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United States Government Accountability Office
Washington, DC 20548

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January 21, 2005

The Honorable Richard C. Shelby
Chairman
The Honorable Paul S. Sarbanes
Ranking Minority Member
Committee on Banking, Housing, and Urban Affairs
United States Senate

The Honorable Michael G. Oxley
Chairman
The Honorable Barney Frank
Ranking Minority Member
Committee on Financial Services
House of Representatives

Subject: *Securities and Exchange Commission: Asset-Backed Securities*

Pursuant to section 801(a)(2)(A) of title 5, United States Code, this is our report on a major rule promulgated by the Securities and Exchange Commission (Commission), entitled "Asset-Backed Securities" (RIN: 3235-AF74). We received the rule on December 22, 2004. It was published in the Federal Register as a "final rule; request for comment" on January 7, 2005. 70 Fed. Reg. 1506.

The final rule addresses the registration, disclosure, and reporting requirements for asset-backed securities under the Securities Act of 1933 and the Security Exchange Act of 1934.

Enclosed is our assessment of the Commission's compliance with the procedural steps required by section 801(a)(1)(B)(i) through (iv) of title 5 with respect to the rule. Our review indicates that the Commission complied with the applicable requirements.

If you have any questions about this report, please contact James W. Vickers, Assistant General Counsel, at (202) 512-8210. The official responsible for GAO

evaluation work relating to the subject matter of the rule is Thomas J. McCool, Managing Director, Financial Markets and Community Investment. Mr. McCool can be reached at (202) 512-8678.

signed

Kathleen E. Wannisky
Managing Associate General Counsel

Enclosure

cc: Margaret H. McFarland
Deputy Secretary
Securities and Exchange Commission

ANALYSIS UNDER 5 U.S.C. § 801(a)(1)(B)(i)-(iv) OF A MAJOR RULE
ISSUED BY THE
SECURITIES AND EXCHANGE COMMISSION
ENTITLED
"ASSET-BACKED SECURITIES"
(RIN: 3235-AF74)

(i) Cost-benefit analysis

The Commission performed a cost-benefit analysis of the final rule and found that the implementation will have a total paperwork cost of about \$45 million while yielding significant benefits for issuers of asset-backed securities, investors, market participants, and the capital markets. The monetary benefits according to the Commission are difficult to quantify.

(ii) Agency actions relevant to the Regulatory Flexibility Act, 5 U.S.C. §§ 603-605, 607, and 609

The Commission has certified that the final rule will not have a significant economic impact on a substantial number of small entities.

(iii) Agency actions relevant to sections 202-205 of the Unfunded Mandates Reform Act of 1995, 2 U.S.C. §§ 1532-1535

As an independent regulatory agency, the Commission is not subject to title II of the Unfunded Mandates Reform Act of 1995.

(iv) Other relevant information or requirements under acts and executive orders

Administrative Procedure Act, 5 U.S.C. §§ 551 et seq.

The final rule was issued using the notice and comment procedures found at 5 U.S.C. 553. On May 3, 2004, the Commission published in the Federal Register a Notice of Proposed Rulemaking. 69 Fed. Reg. 26650. In response, the Commission received over 50 comments, which are discussed in the preamble to the final rule.

Paperwork Reduction Act, 44 U.S.C. §§ 3501-3520

The final rule contains information collections that are subject to review by the Office of Management and Budget (OMB) under the Paperwork Reduction Act. The Commission has forwarded the required information to OMB for its review including revised burden estimates based on the comments it received in response to the proposed rule and its own amendments to the final rule.

Statutory authorization for the rule

The final rule is promulgated under the authority found in sections 6, 7, 8, 10, 19, and 28 of the Securities Act; sections 3, 10a, 12, 13, 14, 15, 16, 23, and 36 of the Exchange Act; and sections 3, 302, 306, 404, 406, and 407 of the Sarbanes-Oxley Act.

Executive Order No. 12866

As the rule is promulgated by an independent regulatory agency, it is not subject to the review requirements of the order.