## TO: Executive Secretary

FROM: Sumaya Muraywid
Examination Specialist
Policy \& Program Development Section

SUBJECT: Meeting with SFIG Representatives and Members Related to Section 941 of the Dodd-Frank Wall Street Reform and Consumer Protection Act

Please include this memorandum in the public file on the Notice of Proposed Rulemaking relating to Credit Risk Retention (RIN 3064-AD74), 78 Fed. Reg. 57927 (the "NPR").

On April 28, 2014, FDIC staff (James Boria, Rohit Dhruv, Tom Lyons, Sumaya Muraywid, Elliott Pinta, Kathy Russo, and Phil Sloan) participated telephonically in a meeting with representatives and members of the Structured Finance Industry Group ("SFIG"). Sairah Burki and Richard Johns participated on behalf of the SFIG. Legal and member representatives included: Phoebe Moreo of Deloitte \& Touche LLP; Daniel Mellett, Samuel Smith, and Matt Stovcsik of Ford Motor Credit; Ken Morrison of Kirkland \& Ellis LLP; Stuart Litwin of Mayer Brown, LLP; and John DiPaolo and Gary Horbacz of Prudential.

Also participating in the meeting were the following representatives of other agencies that approved the NPR: Ron Sugarman and Tom Joseph of the Federal Housing Finance Agency; Flora Ahn, David Alexander, Donald Gabbai, and Matthew Suntag of the Federal Reserve Board, as well as Steve Schoen of the New York Federal Reserve; Samuel Pearson-Moore and Camille Acevedo of the Department of Housing and Urban Development; James Basham and Kevin Korzeniewksi of the Office of the Comptroller of the Currency; David Beaning, Katherine Hsu, Igor Kozhanov, Arthur Sandel, and Sean Wilkoff of the Securities and Exchange Commission; Ankur Datta, Olga Gorodetsky, and Beth Mlynarczyk of Treasury.

The discussion focused on SFIG's suggestion relative to the credit risk retention proposal on using a matrix approach to disclose projected losses. A document provided by SFIG is attached.

Attachment

Structured Finance Industry Group

# Risk Retention Re-Proposal 

Supplemental Materials<br>Matrix Approach

April 28, 2014

## Alternative: Matrix Approach

- The matrix approach proposed herein is intended to replace the single point loss and discount rate assumptions within the original EHRI fair value proposal with a reasonable range of loss and discount rate assumptions
- It is not intended to wholly replace the "simplified approach" proposal we discussed in our October 2013 comment letter, which we are no longer pursuing following your feedback
- This approach remains aligned with the fair value approach outlined in re-proposal
- Avoids the false precision of "single-point" loss and discount rate assumptions
- Continues to be completed by and not revisited after point of sale
- All calculations can be recomputed by accountants
- Ranges on the loss and discount rate assumptions would be set to establish reasonable higher and lower boundaries around the expected outcome
- The resulting matrix of fair value calculations would be accompanied by disclosure that the sponsor's analysis provides reasonable assurance that risk retention is greater than $5 \%$ over the life of the transaction
- Note that in circumstances in which some numbers in the matrix are less than $5 \%$ (as the following example shows) this assurance would be equivalent to the issuer providing a lower boundary on its estimated losses / upper boundary on its estimated discount rates
- Disclosure can be presented in form of a matrix (showing minimum forecasted risk retention \% over the projected life) or in a monthly matrix format (showing the projected risk retention \% at each cashflow date)


## Alternative: Matrix Approach

## Example Disclosure of Minimum Risk Retention Over The Projected Life Of The Transaction*:

|  |  | Cumulative Loss \% |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | 0.75\% | 1.25\% | 1.75\% | 2.25\% |
| Annual Discount Rate | 7.5\% | 6.9\% | 6.4\% | 5.7\% | 5.1\% |
|  | 10.0\% | 6.8\% | 6.2\% | 5.6\% | 4.9\% |
|  | 12.5\% | 6.7\% | 6.1\% | 5.4\% | 4.8\% |
|  | 15.0\% | 6.5\% | 5.9\% | 5.3\% | 4.6\% |

"The sponsor performed a review of the projected performance of the receivables and related amortization of the notes, and has made assumptions about the discount rate applicable to the cash flows associated with its retained interest. The following table shows the present value of its retained interest divided by the value of the total ABS interests (the "risk retention ratio"), at varying discount rates and cumulative loss assumptions. Based upon this review, the sponsor has concluded that it has reasonable assurance that its risk retention ratio is projected to remain at least 5\%."

