S&P Global Ratings
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November 26, 2019

Submitted Electronically

Securities and Exchange Commission
Fixed Income Market Structure Advisory Committee
Attention: Michael Heaney, Committee Chairman
100 F Street, NE
Washington, DC 20549-1090

Re: Comments on File Number 265-30: Comments to the Committee Meeting on November 4, 2019

Dear Mr. Heany,

We write to address comments made at the November 4, 2019 Fixed Income Market Structure Advisory Committee ("FIMSAC") meeting, during which panelists discussed potential alternatives to the Credit Rating Agency ("CRA") issuer-pays business model.

The debate over CRA business models is not new. It was a primary focus of legislative and regulatory action in response to the financial crisis. Pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act"), which was enacted into law on July 21, 2010, the Securities and Exchange Commission ("SEC") studied CRA business models extensively, including hosting a public roundtable and publishing a thorough report examining the industry.

The alternative models discussed at the recent FIMSAC meeting are not free from potential conflicts of interest. Additionally, many of these alternatives would involve a complex system requiring extensive government intervention, and would be likely be disruptive to the market. Notably, the panelists at the recent meeting failed to discuss these unintended consequences and, perhaps more important, the benefits of the issuer-pays business model, including how it enables CRAs to provide ratings to the entire market, free-of-charge, thereby affording both large and small investors the opportunity to compare and scrutinize against other ratings. This high level of transparency also ensures CRAs' opinions are subjected to continuous examination from academia, the media, and every corner of the capital markets.

Moreover, any comparison of proposed alternative models with the issuer-pays model should consider the significant changes CRAs have made since the financial crisis, many of which were specifically designed to manage the conflict of interest arising from the issuer-pays model.

The Dodd-Frank Act and the resulting creation of the SEC's Office of Credit Ratings, as well as other CRA rules and regulations imposed by regulators and policymakers around the world, were enacted to, among other things, mitigate conflicts of interest and require CRAs to be transparent about the existence of the issuer-pays conflict. For example, the rules prohibit CRA analysts from engaging in commercial activities and from being influenced by commercial considerations.

S&P Global Ratings, driven by these rules and regulations as well as the lessons learned from the financial crisis, has invested heavily to further the quality, transparency, and integrity of our ratings. Awareness of the issuer-pays conflict and the need to manage this and other conflicts through appropriate internal controls is engrained in our culture. For example, we have fully separated commercial and analytical activities -- analysts cannot engage in sales or marketing activities, commercial staff cannot engage in credit rating activities, and communications between commercial and analytical staff are restricted.

S&P Global Ratings takes seriously our role in the capital markets. Our ratings, rating methodologies and information about how our ratings have performed over time are available on our website. We remain committed to safeguarding the independence, quality, and reputation of our ratings. As the Committee continues its work, we would be happy to provide any additional information or perspective regarding this important topic.

Sincerely,

John Berisford
President