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8 August 2008

Via Electronic Mail

Stuart Jennings
Ian Linnell
Glenn Costello
Ben McCarthy
Fitch Ratings
sffeedback@fitchratings.com

**Re: Response to Fitch Ratings Requests for Comments on “Exposure Draft:
Retaining Equity Piece Risk – Enhancing Transparency.”**

Dear Messrs. Jennings, Linnell, Costello and McCarthy:

The Commercial Mortgage Securities Association Europe™ (CMSA-Europe™) submits this letter in response to Fitch Rating’s request for comment issued on 21 July 2008 and follows the letter submitted by The Commercial Mortgage Securities Association (CMSA) on 5 August 2008. CMSA-Europe and its affiliates form the global trade organisation for commercial real estate capital market finance. The organisation’s primary mission is to promote the ongoing strength, liquidity and viability of commercial real estate capital market finance worldwide. Based in London, with headquarters in the United States and a strong presence in Canada and Japan, CMSA-Europe is the voice for the industry, with a diverse global membership of over 400 member firms represented by more than 5,000 individuals who actively engage in commercial real estate capital market finance activities. These members embody the full spectrum of the commercial mortgage-backed securities (CMBS) market, including senior executives at the largest banks and investment banks, insurance companies, investors such as money managers and speciality finance companies, servicers, other service providers to the industry, and the rating agencies, including Fitch Ratings, Moody’s, and Standard & Poor’s.¹ CMSA-Europe and its members are the leaders in setting standards and maintaining a favourable investing environment, we submit these comments in an effort to further advance these dual objectives.

¹ This letter does not necessarily reflect the views of CMSA-Europe’s credit rating agency members.

CMSA-Europe disagrees with the outline proposals to introduce a voluntary system for the disclosure of holdings of equity tranches by key transaction parties. In our view, the proposals will not add any meaningful value to the investment analysis which generally concentrates on objective review of the underlying collateral data and associated credit structure.

Our specific objections are as follows:

1) As Fitch Ratings acknowledges in the Special Report, there is currently no information available to assess the impact on a transaction of retention or disposal of the first loss piece by the originator. Against this backdrop, we do not think it is appropriate that a rating agency create the circumstances where a negative implication could be drawn from an originator choosing not to disclose the information. Where an originator opts not to disclose the information, this could imply that the transaction is somehow less "robust" than a comparable transaction where disclosure has been made. This is potentially misleading (and confusing) and not linked to the merits of the collateral pool or the transaction structure.

2) CMSA-Europe does not believe that the identity of the equity tranche holder is relevant to an investment analysis of a transaction. The characteristics of the first-loss piece are, naturally, of crucial importance to investors. However, their interest is typically focused on the size and form of the equity tranche and any rights accorded to the holder in pre and post-enforcement scenarios. These are usually disclosed in considerable detail in the offering documents for the transaction. The circumstances in which the equity tranche will absorb losses and entitle the holder to receive cash flow are set out from transaction completion and can only be changed if the transaction parties (and frequently noteholders) agree. The identity of the holder is not relevant to this analysis.

3) While CMSA-Europe appreciates that the genesis of the proposals is the European Securities Markets Expert (ESME) Group paper from June 2008 entitled "*Role of Credit Rating Agencies*", we disagree with ESME's view and do not believe that it is appropriate for the rating agencies to assume the role of "policing" the holding of the first loss piece in a transaction. Investors typically look to the rating agencies in order to assist with their credit analysis of a transaction. It is potentially confusing for investors if the role of the rating agencies extends beyond these parameters. The "skin in the game" argument is yet to be fully debated and we believe it would be premature for the rating agencies to effectively pre-determine the outcome of that debate by introducing the proposed measures.

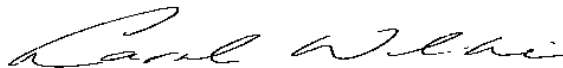
4) The practice as to retention / disposal of the first-loss piece varies across the asset classes. In multi-loan conduit CMBS for example, it is common for the "first-loss" or non-investment grade piece of each loan to be transferred on a loan by loan basis. It is difficult to see what benefit investors will derive from being informed of the identity of these loan tranches from time to time since the key consideration is the rights attaching to the loan participations.

5) CMSA-Europe notices that the proposals go further than the ESME report in requiring retentions of first loss pieces by "key transaction parties" including

originators, sponsors and servicers (whereas the ESME proposals only extend to originators). We do not see any justification for extending the proposals to other parties. Investors are usually made specifically aware of any potential conflicts of interest in the risk factors for the transaction.

To reiterate, CMSA-Europe disagrees with the proposals to introduce a voluntary system for the disclosure of holdings of equity tranches by key transaction parties. CMSA-Europe believes that there are alternative new and targeted disclosure measures which will benefit all of the CMBS market participants, including Fitch Ratings. We thank you for the opportunity to comment on this proposal and look forward to working with Fitch Ratings and the other credit rating agencies to help accomplish that goal. Please do not hesitate to contact us with questions and comments.

Sincerely,



Carol Wilkie
Managing Director, CMSA-Europe



Jaymon Jones
Director, Strategic Initiatives