciary duty to manage and disclose their conflicts of interest, are required to conduct annual reviews of the adequacy of their compliance procedures and the effectiveness of the procedures' implementation.<sup>11</sup> However, while advisers must maintain records documenting such reviews,<sup>12</sup> they are not required to prepare formal compliance reports; nor are they required to file any proof of their reviews with the Commission.

DBRS urges the Commission to modify its NRSRO compliance report proposal to harmonize the regulation of NRSROs with that of other regulated entities. In this regard, we first suggest that the report be changed from one that must be submitted to the Commission pursuant to Rule 17g-3, to one that must be "made and retained" pursuant to Rule 17g-2.<sup>13</sup> Furthermore, in lieu of furnishing the report to the Commission within 90 days after the end of the NRSRO's fiscal year, we suggest that the designated compliance officer be obliged to furnish the report to the firm's board of directors, a body performing similar functions or senior management at least once each calendar year.<sup>14</sup>

DBRS believes that modifying the NRSRO compliance report requirements in this way will result in more effective compliance monitoring, because the compliance officer will be free to conduct as comprehensive a review as he deems necessary, unconstrained by artificial deadlines. A report that is addressed to an internal audience might also be more candid, and therefore, more useful than one that is designed primarily as a regulatory filing. Moreover, DBRS does not believe that the modifications it proposes will impede the Commission's meaningful oversight of NRSROs. As is the case with investment companies, broker-dealers and investment advisers, NRSROs' internal compliance records will be available to the Commission's staff in connection with regulatory examinations.

As for the contents of the compliance report, DBRS supports the Commission's proposal with two exceptions. First, if the report is provided to the board of directors, a body

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<sup>11</sup> Rule 204(6)-7 under the Investment Advisers Act of 1940 ("Advisers Act") [17 CFR 275.206(4)-7].

<sup>12</sup> Advisers Act Rule 204-2(a)(17)(ii) [17 CFR 275.204-2(a)(17)(ii)].

<sup>13</sup> The compliance report requirement would be added as a new subsection (a)(9) to Rule 17g-2. Because compliance reports are not, technically speaking, "statements of financial condition" as contemplated by Exchange Act § 15E(k), DBRS believes they are better suited to the NRSRO recordkeeping rule than they are to the NRSRO financial reports rule.

<sup>14</sup> In view of the fact that NRSROs come in various shapes and sizes, DBRS believes that each firm should be free to select the recipient of the compliance report, based on facts and circumstances.



performing similar functions or senior management, there would no longer be a need for the report to describe the "key personnel" within the NRSRO who were advised of the results of the reviews.<sup>15</sup>

Second, DBRS suggests eliminating the requirement to disclose the number of material compliance matters identified during the reporting period, and instead to simply require a brief description of such matters. It is the substance of compliance matters that is important, and making compliance reporting a "numbers game" will detract from the value of the reports.

With respect to the Commission's other questions about proposed Rule 17g-3(a)(7):

-DBRS suggests that a definition of the term "material compliance matter" be added to the compliance report requirement (to be recast as Rule 17g-2(a)(9)). In this regard, we urge the Commission to utilize the definition used in Company Act Rule 38a-1.<sup>16</sup>

-If the compliance report is presented to the board, a similar body or senior management, DBRS does not see the need for a compliance officer certification. If the certification requirement is retained, the designated compliance officer might need to rely on sub-certifications, depending on the NRSRO's size, organization and the scope of its business.

-Hiring an independent third party to review an NRSRO's adherence to its policies and procedures and its compliance with the securities laws would be an expensive proposition which could unduly burden smaller rating agencies. DBRS believes that compliance reports should be prepared internally, or at least that any use of auditors should be completely voluntary.

### ***Form NRSRO Amendments***

Exhibit 6 to Form NRSRO requires NRSROs<sup>17</sup> to disclose all material conflicts of interest relating to their issuance of credit ratings. The purpose of this Exhibit is to alert users of

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<sup>15</sup> Proposed Rule 17g-3(a)(7)(ii)(D); Proposing Release at 20.