[^0]
# Alternative: Matrix Approach 

Example Monthly Matrix

10\% Discount Rate
$\qquad$

|  | 0.75\% | 1.25\% | 1.75\% | 2.25\% | 0.75\% | 1.25\% | 1.75\% | 2.25\% | 0.75\% | 1.25\% | 1.75\% | 2.25\% | 0.75\% | 1.25\% | 1.75\% | 2.25\% |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 0 | 8.5\% | 8.2\% | 7.8\% | 7.4\% | 8.1\% | 7.8\% | 7.4\% | 7.1\% | 7.8\% | 7.4\% | 7.1\% | 6.7\% | 7.4\% | 7.1\% | 6.7\% | 6.4\% |
| 1 | 8.5\% | 8.1\% | 7.8\% | 7.4\% | 8.1\% | 7.8\% | 7.4\% | 7.0\% | 7.7\% | 7.4\% | 7.0\% | 6.7\% | 7.4\% | 7.1\% | 6.7\% | 6.4\% |
| 2 | 8.5\% | 8.1\% | 7.7\% | 7.3\% | 8.1\% | 7.7\% | 7.4\% | 7.0\% | 7.7\% | 7.4\% | 7.0\% | 6.6\% | 7.4\% | 7.0\% | 6.7\% | 6.3\% |
| 3 | 8.4\% | 8.1\% | 7.7\% | 7.3\% | 8.1\% | 7.7\% | 7.3\% | 6.9\% | 7.7\% | 7.3\% | 7.0\% | 6.6\% | 7.4\% | 7.0\% | 6.7\% | 6.3\% |
| 4 | 8.4\% | 8.0\% | 7.6\% | 7.2\% | 8.0\% | 7.7\% | 7.3\% | 6.9\% | 7.7\% | 7.3\% | 6.9\% | 6.6\% | 7.3\% | 7.0\% | 6.6\% | 6.3\% |
| 5 | 8.4\% | 8.0\% | 7.6\% | 7.2\% | 8.0\% | 7.6\% | 7.2\% | 6.8\% | 7.6\% | 7.3\% | 6.9\% | 6.5\% | 7.3\% | 7.0\% | 6.6\% | 6.2\% |
| 6 | 8.3\% | 7.9\% | 7.5\% | 7.1\% | 8.0\% | 7.6\% | 7.2\% | 6.8\% | 7.6\% | 7.2\% | 6.9\% | 6.5\% | 7.3\% | 6.9\% | 6.6\% | 6.2\% |
| 7 | 8.3\% | 7.9\% | 7.5\% | 7.0\% | 7.9\% | 7.5\% | 7.1\% | 6.7\% | 7.6\% | 7.2\% | 6.8\% | 6.4\% | 7.3\% | 6.9\% | 6.5\% | 6.1\% |
| 8 | 8.3\% | 7.8\% | 7.4\% | 7.0\% | 7.9\% | 7.5\% | 7.1\% | 6.7\% | 7.6\% | 7.2\% | 6.8\% | 6.4\% | 7.3\% | 6.9\% | 6.5\% | 6.1\% |
| 9 | 8.2\% | 7.8\% | 7.4\% | 6.9\% | 7.9\% | 7.5\% | 7.0\% | 6.6\% | 7.5\% | 7.1\% | 6.7\% | 6.3\% | 7.2\% | 6.8\% | 6.4\% | 6.0\% |
| 10 | 8.2\% | 7.7\% | 7.3\% | 6.9\% | 7.8\% | 7.4\% | 7.0\% | 6.6\% | 7.5\% | 7.1\% | 6.7\% | 6.3\% | 7.2\% | 6.8\% | 6.4\% | 6.0\% |
| 11 | 8.1\% | 7.7\% | 7.2\% | 6.8\% | 7.8\% | 7.4\% | 6.9\% | 6.5\% | 7.5\% | 7.1\% | 6.6\% | 6.2\% | 7.2\% | 6.8\% | 6.4\% | 6.0\% |
| 12 | 8.1\% | 7.6\% | 7.2\% | 6.7\% | 7.8\% | 7.3\% | 6.9\% | 6.4\% | 7.5\% | 7.0\% | 6.6\% | 6.2\% | 7.2\% | 6.8\% | 6.3\% | 5.9\% |
