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Subject: File Number S7-11-22

Dear SEC Chair Gary Gensler, SEC Commissioners, Ladies and Gentlemen,

You announced on March 23, 2022, your vote to propose changes that would remove the references to credit rating agencies from existing exceptions provided in Rule 101 and Rule 102 of Regulation M. In the Dodd-Frank Act of 2010, Congress directed federal agencies, including yours, to remove any reference to or requirement of reliance of credit ratings. You have now, twelve years later, completed your research on the matter, and only Rules 101 and 102 still have these notions, and may now be removed as well.

Please proceed as soon as possible with these removals, so that no investor, on the retail or institutional level, must rely on credit ratings, which have failed us in every possible manner.

My reasons being the

- **Antiquated manner of functioning of the rating agencies**
- **Overdue publications of rating updates, often delayed for obscure reasons**
- **Lack of consistency between the ratings**
- **Possible conflict of interests between issuers paying the ratings and the agencies**
- **Spill-over concerns to the real economy, especially in the car industry**
- **Unjustified impact on benchmarks, as the same players also constitute the major indices**
- **Benefit of due diligence and research by each investor rather than fostering blind sheep behaviors**

While historically, due to a lack of readily available information, these credit ratings certainly played a supporting role in the decision making of investors, today's news and financial data infrastructure is light-years ahead of any rating action.

For full disclosure, I was from 1991 - 1997 fund manager for initially Deutsche Bank and then a subsidiary of Commerzbank, managing the biggest mutual funds in Europe. These funds, when considering investments, followed investment grade guidelines from at least two of the major credit rating agencies. Two of the funds under my responsibility were rated AAA by Moody's, so I had a direct insight in the rating requirements and procedures. The same rating agency then hired me to become their fund rating expert analyst for Continental Europe as a Vice President and eventually Senior Credit Officer. I left Moody's in 2003 to cofound a rating agency in Germany, Scope OEF GmbH, specializing in the analysis of open-ended real estate funds. I left Scope and the financial market in 2007.

The 2008 financial crisis hit our family with five children as well. Having had the insight in the rating universe, I quickly understood what crucial role the major rating agencies played in setting up the Great Recession through their paid-for, ill-conceived and "hastily downgraded two days after the explosion" Asset Backed Ratings and was utterly disappointed by the lack of political willingness to end these shenanigans. **You have today the unique opportunity to finally end this mischief and restore the integrity of the analysis approach, please use it.**

Let me illustrate the current shortcomings of the rating agencies with the below analysis I did no later than last night, comparing the financial strength of the 28 largest market cap companies, and then adding some more auto manufacturers to the list.