<sup>16</sup> See note 9, *supra*. Of course, this definition should be modified to address the fact that an NRSRO's compliance report may be delivered to a board of directors, a similar body or senior management, whereas Rule 38a-1 contemplates delivery only to a fund board.

<sup>17</sup> The Exhibit also must be completed by applicants for NRSRO registration. For purposes of simplicity, both NRSROs and applicants for registration are referred to herein as "NRSROs."



credit ratings to the potential conflicts in the NRSRO's business model, and to allow such users to assess an NRSRO's conflict management procedures (which are disclosed in Exhibit 7 to Form NRSRO) against the conflicts that have been disclosed.<sup>18</sup> The Commission proposes to amend the instructions to this Exhibit to require each NRSRO to make two additional types of disclosure: (1) the aggregate percentage of the NRSRO's net revenue attributable to the 20 largest users of the NRSRO's credit rating services; and (2) the percentage of the firm's revenue attributable to services and products other than credit rating services.<sup>19</sup> The purpose of these additional disclosures, according to the Commission, is to enhance users' understanding of the dimensions of the conflict arising from the fact that NRSROs are paid to determine credit ratings, as well as of the conflicts arising from the side-by-side provision of credit rating and non-credit rating services.<sup>20</sup>

DBRS does not engage in any business other than providing credit rating services and takes no position on the proposed disclosure of revenues derived from an NRSRO's non-ratings business.<sup>21</sup> However, DBRS has three objections to the proposed disclosure regarding revenue concentration.

First, DBRS does not believe that this information has any probative value. Although the Commission suggests that a large percentage of revenues attributable to a concentrated group of clients might increase the potential risk that those clients could influence the objectivity of the credit ratings,<sup>22</sup> this risk is pure conjecture. There is no evidence that concentration of revenues is correlated with inaccurate ratings; if it is not, a suggestion to that effect is misleading. Furthermore, because the revenue information would be presented in the aggregate, the public would have no way of knowing whether any particular rating was related to the group of alleged influence-wielding clients or not. Second, existing NRSRO regulations already mitigate the possible negative effects of revenue concentration. For example, Rule 17g-5(c)(1) prohibits an NRSRO from issuing or

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<sup>18</sup> Proposing Release at 30.

<sup>19</sup> In conjunction with this proposal, the Commission also proposes to move the definitions of certain terms to the "Explanation of Terms" section from their current location in the instructions to Exhibit 10. DBRS does not object to this reorganization of the Form's instructions.

<sup>20</sup> Proposing Release at 31.

<sup>21</sup> We note, however, that the approach the Commission proposes here differs from the approach it has taken with regard to other regulated entities. For example, while registered investment advisers are required to disclose whether they engage in non-advisory activities, and if so, whether those activities are their primary business, and how much time is spent on them, they are not required to disclose any information regarding revenues derived from such activities. See Form ADV, Part IA, Item 6 and Part II, Item 7.

<sup>22</sup> Proposing Release at 36.



maintaining a credit rating solicited by a person who in the most recent fiscal year provided the NRSRO with net revenue equaling or exceeding 10% of the firm's total net revenue for that period. Rule 17g-5(c)(6) forbids an NRSRO to issue or maintain a credit rating where the fee paid for the rating was negotiated, discussed or arranged by a person within the NRSRO who has responsibility for participating in determining credit ratings or for developing or approving credit rating procedures or methodologies. In addition, each NRSRO is required to furnish the Commission with an annual report disclosing information about the 20 largest issuers and subscribers (as well as certain obligors or underwriters) that used the NRSRO's credit rating services during the reporting period. This information should enable the Commission to test its theory regarding a link between revenue concentration and ratings quality.