| 13 | 8.1\% | 7.6\% | 7.1\% | 6.7\% | 7.7\% | 7.3\% | 6.8\% | 6.4\% | 7.4\% | 7.0\% | 6.6\% | 6.1\% | 7.1\% | 6.7\% | 6.3\% | 5.9\% |
| 14 | 8.0\% | 7.6\% | 7.1\% | 6.6\% | 7.7\% | 7.3\% | 6.8\% | 6.3\% | 7.4\% | 7.0\% | 6.5\% | 6.1\% | 7.1\% | 6.7\% | 6.3\% | 5.8\% |
| 15 | 8.0\% | 7.5\% | 7.0\% | 6.5\% | 7.7\% | 7.2\% | 6.7\% | 6.3\% | 7.4\% | 6.9\% | 6.5\% | 6.0\% | 7.1\% | 6.7\% | 6.2\% | 5.8\% |
| 16 | 7.9\% | 7.5\% | 7.0\% | 6.5\% | 7.6\% | 7.2\% | 6.7\% | 6.2\% | 7.3\% | 6.9\% | 6.4\% | 5.9\% | 7.1\% | 6.6\% | 6.2\% | 5.7\% |
| 17 | 7.9\% | 7.4\% | 6.9\% | 6.4\% | 7.6\% | 7.1\% | 6.6\% | 6.1\% | 7.3\% | 6.9\% | 6.4\% | 5.9\% | 7.1\% | 6.6\% | 6.1\% | 5.7\% |
| 18 | 7.9\% | 7.4\% | 6.8\% | 6.3\% | 7.6\% | 7.1\% | 6.6\% | 6.1\% | 7.3\% | 6.8\% | 6.3\% | 5.8\% | 7.0\% | 6.6\% | 6.1\% | 5.6\% |
| 19 | 7.8\% | 7.3\% | 6.8\% | 6.3\% | 7.5\% | 7.0\% | 6.5\% | 6.0\% | 7.3\% | 6.8\% | 6.3\% | 5.8\% | 7.0\% | 6.5\% | 6.0\% | 5.5\% |
| 20 | 7.8\% | 7.2\% | 6.7\% | 6.2\% | 7.5\% | 7.0\% | 6.5\% | 5.9\% | 7.2\% | 6.7\% | 6.2\% | 5.7\% | 7.0\% | 6.5\% | 6.0\% | 5.5\% |
| 21 | 7.7\% | 7.2\% | 6.7\% | 6.1\% | 7.5\% | 6.9\% | 6.4\% | 5.9\% | 7.2\% | 6.7\% | 6.2\% | 5.6\% | 6.9\% | 6.5\% | 5.9\% | 5.4\% |
| 22 | 7.7\% | 7.1\% | 6.6\% | 6.0\% | 7.4\% | 6.9\% | 6.3\% | 5.8\% | 7.2\% | 6.6\% | 6.1\% | 5.6\% | 6.9\% | 6.4\% | 5.9\% | 5.4\% |
| 23 | 7.6\% | 7.1\% | 6.5\% | 6.0\% | 7.4\% | 6.8\% | 6.3\% | 5.7\% | 7.1\% | 6.6\% | 6.1\% | 5.5\% | 6.9\% | 6.4\% | 5.8\% | 5.3\% |
| 24 | 7.6\% | 7.0\% | 6.5\% | 5.9\% | 7.3\% | 6.8\% | 6.2\% | 5.7\% | 7.1\% | 6.6\% | 6.0\% | 5.5\% | 6.9\% | 6.3\% | 5.8\% | 5.3\% |
| 25 | 7.5\% | 7.0\% | 6.4\% | 5.8\% | 7.3\% | 6.7\% | 6.2\% | 5.6\% | 7.1\% | 6.5\% | 6.0\% | 5.4\% | 6.8\% | 6.3\% | 5.7\% | 5.2\% |
| 26 | 7.5\% | 6.9\% | 6.3\% | 5.7\% | 7.3\% | 6.7\% | 6.1\% | 5.5\% | 7.0\% | 6.5\% | 5.9\% | 5.3\% | 6.8\% | 6.3\% | 5.7\% | 5.1\% |
