MAYER BROWN ROWE & MAW

August 29, 2002

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Ms. Suzanne Bielstein
Director of Major Projects and Technical Activities
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk. Connecticut 06856-5116

Re: File Reference No. 1082-200

Exposure Draft on Consolidation of Certain Special-Purpose Entities, a Proposed Interpretation of ARB No. 51 Letter of Comment No: 134/ File Reference: 1082-200 Date Received: 69//3/62

Dear Ms. Bielstein:

This letter is submitted by the asset securitization practice group of Mayer, Brown, Rowe and Maw and relates solely to the impact of the exposure draft referenced above on securitizations of financial assets. We thank FASB for this opportunity to comment.

We represented the Multi-Seller SPE Consolidation Working Group and the American Securifization Forum in preparing their comment letters dated August 20, 2002 and August 22, 2002, respectively, relating to the exposure draft. Those letters provide detailed comments that seek to work within the basic framework of the exposure draft but make modifications that will lead to appropriate accounting results in a higher percentage of SPE consolidation decisions. We support the recommendations in both letters.

In this letter, we take a different approach. Earlier in the process of FASB's deliberations leading up to the exposure draft, we discussed with one of the Board members a possible framework for consolidation of SPEs that hold financial assets. We continue to believe that framework has merit, and we are submitting it below for your consideration.

Under this framework, any party to an arrangement with an SPE would not consolidate the SPE so long as:

- 1. The arrangement involves one or more securitizations of financial assets.
- If the party is a transferrer to the SPE (and is not liself an SPE), the transferred assets have been isolated from the bankruptcy risk of such party.

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Brussels Charlotte Chicago Cologne Frankfuri Houston London Los Angeles Manchester Hew York Pelo Alto Paris Washington, D.C. Independent Mexico City Correspondent: Jauregul, Navarnete, Nader y Rojas, S.C.

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- The party does not have the unilateral right to materially modify documents (x)
 establishing the SPE and its activities or (y) defining the rights of priority of the parties to
 the assets of the SPE.
- 4. The party does not have an investment in equity or debt securities issued by the SPE that is entitled to more than 50% of the risk of variable returns. Market-based and priced contractual agreements would not constitute a portion of the variable return.
- At least 10% of the beneficial interests have been redistributed to at least one party unrelated to the originator/transferor.

We believe that an approach like this would have considerable merit.

In addition, in paragraph 22 of the exposure draft, we strongly suggest that FASB consider eliminating or reducing the restrictions on holding equity investments. Some market participants are examining ways to include in CDOs securities representing equity interests in hedge funds, private equity and other alternative investments. These instruments are sufficiently similar to other securitized financial assets that we think they should be covered by the special provisions of paragraphs 22 and 23.

Sincerely,

Mayer, Brown, Rowe & Maw

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