R&R Consulting

New York, 02/23/2010

To: Mr. Robert E. Feldman, Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, D.C. 20429
Attention: Comments

From: Sylvain Raynes, Principal
R&R Consulting
6 East 46th Street, Suite 302
New York, NY 10017

Subject: Support of comment submitted by TYI, LLC regarding the following matter:

Treatment by the Federal Deposit Insurance Corporation as Conservator or Receiver of Financial Assets Transferred by an Insured Depository Institution in Connection with a Securitization or Participation After March 31, 2010 (RIN # 3064 – AD55).

Dear Mr. Feldman,

I write to you in support of the proposal submitted with respect to the above matter by Mr. Richard Field from TYI, LLC. The structured markets are essentially dead right now and most of his suggestions would go a long way towards bringing them back to life.

I will not repeat what Mr. Field already said, but only indicate where my opinion differs from his.

Data Availability

R&R Consulting also believes that data on outstanding securitizations in the secondary market should be made available to all parties in an arm's length manner and that this should be centrally managed by an organization free of the usual conflicts of interest, which excludes virtually all market participants on either the buy- or sell-side.

An example of such a conflict is the recent awarding by the NAIC of a valuation contract to the bond trading firm PIMCO, for this provides PIMCO with a pure arbitrage opportunity in a very large market. Such obvious conflicts of interest need to be avoided.

Update Frequency

We do differ with Mr. Field with respect to the necessary frequency with which data should be updated. We believe monthly loan-level updates are sufficient. Frankly, not much happens in a day within a 30-year transaction that cannot be reconciled using monthly updates. In any event, the secondary market's time scale is of the order of minutes, not days. Daily updates would have no impact on valuation and could only show secondary market trades, if that. Servicer reports are now produced monthly and the entire industry is oriented to that cycle. Most players would seriously push back if daily downloads were mandated with no apparent benefit.

Loan-Level versus Aggregate Data

Loan-level data only make sense if they contain data elements not included in the aggregate servicer reports now being produced for investor consumption. This is because structured securities are backed by entire pools of loans, not by any particular loan. Legally, this is expressed by saying that investors own an undivided interest in the pool, rather than a divided interest. Unless these additional data elements are different from those now available, aggregate statistics are sufficient for valuation purposes. In any event, investors and rating agencies unable to handle even aggregate statistics cannot credibly ask for loan-level data. Such requests are merely feeble excuses for why they were sleeping at the switch prior to the crisis. In that sense, they are still sleeping by the way.

Payment Method

The system could work just as well if the cost of the centralized database were supported by another method instead of assessing each deal via the waterfall. I think we should separate the way to pay for the system from its desirability. Otherwise, politics soon overwhelms physics.

Yours truly,

Sylvain Raynes, Principal
R&R Consulting