

15 August 2022

Secretary, Securities and Exchange Commission
100 F Street, NE
Washington
DC 20549

BY EMAIL: rule-comments@sec.gov

To Whom It May Concern,

**S&P Global Market Intelligence: Pricing, Valuations & Reference Data – SEC Request for
Comment on Certain Information Providers Acting as Investment Advisers –
File No. S7-18-22**

1. SUMMARY RESPONSE ON WHY PRICING SERVICE PROVIDERS DO NOT AMOUNT TO INVESTMENT ADVISERS

- 1.1 This response is provided to the SEC by S&P Global Market Intelligence (“**SPGMI**”) as a provider of pricing, data and valuation services only and responses provided relate to these activities only. A separate response is being provided to the SEC in relation to indices produced by S&P Dow Jones Indices.
- 1.2 By way of background, SPGMI delivers leading data and technology solutions to identify investment opportunities, track performance, drive operational efficiency, and make decisions with conviction. SPGMI’s Pricing, Valuations and Reference (“**PVR**”) solutions offer access to robust pricing, reference and derivatives data across all major asset classes to confidently price assets, identify new investment opportunities and ensure best execution. Liquidity scoring, detailed terms and conditions reference data and market and credit risk metrics are available. PVR is part of SPGMI’s Data, Valuations and Analytics suite, which offers comprehensive and actionable company-level information, market data, reference data, valuation services and derived analytics products across the public and private markets.
- 1.3 The Securities and Exchange Commission (“**Commission**” or “**SEC**”) is seeking public comment on certain information providers whose activities, in whole or in part, may cause them to meet the definition of an “investment adviser” under the Investment Advisers Act of 1940 (“**Advisers Act**” or “**Act**”). The request for comment can be found here: <https://www.sec.gov/rules/other/2022/ia-6050.pdf>
- 1.4 We believe that regulation of pricing service providers under the Advisers Act is unnecessary as pricing service providers do not satisfy the definition of an “investment adviser” under the Advisers Act. Pricing providers are not in the business of providing investment advice, instead providing objective, independent prices in a transparent manner applying robust internal policies to ensure (amongst other things) management of conflicts of interest.
- 1.5 The Advisers Act generally defines an “investment adviser” as any person who, for compensation, engages in the business of *advising* others, either directly or through publications or writings, as to:
- i. the value of securities; or
 - ii. the advisability of investing in, purchasing, or selling securities,
- or, any person who, for compensation and as part of a regular business:
- iii. issues or promulgates analyses or reports concerning securities.

The definition generally includes three elements for determining whether a person is an investment adviser:

- i. the person provides advice, or issues analyses or reports, concerning securities;
- ii. the person is in the business of providing such services; and
- iii. the person provides such services for compensation.

Each element must be met in order for a person to be deemed an investment adviser.

Pricing service providers do not satisfy this definition, and should therefore not be considered investment advisers, for the following reasons:

(a) Pricing service providers do not provide advice or issue reports or analyses to others regarding securities.

- i. In the U.S., users of pricing services are sophisticated, institutional investors (such as public pension funds, corporate pension funds, and other asset managers). These users are staffed with investment and financial professionals with specialized education and training in investment and financial analysis, who are employed to make investment decisions on behalf of their employers and / or their employer's clients. They do not utilize, or expect, the services of pricing service providers to make those decisions for them and there is nothing to oblige them to utilize the prices provided in any manner. Pricing service providers have no visibility on what any particular user does with the prices provided to them and while the prices may be used alongside other inputs to inform investment decisions, they will also be used to perform internal and client portfolio valuations and to verify other prices and valuations provided to them. It cannot be the case that the same value for a security can be investment advice in one 'use' context and not in another. Further, many of the users of pricing services are investment advisers in their own right and are bound by the existing regulatory framework, including under Rule 2a-5. It is difficult to see how investment advice obligations sitting with pricing service providers would fit into and operate within this dynamic.
- ii. While pricing service providers, amongst other things, provide to their clients a value for a single security or a basket of securities, in this context only the value is provided. There is no analysis of future performance, no opinion projections made of performance, no recommendation to buy / sell / hold the security, and no opinion is provided as to impact of the price on the client's position. It is generally the case that pricing service providers are not privy to the investment positions, fund strategies or intentions of their users.
- iii. Pricing service providers obtain data from third parties (for example regulated investment exchanges or financial services data vendors) all of which is accessible to the public (generally on payment of a licensing fee). Data is also obtained from market users / participants, for example for consensus and evaluated pricing, and it would be open for any market players to organize and obtain a similar consensus and / or composite if they chose to. Where pricing service providers use proxy data, for example if on occasion there is no liquid market, the proxies are based on this same observable data detailed above. There is, therefore, no analysis or manipulation of data utilized to project the future performance of a security or basket.
- iv. Following the collection of the relevant data, the role of pricing service providers is limited to the arithmetical and statistical calculation of the raw data to arrive at the price provided to clients and this process (i) does not take into account the individual circumstances / investments / objectives of any one client or category of clients and