Finally, DBRS submits that the revenue concentration proposal could have an anti-competitive effect on the NRSRO market. Smaller rating agencies may have higher revenue concentrations than the largest firms simply because the small firms have fewer paying clients than the large firms do. Characterizing aggregate revenue concentration as a conflict of interest (which, as noted above, is an unproven statement) may make it more difficult for small NRSROs to compete against the dominant rating agencies.

For all of these reasons, DBRS respectfully suggests that the proposal to add revenue concentration information to Exhibit 6 be withdrawn.

### ***Proposed New Rule 17g-7<sup>23</sup>***

The Commission proposes to require each NRSRO on an annual basis to make publicly available on its Internet Web site a consolidated report disclosing, for each person that paid the NRSRO to issue or maintain a credit rating: (1) the percent of the net revenue attributable to the person that the NRSRO earned from providing products and services other than credit rating services; (2) the relative standing of the person in terms of its contribution to the NRSRO's revenue for the fiscal year as compared with other persons who provided the NRSRO with revenue; and (3) all outstanding credit ratings paid for by the person.<sup>24</sup> The NRSRO also would be obliged to include a statement disclosing the location of this report each time it published a credit rating.<sup>25</sup> These disclosure requirements would not apply to an NRSRO that operates on a subscriber-pay model, if

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<sup>23</sup> This version of proposed Rule 17g-7 replaces the proposal the Commission made in 2008 and withdrew in connection with this rulemaking *See*, note 2, *supra*.

<sup>24</sup> Proposed Rule 17g-7(a)(1),(3).

<sup>25</sup> Proposed Rule 17g-7(b).



the NRSRO is paid only by subscribers to access ratings and is not paid by investors or any other party to issue or maintain specific credit ratings.<sup>26</sup>

According to the Commission, the purpose of the proposed rule is to help the users of credit ratings evaluate the potential risk that an NRSRO's objectivity could be compromised by the revenue derived from persons who hire the NRSRO to issue or maintain credit ratings.<sup>27</sup> The Commission further opines that forcing disclosure of client-specific revenue information could deter large consumers of an NRSRO's services from attempting to exercise undue influence on the rating agency.

DBRS respectfully submits that the latest iteration of proposed Rule 17g-7 should be withdrawn for the following reasons.

*The proposed rule is unnecessary.*

The NRSRO regulatory regime already requires registered credit rating agencies to disclose extensive information that the public can use to assess the quality and integrity of credit ratings. This includes a list of an NRSRO's potential conflicts of interest,<sup>28</sup> and a copy of the written policies and procedures the NRSRO uses to manage those conflicts.<sup>29</sup> In order to enable the users of credit ratings to determine if, notwithstanding its policies and procedures, an NRSRO's integrity and objectivity have been compromised by conflicts of interest, the Commission last year adopted two rules requiring the publication of extensive rating history information.<sup>30</sup> Given the universe of existing NRSRO disclosure, DBRS believes it is unnecessary to add a new layer of client-level revenue disclosure to the mix.

DBRS further notes that the approach taken in proposed Rule 17g-7 radically departs from the approach taken in similar situations involving other regulated entities. For example, several years ago, the NASD (now FINRA) and the New York Stock Exchange adopted extensive rules to address conflicts of interest that may arise when broker-dealers both

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<sup>26</sup> Proposed Rule 7g-7(a)(2); Proposing Release at 50.

<sup>27</sup> *Id.*, at 44, 46.

<sup>28</sup> Form NRSRO, Exhibit 6.

<sup>29</sup> Form NRSRO, Exhibit 7.

