HILLENBRAND PARTNERS

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Via Electronic Mail

Jill M. Peterson
Assistant Secretary
Securities & Exchange Commission
100 F Street, N.E.
Washington, DC 20549[1]

Rule-comments@sec.gov

RE: Proposed Rules for Nationally Recognized Statistical Rating Organizations
SEC File No. S7-13-08

Dear Assistant Secretary Peterson:

Hillenbrand Partners submits this letter in response to the Securities and Exchange Commission's ("SEC") request for comment on its "Proposed Rules for Nationally Recognized Statistical Rating Organizations" ("Proposed Rules" and "NRSROs") published in the Federal Register on June 25, 2008.

Hillenbrand Partners is a member of the Commercial Mortgage Securities Association ("CMSA"), the global trade organization for commercial real estate capital market finance. Hillenbrand Partners agrees with and supports the comments submitted by CMSA, and we submit this letter directly to express our strong opposition to the Commission's proposed rule Section 240.17g-7(b) to differentiate ratings for structured finance using symbology or a "boilerplate" report, which the Commission concludes will not be used by the rating agencies. Hillenbrand Partners believes that the CMSA recommendations in support of broader transparency about the potential risk characteristics of the rated bond pools and the underlying rating methodology that is being employed in determining rating assessments would much more squarely address our investor informational needs without creating the downside risks created by differentiated ratings.

Hillenbrand Partners also is concerned about the impact that certain changes to the ratings classifications could have at this time. Accordingly, Hillenbrand Partners strongly believes that replacing or modifying the existing ratings' structure could make the structured products markets even more volatile by adding to investor confusion, and such action should be avoided. Moreover, investors would be forced to revise their investment policies to incorporate the new rating structure, and to develop new analytical and monitoring infrastructure to interpret the new ratings, adding cost and potentially further eroding liquidity.

[1] 73 Fed. Reg. 36212-36252 (June 25, 2008)

If the alternative new reporting requirement to "describe how the credit ratings procedures and methodologies and credit risk characteristics for structured finance products differ from those of other types of instruments such as corporate and municipal debt" is maintained, the SEC should clarify that such reports must be tailored for each structured finance 'asset' class to make such reports meaningful. However, there remain many logistical issues and serious questions about the application of such a report and how all market participants will react. These issues could be prevented by avoiding differentiation – through symbology or a report – and instead providing targeted information about the specific rating under consideration.

Likewise, despite the wealth of valuable information the rating agencies provide in the CMBS market, Hillenbrand Partners believes that CMSA's expanded NRSRO transparency recommendations – which are intended to build on rather than replace information that currently is being provided – would better benefit the investor community the ratings are intended to serve.

Ultimately, Hillenbrand Partners believes that new and targeted disclosure will benefit all of the CMBS market participants and that such enhanced transparency would be far preferable to the imposition of an arbitrary and misleading differentiated rating scheme for structured finance products. We urge the Commission to remove 240.17g-7(b) from the final rule to alleviate confusion and enhance confidence in our markets.

Thank you for providing Hillenbrand Partners with the opportunity to submit these comments.

Regards,

Mary Downing
Director – Surveillance and Due Diligence
Hillenbrand Partners