

Corporate & Financial Weekly Digest

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Agencies Extend Comment Period on Risk Retention Proposed Rulemaking

Six federal agencies have approved and will submit a Federal Register notice that extends the comment period on the proposed rules to implement the credit risk retention requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act. Section 15G generally requires the securitizer of asset-backed securities (ABS) to retain an economic interest of no less than 5% in the credit risk of the assets collateralizing the ABS and would not permit transfer of or hedging that credit risk. Section 15G includes a variety of exemptions from this requirement, including an exemption for ABS that are collateralized exclusively by "qualified residential mortgages," as such term is defined by the Agencies by rule. The comment period was extended to August 1 to allow interested persons more time to analyze the issues and prepare their comments. (Originally, comments were due by June 10.) The Agencies stated, "Due to the complexity of the rulemaking and to allow parties more time to consider the impact of the [proposed rule] on affected markets, the Agencies have determined that an extension of the comment period until August 1, 2011 is appropriate."

The proposal was issued by the Office of the Comptroller of the Currency, the Federal Reserve, the Federal Deposit Insurance Corporation, the Securities and Exchange Commission, the Federal Housing Finance Agency, and the U.S. Department of Housing and Urban Development.

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