| 27 | 7.5\% | 6.9\% | 6.3\% | 5.7\% | 7.2\% | 6.6\% | 6.1\% | 5.5\% | 7.0\% | 6.4\% | 5.8\% | 5.3\% | 6.8\% | 6.2\% | 5.7\% | 5.1\% |
| 28 | 7.4\% | 6.8\% | 6.2\% | 5.6\% | 7.2\% | 6.6\% | 6.0\% | 5.4\% | 7.0\% | 6.4\% | 5.8\% | 5.2\% | 6.8\% | 6.2\% | 5.6\% | 5.0\% |
| 29 | 7.4\% | 6.8\% | 6.1\% | 5.5\% | 7.2\% | 6.6\% | 5.9\% | 5.3\% | 6.9\% | 6.3\% | 5.7\% | 5.1\% | 6.7\% | 6.1\% | 5.6\% | 5.0\% |
| 30 | 7.3\% | 6.7\% | 6.1\% | 5.4\% | 7.1\% | 6.5\% | 5.9\% | 5.3\% | 6.9\% | 6.3\% | 5.7\% | 5.1\% | 6.7\% | 6.1\% | 5.5\% | 4.9\% |
| 31 | 7.3\% | 6.7\% | 6.0\% | 5.4\% | 7.1\% | 6.5\% | 5.8\% | 5.2\% | 6.9\% | 6.3\% | 5.6\% | 5.0\% | 6.7\% | 6.1\% | 5.5\% | 4.8\% |
| 32 | 7.3\% | 6.6\% | 6.0\% | 5.3\% | 7.0\% | 6.4\% | 5.8\% | 5.1\% | 6.8\% | 6.2\% | 5.6\% | 5.0\% | 6.6\% | 6.0\% | 5.4\% | 4.8\% |
| 33 | 7.2\% | 6.6\% | 5.9\% | 5.3\% | 7.0\% | 6.4\% | 5.7\% | 5.1\% | 6.8\% | 6.2\% | 5.5\% | 4.9\% | 6.6\% | 6.0\% | 5.4\% | 4.7\% |
| 34 | 7.2\% | 6.5\% | 5.9\% | 5.2\% | 7.0\% | 6.3\% | 5.7\% | 5.0\% | 6.8\% | 6.2\% | 5.5\% | 4.9\% | 6.6\% | 6.0\% | 5.3\% | 4.7\% |
| 35 | 7.1\% | 6.5\% | 5.8\% | 5.2\% | 6.9\% | 6.3\% | 5.6\% | 5.0\% | 6.8\% | 6.1\% | 5.5\% | 4.8\% | 6.6\% | 5.9\% | 5.3\% | 4.7\% |
| 36 | 7.1\% | 6.5\% | 5.8\% | 5.1\% | 6.9\% | 6.3\% | 5.6\% | 5.0\% | 6.7\% | 6.1\% | 5.4\% | 4.8\% | 6.6\% | 5.9\% | 5.3\% | 4.6\% |
| 37 | 7.1\% | 6.4\% | 5.8\% | 5.1\% | 6.9\% | 6.2\% | 5.6\% | 4.9\% | 6.7\% | 6.1\% | 5.4\% | 4.8\% | 6.5\% | 5.9\% | 5.3\% | 4.6\% |
| 38 | 7.0\% | 6.4\% | 5.7\% | 5.1\% | 6.9\% | 6.2\% | 5.6\% | 4.9\% | 6.7\% | 6.1\% | 5.4\% | 4.8\% | 6.5\% | 5.9\% | 5.3\% | 4.6\% |
| 39 | 7.0\% | 6.4\% | 5.7\% | 5.1\% | 6.8\% | 6.2\% | 5.6\% | 4.9\% | 6.7\% | 6.1\% | 5.4\% | 4.8\% | 6.5\% | 5.9\% | 5.3\% | 4.6\% |
| 40 | 7.0\% | 6.4\% | 5.8\% | 5.1\% | 6.8\% | 6.2\% | 5.6\% | 5.0\% | 6.7\% | 6.1\% | 5.4\% | 4.8\% | 6.5\% | 5.9\% | 5.3\% | 4.7\% |
| 41 | 7.0\% | 6.4\% | 5.8\% | 5.2\% | 6.8\% | 6.2\% | 5.7\% | 5.0\% | 6.7\% | 6.1\% | 5.5\% | 4.9\% | 6.5\% | 5.9\% | 5.3\% | 4.8\% |