Q1/2022 Financials (*) = Q1 2022 n/a			Market Cap 05/17/2022	Cashflow from operations	Cash to Debt	Debt to Equity	Debt to EBITDA	Debt to Revenue	Altman Z-Score	Rating	
										Moody's	S&P
1	Apple	USA	$ 2,415,476	$ 116,426	0.43	1.78	0.90	0.31	7.25	Aaa	AA+
2	Microsoft	USA	$ 1,995,556	$ 87,116	1.71	0.38	0.62	0.32	8.42	Aaa	AAA
3	Alphabet	USA	$ 1,535,381	$ 97,469	4.71	0.11	0.28	0.11	11.52	Aa2	AA+
4	Amazon	USA	$ 1,173,806	$ 39,324	0.59	0.85	1.88	0.24	4.07	A1	AA
5	**Tesla**	**USA**	**$ 789,036**	**$ 13,851**	**2.56**	**0.21**	**0.54**	**0.11**	**16.13**	**Ba1**	**BB+**
6	Berkshire Hathaway	USA	$ 693,965	$ 36,944	0.33	0.24	1.01	0.34	n/a	Aa2	AA
7	Meta (Facebook)	USA	$ 548,355	$ 59,517	3.12	0.11	0.27	0.12	10.41	(Aaa)	
8	TSMC	Taiwan	$ 483,939	$ 44,964	1.63	0.35	0.69	0.47	6.87	Aa3	AA-
9	Johnson & Johnson	USA	$ 470,547	$ 23,315	0.92	0.44	1.16	0.35	4.73	Aaa	AAA
10	United Health	USA	$ 462,078	$ 21,657	0.60	0.65	1.74	0.16	4.01	A3	A+
11	NVIDIA (*)	USA	$ 455,155	$ 9,108	1.82	0.44	1.03	0.43	19.72	A2	A-
12	Tencent (*)	China	$ 449,553	$ 27,200	0.81	0.40	1.28	0.59	3.77	A1	A+
13	Visa	USA	$ 438,986	$ 16,106	0.64	0.58	1.08	0.78	6.99	Aa3	AA-
14	Exxon Mobile	USA	$ 389,257	$ 53,653	0.23	0.28	0.77	0.16	4.08	Aa1	AA
15	Procter & Gamble (*)	USA	$ 371,123	$ 17,131	0.25	0.74	1.59	0.42	5.36	Aa3	AA-
16	Walmart (*)	USA	$ 361,578	$ 24,181	0.26	0.69	1.83	0.10	4.68	Aa2	AA
17	JP Morgan Chase	USA	$ 358,849	$ 80,039	2.15	1.23	2.92	2.92	n/a	Aa1	A+
18	Chevron	USA	$ 341,936	$ 33,046	0.40	0.20	0.63	0.17	4.11	Aa2	AA
19	Nestle (*)	Switzerland	$ 339,954	$ 15,127	0.30	0.88	3.07	0.53	4.09	Aa3	AA-
20	Mastercard	USA	$ 329,590	$ 9,782	0.50	2.08	1.21	0.74	9.88	A1	A+
21	LVMH (*)	France	$ 314,818	$ 21,648	0.31	0.73	1.48	0.54	3.81	A1	A+
22	Home Depot (*)	USA	$ 310,991	$ 16,571	0.05	-27.28	1.78	0.31	6.98	A2	A
23	Bank of America (*)	USA	$ 289,967	$ (295)	0.92	1.14	3.39	3.39	n/a	A2	A+
24	Pfizer	USA	$ 288,063	$ 34,583	0.68	0.43	1.03	0.38	3.65	A2	A+
25	Eli Lilly and Co	USA	$ 286,378	$ 8,062	0.16	1.77	1.90	0.56	6.05	A2	AA-
26	Coca-Cola	USA	$ 285,158	$ 11,612	0.25	1.68	2.63	1.04	4.57	A1	A+
27	Roche	Switzerland	$ 275,892	$ 22,905	0.40	1.33	1.46	0.52	4.40	Aa3	AA
28	AbbVie	USA	$ 273,513	$ 22,808	0.10	4.51	2.97	1.3	2.07	Baa2	BBB+
@MmeAlexandraS (aka TESLA Boomer Mama)											
✓	Toyota	Japan	$ 219,832	$ 32,875	0.33	1.01	5.50	0.84	1.66	A1	A+
✓	Volkswagen	Germany	$ 119,629	$ 44,856	0.37	1.16	3.40	0.73	1.19	A3	BBB+
✓	Mercredes Benz	Germany	$ 73,519	$ 26,418	0.26	1.36	4.30	0.72	1.40	A3	BBB+
✓	General Motors	USA	$ 55,559	$ 16,026	0.24	1.77	4.55	0.84	1.14	Baa3	BBB
✓	BMW	Germany	$ 55,192	$ 17,718	n/a	n/a	2.66	0.72	1.03	A2	A
✓	Ford	USA	$ 54,387	$ 10,211	0.30	3.05	6.12	1.02	1.15	Ba1	BB+
✓	Honda	Japan	$ 43,133	$ 14,585	0.48	0.77	4.77	0.56	1.70	A3	A-
✓	Hyundai	South Korea	$ 18,974	$ (1,052)	0.30	1.45	8.48	0.93	1.18	Baa1	BBB+
✓	Nissan (*)	Japan	$ 14,854	$ 8,764	0.25	1.67	7.11	0.82	1.37	Baa3	BBB-

This table illustrates the inconsistency between ratings and financial strength data clearly. It also shows how useless these ratings have become.

The table displays some of the main indicators used to evaluate the "financial health and credit worthiness" of each company, based on the publication of their Q1 / 2022 (for some based on Q4/2021, marked with *) financial results. For this, I have subscribed as an individual investor to the financial online software Gurufocus, and for an annual fee of $424, I am able to assemble the table in less than two hours. Much of this information is also available at no cost at all online, and then just needs a bit more time to assemble.

Continuing to make investors and market participants rely on ratings from these agencies will further foster the conflict of interest between the agencies and the issuers of securities. You do of course know that the issuers pay the rating agencies for providing rating services, and therefore the agencies may be reluctant to give very low ratings to securities issued by the people who indirectly pay their salaries.

This becomes very evident when you observe the lower tier of the table above, listing the automakers, their financials, and their ratings. I encourage you to look at the percentage of institutions holding the stock of these automakers. And then research the dependence on maintaining investment grade ratings for their financing branches, servicing the car purchasers wanting to finance or lease their vehicles. A long overdue rating downgrade of these issuers will substantially increase their cost of refinancing and incite the institutional holders who bought the stock based on investment grade quality, to finally sell in large quantities the same stock. I join to this letter the most recent analysis by S&P on General Motors, published just three weeks ago, where the table on page 1 clearly indicates the underperformance of all rating metrics, yet the text suggests that a rating upgrade is imminent. What can possibly go wrong, you ask?

An additional supporting element of consideration is the impact of these same rating agencies on the benchmarks commonly used by the financial market, and basis to most of the portfolio allocation of mutual funds and ETFs. By encouraging the use of credit ratings in the past, the image of these agencies allowed them to be "benchmark-makers", which opens a complete other door to influence and manipulation. By you today eliminating the obligation of use of credit ratings, you will also encourage the better functioning of the benchmark adjustments.