<sup>30</sup> Rule 17g-2(d)(2) and (d)(3). The first provision requires NRSROs to publish ratings action histories for a randomly selected ten percent of their issuer-paid credit ratings. The second, requires NRSROs to publish ratings history information for 100 percent of their credit ratings determined on or after June 26, 2007. The second provision applies to both issuer-paid and subscriber-paid ratings, although different publication dates apply to the two types of ratings.



engage in investment banking activities and issue research reports.<sup>31</sup> These rules, which the Commission approved, require a broker-dealer to disclose whether it “received compensation for investment banking services from the [subject of the research report] in the past 12 months” and whether it “expects to receive or intends to seek [such compensation] in the next 3 months.”<sup>32</sup> In other words, it is the *existence* of compensation, not the *amount* of compensation (relative, aggregate or otherwise) that is disclosed.

The Commission has adopted a similar approach regarding investment advisers. As noted above, advisers have a fiduciary duty to disclose all situations in which their interests may conflict with the interests of their clients. While such disclosable conflicts often involve the adviser’s receipt of payments from a party whose services are recommended to the client, only the existence of such payments needs to be disclosed. The amount of such payments or the relative ranking of payors does not.<sup>33</sup>

DBRS respectfully submits that if disclosure of the existence of conflict-producing compensation is sufficient in the broker-dealer and investment adviser contexts, such disclosure (which is already furnished in Form NRSRO, Exhibit 6) is sufficient in the NRSRO context as well.

*The proposed rule is counterproductive.*

As explained previously, Rule 17g-5(c)(6) forbids an NRSRO to issue or maintain a credit rating where the fee paid for the rating was negotiated, discussed or arranged by a person within the NRSRO who has responsibility for participating in determining credit ratings or for developing or approving credit rating procedures or methodologies. In order to implement this provision and to further ensure ratings independence, DBRS and other NRSROs have erected information barriers between their credit analysts and their business development personnel. Publishing information on the revenue received from specific entities or in connection with specific ratings would nullify those barriers and introduce new conflicts into the credit rating process. In this way, proposed Rule 17g-7 would have the opposite effect from the one the Commission desires.

*The proposed rule is anticompetitive.*

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<sup>31</sup> See NASD Rule 2711 and NYSE Rules 351 and 472 (the “SRO Analyst Rules”).

<sup>32</sup> *Id.* The rules also restrict the relationship between a broker-dealer’s research department and its investment banking department, and restrict personal trading by research analysts. In these respects, the SRO Analyst Rules are analogous to the NRSRO rules, which restrict the relationship between those who determine credit ratings and those who negotiate fees (Rule 17g-5(c)(6)), and which restrict personal trading by rating analysts (Rule 17g-5(c)(2)).

<sup>33</sup> See, e.g. Form ADV, Part 1A, Items 5.E, 6 and 7, and Part II, Items 1, 7 and 8.



Client-specific revenue information of the type proposed to be required under Rule 17g-7 constitutes an NRSRO's trade secrets. Although the disclosure of such proprietary information is likely to be of limited value to the public,<sup>34</sup> it will be of great interest to the NRSRO's competitors. In addition to supplying other rating agencies with a window onto the disclosing NRSRO's business strategy, this information may supply the NRSRO's competitors with the means to lure away the firm's paying clients as well. It might also influence the hiring decisions of issuers, obligors and arrangers seeking rating services, thus impeding the development of a credit rating market that competes on the basis of ratings quality.

Another anti-competitive aspect of the rule is its disparate treatment of issuer-pay and subscriber-pay NRSROs. By exempting most subscriber-pay firms from the disclosure obligations imposed on issue-pay firms, the SEC suggests that issuer-paid ratings are less reliable than subscriber-paid ratings. Because there is no evidence to support such a claim, DBRS believes that the public will be ill-served by this rule. Once all NRSROs' ratings histories are published pursuant to Rule 17g-2(d)(3), the market can assess whether there are any differences in rating quality between issuer-pay and subscriber-pay NRSROs, and if there are, whose model produces the better outcome.

