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March 13, 2007

Ms. Nancy M. Morris
Secretary
Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-1090

Re: Oversight of Credit Rating Agencies Registered as Nationally Recognized Statistical Rating Organizations; Release No. 34-55231, File No. S7-04-07

Dear Ms. Morris:

Cohen & Company appreciates the opportunity to comment on the rules proposed by the Securities and Exchange Commission (the "SEC") to implement provisions of the Credit Rating Agency Reform Act of 2006 (the "Act").

Cohen & Company is an alternative fixed income asset manager with over $30 billion of assets under management. We have extensive experience with Collateralized Debt Obligations ("CDOs") which are directly affected by the SEC's proposal.

Cohen & Company is submitting this letter to specifically address Proposed Rule 17g-6 with respect to the prohibition of certain practices currently engaged in by nationally recognized statistical rating organizations (each an "NRSRO") that are deemed to be unfair, coercive or abusive. We understand that Proposed Rule 17g-6 is intended to further one of the Act's fundamental objectives, which is to foster competition in the credit rating industry. We fully support this objective.

Our comments address the area of our expertise - CDOs and the assets contained within them (Mortgage and Asset Backed Securities, Commercial Real Estate Assets, Leveraged Loans, Trust Preferreds, and Municipal Securities). Specifically, we strongly support the SEC's desire to prevent any NRSRO from issuing or threatening to issue a lower rating, or refusing to issue or withdrawing a rating, for the purpose of coercing an issuer to use the NRSRO's services or to inhibit competition.

We are sensitive to the concerns raised by the rating agencies that their process must allow them to independently express their credit views. We believe that the SEC has also been sensitive to this point and has adequately addressed it by requiring them to accept other ratings ("without notching or lowering ratings") only for those assets where the agency in question has rated at least 85% of the assets.

The proposal specifically addresses all relevant concerns and is consistent with the empirical evidence available on the subject. The most relevant publications supporting these conclusions are the "Comparability Studies" released by each rating agency and a study by NERA entitled "Credit Ratings for Structured Products" November 2003.

Perhaps the best aspect of the proposal is the ease of its implementation. This is because it is based on the current practice of "notching' itself. Rather than having each rating agency establish its own eligible assets for notching, the proposal creates the 85% rated test. Additionally, rather than having one or more "notch" downgrades, the SEC limits the downgrades to zero.

We would like to make the following clarifying recommendations:

- All tests should be based on par value and not market value. Par value is relevant for securitizations.
- The test should be done once upfront and not change over the life of each securitization.
- The 85% test should apply to categories currently in acceptance by market participants including the rating agencies. These categories include First Lien Corporate Loans, Second Lien Corporate Loans, Mezzanine Corporate Loans, Corporate Bonds, Bank Trust Preferreds, Insurance Trust Preferreds, REIT Trust Preferreds, RMBS, CDOs, CMBS, CRE Whole Loans, CRE B-Notes, CRE Mezzanine and the credit derivative form of each of the above.
- Rating should only be accepted from rating agencies that have demonstrated competence and experience in the assets. For our products this means Moodys, S&P and Fitch and also DBRS for certain assets and AM Best for insurance credits.
- It should be clear that "rated" means public ratings, private ratings or credit estimates.

In summary, we believe that the SEC proposal addresses all of the relevant concerns from market participants. It is fair and practical and will create a more efficient market. We strongly urge everyone to quickly adopt the proposal.

I am available at (212) 317-3929 if you would like to discuss these comments further.

Sincerely,

Christopher Ricciardi
Chief Executive Officer