



Date of Release: September 7, 2010

## **DBRS Confirms Application of Amended SEC Rule 17g-5 on Structured Finance Ratings to ABCP Ratings Prior to June 2, 2010**

Further to its June 2, 2010 press release\*, DBRS provides the following update regarding asset-backed commercial paper (ABCP) ratings in respect of amended rule 17g-5 (Amended Rule) for credit rating agencies (CRAs) that are registered with the Securities and Exchange Commission (SEC) as Nationally Recognized Statistical Rating Organizations (NRSROs) and hired by issuers, sponsors or arrangers (collectively, Arrangers) to assign credit ratings (ratings) to structured finance (SF) products or instruments (SF instruments).

### ***Application to ABCP Ratings since June 2, 2010***

Since June 2, 2010, industry practice has been to apply the Amended Rule to ABCP conduits established prior to June 2, 2010\*\*.

DBRS confirms its practice to apply the Amended Rule to all ABCP programs including those to which DBRS assigned an initial credit rating prior to June 2, 2010, unless the conditions in the SEC's Order Granting Temporary Conditional Exemption\*\*\* are met.

In the case of an existing ABCP program initially credit rated before June 2, 2010, an arranger would be deemed to post and maintain on the relevant password-protected website the information described in paragraphs (a)(3)(iii)(C) and (a)(3)(iii)(D) of the Amended Rule if it posts and maintains on such website the following information:

- (i) Historical Information: On the date that NRSROs are first required to comply with the amendments to Rule 17g-5 in respect of existing ABCP programs initially credit rated before June 2, 2010, as discussed below (such date, the "Compliance Date"):
- All ABCP program documentation in its then-effective form, including but not limited to (as applicable), the conduit organizational documents, the administration agreement, the security agreement, the management agreement, the investment guidelines, the program-wide credit enhancement documentation, the form(s) of liquidity agreement to be entered into in connection with the acquisition of each asset and the opinions delivered in connection with the establishment (or most recent restructuring) of the ABCP program;
  - A copy of the most recent report of all assets then owned by the ABCP conduit, identifying the issuer of each asset, the type of asset and comprehensive data on the performance of each such asset (that is, the same report that each ABCP conduit currently provides to the hired NRSROs on a monthly basis);
  - All offering documents in their then-current forms used in placing the ABCP; and
- (ii) Prospective Information: After the Compliance Date, all information the arranger of the ABCP program provides to the hired NRSRO, or contracts with a third party to provide to the hired NRSROs, for the purpose of undertaking credit rating surveillance of the ABCP, at the same time such information is provided to the hired NRSROs, in accordance with the provisions of Rule 17g-5(a)(3)(iii)(D), as interpreted by the Commission and its staff from time to time.



*Insight beyond the rating.*

In the case of historical ABCP information, DBRS believes the above-noted approach is a practical way to achieve compliance with the Amended Rule. In the case of prospective information, sponsors of ABCP programs would post and maintain all information provided to hired NRSROs for the purposes of undertaking surveillance of ABCP ratings.

### ***Approach for Exempt SF Instruments until December 2, 2010***

Further to the SEC's Order Granting Temporary Conditional Exemption\*\*\*, ratings of SF products issued by non-U.S. issuers where DBRS has a reasonable basis to conclude the SF product will not be sold into the United States will be exempt, for a six-month period, from compliance with the Amended Rule. If transactions are found not to be exempt and the requirements for the Amended Rule are not followed, DBRS will be prohibited from issuing or maintaining a credit rating with respect to that SF instrument.

### ***DBRS Commitment to the Market***

DBRS will continue to dialogue with market participants in order to appropriately interpret the Amended Rule and to achieve implementation in compliance with the Amended Rule.

\*Refer to press release titled **DBRS: Further Update on Implementation of Amended SEC Rule 17g-5 on Structured Finance Ratings**.

\*\* Refer to the American Securitization Forum's (ASF) letter entitled "Amendments to Exchange Act Rule 17g-5 –ABCP Disclosures" dated May 3, 2010 to the Securities and Exchange Commission (Commission).

<http://www.americansecuritization.com/uploadedFiles/ASFSECCorrespondencere17g-5ABCPdisclosure5.3.10.pdf>

\*\*\*Refer to SEC Order Granting Temporary Conditional Exemption for Nationally Recognized Statistical Rating Organizations From Requirements of Rule 17g-5 Under the Securities Exchange Act of 1934 and Request for Comment, File No.: S7-04-09 34-62120.

DBRS has its headquarters in Toronto, with offices in Chicago, London and New York, and covers entities worldwide.

Matt La Capra  
Senior Vice President – U.S. Structured Credit  
+ 212 806 3259  
[mlacapra@dbrs.com](mailto:mlacapra@dbrs.com)

Mary Keogh, CA  
Managing Director - Regulatory Affairs  
+1 416 597 3614  
[mkeogh@dbrs.com](mailto:mkeogh@dbrs.com)



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