| 42 | 7.0\% | 6.4\% | 5.9\% | 5.3\% | 6.8\% | 6.3\% | 5.7\% | 5.2\% | 6.7\% | 6.1\% | 5.6\% | 5.0\% | 6.5\% | 6.0\% | 5.4\% | 4.9\% |
| 43 | 7.0\% | 6.5\% | 6.0\% | 5.5\% | 6.9\% | 6.4\% | 5.8\% | 5.3\% | 6.7\% | 6.2\% | 5.7\% | 5.2\% | 6.6\% | 6.1\% | 5.5\% | 5.0\% |
| 44 | 7.1\% | 6.6\% | 6.1\% | 5.7\% | 6.9\% | 6.5\% | 6.0\% | 5.5\% | 6.8\% | 6.3\% | 5.9\% | 5.4\% | 6.6\% | 6.2\% | 5.7\% | 5.3\% |
| 45 | 7.1\% | 6.7\% | 6.4\% | 6.0\% | 7.0\% | 6.6\% | 6.2\% | 5.8\% | 6.8\% | 6.5\% | 6.1\% | 5.7\% | 6.7\% | 6.3\% | 5.9\% | 5.6\% |
| 46 | 7.2\% | 6.9\% | 6.6\% | 6.4\% | 7.1\% | 6.8\% | 6.5\% | 6.2\% | 6.9\% | 6.7\% | 6.4\% | 6.1\% | 6.8\% | 6.5\% | 6.2\% | 6.0\% |
| 47 | 7.3\% | 7.2\% | 7.0\% | 6.9\% | 7.2\% | 7.0\% | 6.9\% | 6.7\% | 7.1\% | 6.9\% | 6.8\% | 6.6\% | 7.0\% | 6.8\% | 6.6\% | 6.5\% |
| 48 | 7.5\% | 7.5\% | 7.5\% | 7.5\% | 7.4\% | 7.4\% | 7.4\% | 7.4\% | 7.3\% | 7.3\% | 7.3\% | 7.3\% | 7.1\% | 7.1\% | 7.1\% | 7.1\% |
| 49 | 7.5\% | 7.5\% | 7.5\% | 7.5\% | 7.3\% | 7.3\% | 7.3\% | 7.3\% | 7.2\% | 7.2\% | 7.2\% | 7.2\% | 7.1\% | 7.1\% | 7.1\% | 7.1\% |
| 50 | 7.4\% | 7.4\% | 7.4\% | 7.4\% | 7.3\% | 7.3\% | 7.3\% | 7.3\% | 7.2\% | 7.2\% | 7.2\% | 7.2\% | 7.1\% | 7.1\% | 7.1\% | 7.1\% |
| 51 | 7.4\% | 7.4\% | 7.4\% | 7.4\% | 7.2\% | 7.2\% | 7.2\% | 7.2\% | 7.1\% | 7.1\% | 7.1\% | 7.1\% | 7.0\% | 7.0\% | 7.0\% | 7.0\% |
| 52 | 7.3\% | 7.3\% | 7.3\% | 7.3\% | 7.2\% | 7.2\% | 7.2\% | 7.2\% | 7.1\% | 7.1\% | 7.1\% | 7.1\% | 7.0\% | 7.0\% | 7.0\% | 7.0\% |
| 53 | 7.3\% | 7.3\% | 7.3\% | 7.3\% | 7.2\% | 7.2\% | 7.2\% | 7.2\% | 7.1\% | 7.1\% | 7.1\% | 7.1\% | 7.0\% | 7.0\% | 7.0\% | 7.0\% |
| 54 | 7.2\% | 7.2\% | 7.2\% | 7.2\% | 7.1\% | 7.1\% | 7.1\% | 7.1\% | 7.0\% | 7.0\% | 7.0\% | 7.0\% | 7.0\% | 7.0\% | 7.0\% | 7.0\% |
| 55 | 7.2\% | 7.2\% | 7.2\% | 7.2\% | 7.1\% | 7.1\% | 7.1\% | 7.1\% | 7.0\% | 7.0\% | 7.0\% | 7.0\% | 6.9\% | 6.9\% | 6.9\% | 6.9\% |
| 56 | 7.2\% | 7.2\% | 7.2\% | 7.2\% | 7.1\% | 7.1\% | 7.1\% | 7.1\% | 7.0\% | 7.0\% | 7.0\% | 7.0\% | 6.9\% | 6.9\% | 6.9\% | 6.9\% |
