



UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

THE CHAIRMAN

March 28, 2011

The Honorable Martha Coakley
Attorney General
The Commonwealth of Massachusetts
One Ashburton Place
Boston, Massachusetts 02108

Dear Madam Attorney General:

Thank you for your March 1, 2011 letter expressing concern about two no-action letters issued in 2010 by the staff in the Division of Corporation Finance to Ford Motor Credit. These letters were issued following the repeal of Securities Act Rule 436(g) by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. As you know, Rule 436(g) exempted nationally recognized statistical rating organizations (NRSROs) from expert liability under Section 11 of the Securities Act of 1933. The effect of this repeal was to require issuers to file the consent of an NRSRO named in a registration statement, when that registration statement includes the credit rating of the security being offered and sold..

The immediate impact of the repeal of Rule 436(g), which was effective upon enactment of Dodd-Frank, was in the area of public offerings of asset-backed securities. Under the current rules for ABS offerings, ABS registration statements must include information regarding the rating if the sale is conditioned on the issuance of a rating. Therefore, any registered offering of ABS that is conditioned on receiving a rating would be required to include consent by the rating agency that issued the rating for the securities. We were advised by the rating agencies, both at enactment of Dodd-Frank and more recently, that they would not be willing to provide such consent, which, in turn, would have caused issuers to be unable to register ABS offerings. The staff of the Division of Corporation Finance issued the Ford Credit letters as temporary measures to enable ABS issuers to continue to conduct registered offerings while we and market participants determine an appropriate long-term solution. Without the relief provided by the staff, these offerings likely would have moved to the unregistered market, which we do not believe would be in the best interest of investors.

I very much share your concerns with regard to how best to address NRSRO accountability and the markets' reliance on NRSRO ratings. The Commission has been focused on these issues and had outstanding proposals and requests for comment in this area when Dodd-Frank was enacted. We currently are working on extensive changes to regulations that would improve several aspects of asset-backed securities regulation and securities ratings, including changes to the oversight of NRSROs and the removal of ratings' reliance from the Commission's regulations. We also understand that some of the newer rating agencies may consider agreeing to the required consent for ratings that are disclosed in a prospectus. We continue to monitor the issue and we will carefully consider your comments as we move forward in our efforts.

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Thank you again for taking the time to share your views with us. Please do not hesitate to contact me, or have a member of your staff contact Eric Spitler, Director of the Office of Legislative and Intergovernmental Affairs, at (202) 551-2010, if we can be of further assistance.

Sincerely,

A handwritten signature in black ink that reads "Mary L. Schapiro". The signature is written in a cursive, flowing style.

Mary L. Schapiro
Chairman