June 30, 2010

Via email: Comments@FDIC.gov

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

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 September 30, 2010 (RIN # 3064 – AD53)

Ladies and Gentlemen:

TYI, LLC appreciates the opportunity to submit this letter in response to the request of the Federal Deposit Insurance Corporation (the "FDIC") for comments on its Notice of Proposed Rulemaking with respect to proposed amendments regarding the treatment by the FDIC, as receiver or conservator of an insured depository institution, of financial assets transferred by the institution in connection with a securitization or a participation after September 30, 2010 (the "Proposed Rule").

This comment addresses only the following subparts of Question 5: Do the disclosure obligations for all securitizations identified by paragraph (b)(2) meet the needs of investors and are there additional disclosure requirements that should be imposed to create needed transparency?

Conclusion

The disclosure obligations for all securitizations identified by paragraph (b)(2) do not meet the needs of investors and additional disclosure requirements should be imposed to create needed transparency. Specifically, when there is activity on the collateral underlying a securitization, like a loan payment, that activity should be disclosed to investors as promptly as is practicable.

Example Highlighting Problem with Current Disclosure Practices

The following example shows why linking loan-level activity and reporting is important and why current industry practices do not achieve this.

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For example, consider a securitization that includes four loans as its underlying collateral. Each loan makes principal and interest payments once per month. Loan 1 is scheduled to make its payments in week 1 of the month. Loan 2 is scheduled to make its payments in week 2 of the month. Loan 3 is scheduled to make its payments in week 3 of the month. Loan 4 is scheduled to make its payments in week 4 of the month.

There are several ways to report the activities of these loans.

At one extreme, which reflects current industry practices, the payment activities of the four loans would be collected and then reported on a once per month or less frequent basis after the end of the month. This reporting frequency has two fundamental problems. First, it prevents investors from knowing what they own currently. Almost by definition, the timing of these reports renders them out of date by the time they are published because additional payment activity may have taken place. The lack of timeliness forces investors to guess historical facts that could be easily known. Second, once per month reporting creates the opportunity for investors to be taken advantage of by market participants who have more frequent access to the payment activities through their billing and collecting subsidiaries. It is very well documented that these market participants have an informational advantage and they have shown that they will use this advantage.

At the other extreme, reports would be generated for all loans on a daily basis. This reporting frequency has a fundamental problem. Reporting every single loan every day would cause the creation of a significant amount of data that is useless. If there is no activity, there is no new information for investors or other market participants. This much data would create its own form of opacity as investors and other market participants would have to sort through the data to find the loans that do have activity.

Between these two extremes is the alternative to link the timing of reporting to investors to the occurrence of activity by the underlying loan collateral. If a payment is received on loan 1 in week 1, then the investors are notified about only loan 1 on the day the payment is received or as promptly as is practicable thereafter. Similarly, the investors are notified on the applicable day that payments are received on loans 2, 3 and 4 (or as promptly as is practicable thereafter). This reporting frequency has two fundamental advantages. First, it allows investors to know what they own currently. Second, it eliminates the informational advantage of the market participants with billing and collecting subsidiaries.

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Recommendation

The FDIC should require that in connection with securitizations by insured depository institutions, the party that is directly involved in the billing and collecting of the applicable collateral in those securitizations provide reports to investors as promptly as is practicable after an activity. An "activity" means, with respect to a loan or a receivable that is collateral for a securitization, any of the following: 1) payment (and the amount thereof) by the obligor on such loan or receivable; 2) failure by the obligor to make payment in full on such loan or receivable; 3) amendment or other modification with respect to such loan or receivable; or 4) the billing and collecting party becomes aware that such obligor has become subject to a bankruptcy proceeding.

Activity based reporting would allow all investors to know what they own currently and it would level the access to information so that no market participant has an informational advantage with respect to securitizations.

Thank you again and I very much appreciate the opportunity to submit these comments. If you have any questions, please do not hesitate to contact me. You can reach me at (781) 453-0638 or at tyillc@comcast.net.

Sincerely,

Richard G. Field

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Managing Director

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