| 57 | 7.2\% | 7.2\% | 7.2\% | 7.2\% | 7.1\% | 7.1\% | 7.1\% | 7.1\% | 7.0\% | 7.0\% | 7.0\% | 7.0\% | 6.9\% | 6.9\% | 6.9\% | 6.9\% |
| 58 | 7.2\% | 7.2\% | 7.2\% | 7.2\% | 7.1\% | 7.1\% | 7.1\% | 7.1\% | 7.1\% | 7.1\% | 7.1\% | 7.1\% | 7.0\% | 7.0\% | 7.0\% | 7.0\% |
| 59 | 7.1\% | 7.1\% | 7.1\% | 7.1\% | 7.1\% | 7.1\% | 7.1\% | 7.1\% | 7.0\% | 7.0\% | 7.0\% | 7.0\% | 6.9\% | 6.9\% | 6.9\% | 6.9\% |
| 60 | 7.1\% | 7.1\% | 7.1\% | 7.1\% | 7.0\% | 7.0\% | 7.0\% | 7.0\% | 6.9\% | 6.9\% | 6.9\% | 6.9\% | 6.9\% | 6.9\% | 6.9\% | 6.9\% |
| 61 | 7.0\% | 7.0\% | 7.0\% | 7.0\% | 7.0\% | 7.0\% | 7.0\% | 7.0\% | 6.9\% | 6.9\% | 6.9\% | 6.9\% | 6.8\% | 6.8\% | 6.8\% | 6.8\% |
| 62 | 7.0\% | 7.0\% | 7.0\% | 7.0\% | 6.9\% | 6.9\% | 6.9\% | 6.9\% | 6.9\% | 6.9\% | 6.9\% | 6.9\% | 6.8\% | 6.8\% | 6.8\% | 6.8\% |
| 63 | 6.9\% | 6.9\% | 6.9\% | 6.9\% | 6.9\% | 6.9\% | 6.9\% | 6.9\% | 6.8\% | 6.8\% | 6.8\% | 6.8\% | 6.8\% | 6.8\% | 6.8\% | 6.8\% |
| 64 | 6.9\% | 6.9\% | 6.9\% | 6.9\% | 6.9\% | 6.9\% | 6.9\% | 6.9\% | 6.8\% | 6.8\% | 6.8\% | 6.8\% | 6.8\% | 6.8\% | 6.8\% | 6.8\% |
| 65 | 6.9\% | 6.9\% | 6.9\% | 6.9\% | 6.9\% | 6.9\% | 6.9\% | 6.9\% | 6.8\% | 6.8\% | 6.8\% | 6.8\% | 6.8\% | 6.8\% | 6.8\% | 6.8\% |
| 66 | 6.9\% | 6.9\% | 6.9\% | 6.9\% | 6.9\% | 6.9\% | 6.9\% | 6.9\% | 6.8\% | 6.8\% | 6.8\% | 6.8\% | 6.8\% | 6.8\% | 6.8\% | 6.8\% |
| 67 | 7.0\% | 7.0\% | 7.0\% | 7.0\% | 6.9\% | 6.9\% | 6.9\% | 6.9\% | 6.9\% | 6.9\% | 6.9\% | 6.9\% | 6.9\% | 6.9\% | 6.9\% | 6.9\% |
| 68 | 7.4\% | 7.4\% | 7.4\% | 7.4\% | 7.3\% | 7.3\% | 7.3\% | 7.3\% | 7.3\% | 7.3\% | 7.3\% | 7.3\% | 7.3\% | 7.3\% | 7.3\% | 7.3\% |

12.5\% Discount Rate


[^0]:    * The example shown is the same as referenced on page 25 of the October 30, 2013 SFIG comment letter, with the further assumption -- for illustrative purposes - that $4.5 \%$ of the original retained interest has been sold externally. This allows the example to be calibrated more closely to the $5 \%$ threshold on an expected case basis.