### ***Other Issues***

#### *Differentiating Structured Finance Credit Ratings*

Although the Commission has withdrawn its 2008 proposal to require NRSROs either to use different symbology for structured finance ratings or to accompany such ratings with special reports, the Commission continues to wonder whether steps should be taken to increase investor awareness of the unique risks of structured finance products and the ratings thereon.<sup>35</sup> DBRS believes that existing requirements and industry practices are sufficient to educate investors in this regard.

For example, as the Commission notes in the Proposing Release, the amended instructions to Form NRSRO, Exhibit 1 provide investors with enhanced disclosure of performance measurement statistics relating to structured finance ratings.<sup>36</sup> Furthermore, last year's changes to the instructions to Form NRSRO, Exhibit 2 furnish investors with specific information regarding the procedures and methodologies used in rating structured

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<sup>34</sup> Since a negative correlation between revenues and rating quality is mere conjecture, it is not clear what the public is supposed to do with the proposed information.

<sup>35</sup> Proposing Release at 67.

<sup>36</sup> *Id.* At 60.



finance products. Finally, the rules requiring the publication of extensive rating history information will enable investors to track the performance of structured finance credit ratings against the performance of other classes of credit ratings.<sup>37</sup>

DBRS is committed to transparency regarding the distinctions between structured finance ratings and other types of ratings. For example, the DBRS Business Code of Conduct, together with DBRS rating methodologies, rating definitions and policies and processes, (all of which are publicly available on [www.dbrs.com](http://www.dbrs.com)) explain the differences between DBRS's approach to analyzing and rating structured products and its approach to rating corporate entities. The DBRS rating methodologies outline in detail the specific factors it considers in arriving at its corporate and structured finance ratings. In addition, each of DBRS's press releases and rating reports outline the key factors, assumptions, methodologies use, and type of rating involved (e.g. financial institution versus structured finance rating) so that investors and other market participants have a clear understanding of the rating being published.

In light of all this disclosure, DBRS does not see the need for further regulatory action in this area.

#### *Extending the Scope of the Rule 17g-5 Amendments*

In November 2009, the Commission adopted amendments to Rule 17g-5 intended to make it easier for NRSROs to issue unsolicited credit ratings on structured finance products and to reduce ratings shopping.<sup>38</sup> It did this by creating a new disclosure regime involving arrangers of structured finance products, NRSROs hired by the arrangers to rate such products ("hired NRSROs") and all other NRSROs ("non-hired NRSROs"). This regime is designed to allow non-hired NRSROs to obtain sufficient information to determine their own ratings for the debt instruments to be issued. The compliance date for these amendments is June 2, 2010.

The Commission now asks whether it should take steps to expand the coverage of this disclosure regime to include structured finance debt instruments that were issued before the rule was adopted (e.g., for structured finance products of the 2004-2007 vintage). DBRS does not believe there should be any expansion of this rule until it has been implemented and enough time has passed to assess whether it is having the intended effect.

#### **Conclusion**

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<sup>37</sup> *Id.* at 61. See also note 30, *supra*.

<sup>38</sup> SEC Release No. 34-61050 (November 23, 2009), 74 Fed. Reg. 63832 (December 4, 2009).

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For the reasons explained above, DBRS urges the Commission to harmonize its NRSRO compliance report proposal with similar requirements imposed on other regulated entities, and to withdraw both the proposed Form NRSRO revenue concentration disclosure requirement and proposed Rule 17g-7. Furthermore, DBRS sees no need for the Commission to take additional action to differentiate structured finance ratings from other ratings. Nor does DBRS believe Rule 17g-5 should be expanded at this time.

We would be happy to supply the Commission or the staff with additional information regarding any of the matters discussed herein. Please direct any questions about these comments to the undersigned or to our outside counsel, Mari-Anne Pisarri of Pickard and Djinis LLP. She can be reached at 202-223-4418.

Very truly yours,

A handwritten signature in black ink, appearing to read "Mary Keogh".

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A handwritten signature in black ink, appearing to read "Daniel Curry".

Daniel Curry  
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