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SECURITIES AND EXCHANGE COMMISSION

17 CFR Part 230

Release No. 34-66058; File No. S7-38-11

RIN 3235-AL04

Prohibition Against Conflicts of Interest in Certain Securitizations

AGENCY: Securities and Exchange Commission

ACTION: Proposed rule; extension of comment period.

SUMMARY: The Securities and Exchange Commission is extending the comment period for a release proposing a new rule to implement Section 621 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the “Dodd-Frank Act”) on material conflicts of interest in connection with certain securitizations (the “ABS Conflicts Proposal”). The original comment period for the ABS Conflicts Proposal was scheduled to end on December 19, 2011. On December 13, 2011, the comment period was extended until January 13, 2012. Today, the Commission is again extending the time period in which to provide the Commission with comments on the ABS Conflicts Proposal until February 13, 2012. This action will allow interested persons additional time to analyze the issues and prepare their comments.

DATES: Comments should be received on or before February 13, 2012.

ADDRESS: Comments may be submitted by any of the following methods:

Electronic Comments:

Use the Commission’s Internet comment form (<http://www.sec.gov/rules/proposed.shtml>);

- Send an e-mail to rule-comments@sec.gov. Please include File Number S7-38-11 on the subject line; or
- Use the Federal Rulemaking Portal (<http://www.regulations.gov>). Follow the instructions for submitting comments.

Paper Comments:

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number S7-38-11. This file number should be included on the subject line if e-mail is used. To help us process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/proposed.shtml>). Comments are also available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. All comments received will be posted without change; we do not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly.

FOR FURTHER INFORMATION: Elizabeth Sandoe, Senior Special Counsel, Anthony Kelly, Special Counsel, or Barry O'Connell, Attorney Advisor, Office of Trading Practices, Division of Trading and Markets, at (202) 551-5720, and David Beaning, Special Counsel and Katherine Hsu, Chief, Office of Structured Finance, Division of Corporation Finance, at (202) 551-3850.

SUPPLEMENTARY INFORMATION: The Commission has requested comment on Proposed Rule 127B under the Securities Act of 1933 ("Securities Act") in the ABS Conflicts Proposal to implement Section 621 of the Dodd-Frank Act.¹ Proposed Rule 127B under the Securities Act would prohibit certain persons who create and distribute an asset-backed security, including a synthetic asset-backed security, from engaging in transactions, within one year after

¹ Exchange Act Release No. 34-65355 (September 19, 2011), 76 FR 60320 (September 28, 2011).

the date of the first closing of the sale of the asset-backed security, that would involve or result in a material conflict of interest with respect to any investor in the asset-backed security. The proposed rule also would provide exceptions from this prohibition for certain risk-mitigating hedging activities, liquidity commitments, and bona fide market-making. The ABS Conflicts Proposal was published in the Federal Register on September 28, 2011.

The Commission originally requested that comments on the ABS Conflicts Proposal be received by December 19, 2011, including comment about any potential interplay² between Proposed Rule 127B and the “Volcker Rule Proposal.”³ The Volcker Rule Proposal would implement Section 619 of the Dodd-Frank Act concerning prohibitions and restrictions on proprietary trading and certain interests in, and relationships with, hedge funds and private equity funds. The original comment period for the Volcker Rule Proposal was scheduled to end on January 13, 2012.

On December 13, 2011, the Commission extended the ABS Conflicts Proposal comment period from December 19, 2011 to January 13, 2012 to coincide with the end of the comment period for the Volcker Rule Proposal. The Commission extended the Volcker Rule Proposal comment period until February 13, 2012.⁴ In an effort to provide the public with a better opportunity to consider any potential interplay between the ABS Conflicts and Volcker Rule Proposals, the Commission is also extending the ABS Conflicts Proposal comment period until February 13, 2012.

The Commission has determined to provide the public additional time to consider simultaneously the ABS Conflicts and the Volcker Rule Proposals. This extended opportunity to

² See, e.g., 76 FR 60320, 60341.

³ Exchange Act Release No. 34-65545 (October 12, 2011), 76 FR 68846 (November 7, 2011).

⁴ Exchange Act Release No. 34-66057.

submit comprehensive comments regarding the ABS Conflicts Proposal and any potential interplay with the Volcker Rule Proposal would benefit the Commission in its consideration of any final rules. Therefore, the Commission is again extending the comment period for the ABS Conflicts Proposal until February 13, 2012 to coincide with end of the Volcker Rule Proposal comment period.

By the Commission.

Kevin M. O'Neill
Deputy Secretary

December 23, 2011

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