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Washington, DC 20548

B-321494

February 10, 2011

The Honorable Tim Johnson
Chairman
The Honorable Richard C. Shelby
Ranking Member
Committee on Banking, Housing, and Urban Affairs
United States Senate

The Honorable Spencer Bachus
Chairman
The Honorable Barney Frank
Ranking Member
Committee on Financial Services
House of Representatives

Subject: *Securities and Exchange Commission: Disclosure for Asset-Backed Securities Required by Section 943 of the Dodd-Frank Wall Street Reform and Consumer Protection Act*

Pursuant to section 801(a)(2)(A) of title 5, United States Code, this is our report on a major rule promulgated by the Securities and Exchange Commission (Commission), entitled “Disclosure for Asset-Backed Securities Required by Section 943 of the Dodd-Frank Wall Street Reform and Consumer Protection Act” (RIN: 3235-AK75). We received the rule on January 20, 2011. It was published in the *Federal Register* as a final rule on January 26, 2011, with an effective date of March 28, 2011. 76 Fed. Reg. 4489.

The final rule implements section 943 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010.¹ This final rule requires securitizers of asset-backed securities to disclose fulfilled and unfulfilled repurchase requests. The rule also requires nationally recognized statistical rating organizations to include information regarding the representations, warranties, and enforcement mechanisms available to investors in an asset-backed security offering in any report

¹ Pub. L. No. 111-203, § 943, 124 Stat. 1376, 1897 (July 21, 2010).

accompanying a credit rating issued in connection with such offering, including a preliminary credit rating.

Enclosed is our assessment of the Commission's compliance with the procedural steps required by section 801(a)(1)(B)(i) through (iv) of title 5 with respect to the rule. Our review of the procedural steps taken indicates that the Commission complied with the applicable requirements.

If you have any questions about this report or wish to contact GAO officials responsible for the evaluation work relating to the subject matter of the rule, please contact Shirley A. Jones, Assistant General Counsel, at (202) 512-8156.

signed

Robert J. Cramer
Managing Associate General Counsel

Enclosure

cc: Elizabeth M. Murphy
Secretary, Securities and
Exchange Commission

ENCLOSURE

REPORT UNDER 5 U.S.C. § 801(a)(2)(A) ON A MAJOR RULE
ISSUED BY THE
SECURITIES AND EXCHANGE COMMISSION
ENTITLED
"DISCLOSURE FOR ASSET-BACKED SECURITIES REQUIRED BY
SECTION 943 OF THE DODD-FRANK WALL STREET REFORM
AND CONSUMER PROTECTION ACT"
(RIN: 3235-AK75)

(i) Cost-benefit analysis

The Securities and Exchange Commission (Commission) analyzed the costs and benefits of this final rule. The Commission expects that this rule will benefit investors by providing them with demand, repurchase, and replacement information that is easy to use and compare across securitizers. The Commission recognized, however, that the requirement to file initially and then on a quarterly basis will result in costs related to preparation of such filings. Filing will require a securitizer to obtain authorization codes and to adhere to formatting instructions, which will also impose certain costs.

(ii) Agency actions relevant to the Regulatory Flexibility Act, 5 U.S.C. §§ 603-605, 607, and 609

The Commission determined that this final rule will not have a significant economic impact on a substantial number of small entities.

(iii) Agency actions relevant to sections 202-205 of the Unfunded Mandates Reform Act of 1995, 2 U.S.C. §§ 1532-1535

As an independent regulatory agency, the Commission is not subject to the Act.

(iv) Other relevant information or requirements under acts and executive orders

Administrative Procedure Act, 5 U.S.C. §§ 551 et seq.

The Commission published a proposed rule on October 13, 2010. 75 Fed. Reg. 62,718. The Commission received over 40 comment letters from investors, securitizers, corporations, credit rating agencies, professional and trade associations, law firms, municipal entities, and other interested parties on the proposed rule, to which it responded in the final rule.

Paperwork Reduction Act, 44 U.S.C. §§ 3501-3520

The Commission determined that this final rule contains information collection requirements within the meaning of the Act, which it submitted to the Office of Management and Budget (OMB). The requirements are entitled “Form ABS-15G” (a new information collection requirement), “Regulation S-K” (OMB Control Number 3235-0071), and “Rule 17g-7” (a new information collection requirement). The Commission estimates the total internal burden hours associated with Form ABS-15G will be 189,068 and the total external costs will be \$25,209,000. The Commission determined that Regulation S-K will not impose any separate burden. The Commission estimates that it will take a total of 90,948 hours annually to comply with the Rule 17g-7 requirements.

Statutory authorization for the rule

The Commission promulgated this final rule under the authority of sections 5, 6, 7, 10, 19(a), and 28 of the Securities Act of 1933 and sections 3(b), 12, 13, 15, 15E, 17, 23(a), 35A, and 36 of the Securities Exchange Act of 1934. 15 U.S.C. §§ 77e, 77f, 77g, 77j, 77s(a), 77z-3, 78c(b), 78l, 78m, 78o, 78o-7, 78q, 78w(a), 78ll, 78mm.

Securities Act of 1933 and Securities Exchange Act of 1934, 15 U.S.C. §§ 77b(b), 78c(f), 78w(a)

The Commission analyzed the final rule to determine if it will promote efficiency, competition, and capital formation, and that any burden imposed by this rule on competition is necessary or appropriate. The Commission determined that this final rule will promote or have no effect on efficiency, competition, and capital formation.

Executive Order No. 12,866 (Regulatory Planning and Review)

As an independent regulatory agency, the Commission is not subject to the Order.

Executive Order No. 13,132 (Federalism)

As an independent regulatory agency, the Commission is not subject to the Order.