And last, but not least, and this will most probably not surprise you from a mother of five who always pursued her professional career, you will hopefully encourage more active research and due diligence of institutional and retail investors. We are not in an age anymore where we need some obscure analyst of a credit rating agency to research debt issuers. Today's investors have all information on the screen in front of their eyes. They will learn what to search for and how to combine it to form their opinion, and this exactly is needed.

I remain confident that your Commission will take the much-needed step to end the dependence on these ratings, which has lasted much longer than needed. I remain at your disposal should you wish to exchange further on the matter.

Thanking you for the time you spent understanding my reasoning, I remain with warm regards,

Alexandra Merz

Bulletin:

General Motors Co.'s Strong Profitability Will Underpin Ratings, Despite Looming Cost Pressures

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This report does not constitute a rating action.

NEW YORK (S&P Global Ratings) April 27, 2022--S&P Global Ratings today said that **General Motors Co.'s** (GM; BBB/Stable/--) first-quarter 2022 performance and reaffirmed guidance for 2022 indicate solid headroom at the current rating (for more detail, see our research update, "General Motors Co. Outlook Revised To Stable From Negative On Steady Profits And Improved Cash Flow Prospects," published Nov. 18, 2021). The company's results further support our expectation for the strong profitability of its truck portfolio in North America (EBIT margins approaching 10%), which will underpin our rating and support progress toward our upside triggers in a challenging environment. GM's comments regarding the improving availability of semiconductors coupled with its ability to secure palladium supply through the end of the year abate some of our concerns around supply chain related uncertainty.

S&P Global Ratings Metrics

	2021a	2022p (prior)	2022p (current)	2023p (prior)	2023p (current)
EBITDA margin (%)	10.5	12.0-13.0	11.0-12.5	12.0-13.0	10.5-12.0
FOCF/debt (%)	15.1	15-25	20-25	15-25	>25
FOCF/sales (%)	1.1	2-3	1.5-2.5	2-3	2-3
Debt/EBITDA (x)	0.7	<1.5	<1.0	<1.5	<1.0

a--Actual, including S&P Global adjustments. p--S&P Global Ratings projections. Prior forecast is as of October 2021. Current forecast is as of April 2022. FOCF--Free operating cash flow.

A key credit risk factor for the upward migration of our ratings on GM--and most automakers--is the ability to cope with pricing pressure amid potential demand volatility once the supply gradually normalizes to support pre-pandemic production levels by 2024. We now project global sales will decline by up to 2% in 2022 (compared to our projection in October 2021 of a 4%-6% sales increase for 2022). The rising cost of living globally will lessen the effect of pent-up demand. The combined impact of marginally higher production volumes in 2022 and higher pricing may not fully offset cost inflation, in our view. (For more details, see "Global Auto Sales Forecasts: Russia-Ukraine Conflict Imperils Recovery," published March 22, 2022.)

As a result, we expect slightly more pressure on margins and cash flow generation over the next two years, compared to our prior base case. We expect GM to sustain EBITDA margins of well over 11% in 2022 before they moderate slightly in 2023, when pricing tailwinds abate following supply normalization. In addition, we forecast GM will derive a larger proportion of its sales in the second half of 2022 and into 2023 from its less-profitable products relative to 2020 and 2021. GM's ongoing cost-reduction efforts and contractual protection for some commodities should support free operating cash flow to debt to exceed our prior base case, heading toward our upside trigger of 25%-40%. This is largely due to significantly reduced pension and other post-retirement liabilities and larger cash netted against debt compared to pre-pandemic levels. Ongoing industry volume volatility, including the uncertainties around the duration of the latest wave of COVID-19 cases, will take a heavier toll on China's auto industry during the second quarter and could affect cash dividends from its Chinese joint ventures (JVs).

The company's strong liquidity will help it fund the medium-term capital outlays related to its battery JV, Ultium Cells LLC, as well as the payments for its engineering and product development activities.

We could raise our rating on GM if the company extends its track record of solid execution (EBITDA margins of well over 10%) amid commodity inflation. This would offer meaningful financial flexibility against volatility in volumes (short of an industry downturn) and potential cost pressures arising from its labor union contract negotiations in late 2023. The company will also need to prudently manage the cash outlays for its business transformation plans and expand its electric vehicle (EV) market share amid potentially increased pricing pressure from its competitors as industry volumes recover. We would require GM to maintain more liquidity cushion (more than $18 billion consistently) at the auto parent before the next downturn to consider a positive outlook or an upgrade. We view the company's decision to not reinstate its dividend and instead steer more cash toward its development of EVs favorably, given the ongoing industry challenges. We assume that as its financial flexibility improves over the next 12-18 months, GM will consider reinstating its regular dividend.