(ii) does not involve the production of a buy / sell / hold recommendation or anything of a similar nature.

- v. The calculations carried out by pricing service providers are carried out in accordance with pre-determined methodologies which are made either publicly available or available directly to users, and while a number of these methodologies may be proprietary products or intellectual property protected by patent or copyright, the models, calculations, and analytical tools used are generally based on standardized mathematical formulae that are already available or in the public domain. Due to the available nature of both the data and the methodologies it is theoretically possible for another market participant to run the same calculations and arrive at the same price.
- vi. The prices presented by pricing service providers to their clients represent the current or present value of, for example, the security or basket being priced, based on market data from the prevailing day's trading. These prices are only good for a short period pending liquidity of the underlying security and will be updated following active market trading activity. This contrasts with the advice provided by investment advisers which takes into account investment horizons and does not have a specific 'expiration' date.

(b) Pricing service providers are not in the business of providing advice or issuing reports or analyses to others regarding securities and do not receive compensation for such services.

- i. Pricing service providers (i) do not receive any separate or additional compensation that represents a clearly definable charge for providing advice about securities and (ii) do not receive any transaction-based compensation when the user utilizes a price provided. Users typically pay a license fee in order to access the data they require.
- ii. Pricing service providers have no direct or indirect financial interest in whether a client who licenses the data ultimately uses the data in connection with any decision to purchase, sell or hold any security. License fees are paid irrespective of whether and how a client utilizes the data made available by the pricing service provider.

(c) Pricing services are intended to provide market participants with an objective, independent price.

- i. Pricing services are relied upon by the financial services market to provide an independent view of traded instruments. It is a function of the demand for this service that it should not be tailored to any one individual user's investment needs. Rather, the pricing represents a real-world reflection of the markets, and it is imperative to users of that data that it is produced in an unbiased manner that is free of conflicts of interest on the part of the pricing provider.
- ii. The pricing service industry provides a vital, independent and unbiased service to its users, operating in an environment that manages effectively any conflicts of interest and which operates robust and effective procedures for producing representative prices. Post transaction counterparty statements are not relied on by market participants to price their trades / positions as the industry standard, this is a role that is played by pricing service providers as independent price providers. Maintaining this independence is key to the services pricing service providers offer, which independence would be removed if Advisers Act fiduciary duties and suitability obligations were to apply, and which would erode the utility that pricing service providers provide to the market.

- iii. To position a pricing service within a regulatory regime which assumes a duty owed to individual users which relates to their individual circumstances will mean that pricing services would not be able to function in their current form. Pricing service providers would require extensive information from their clients (for example regarding their investment objectives and portfolios) at the on-boarding stage and periodically, making the provision of services slow due to having to collect this information and potentially slowing down the provision of every price while the client's individual circumstances are considered. This would have a significant knock-on impact to users in meeting their own regulatory obligations, for example in calculating their own end of day valuation reports, and it is uncertain whether pricing service providers would even be able to comply with these obligations and continue to provide the same service, in the same format and within the same timescales. At this stage it seems unlikely.
- iv. The market impact of pricing service providers being considered within scope of the Advisers Act is that: pricing services would likely lose their utility resulting in a reduction of those services and therefore reduction of transparency on pricing for a number of market segments and access to the pricing data becoming significantly more expensive and selectively supplied, which is therefore likely to be prohibitive for certain smaller market participants. Additionally, this will result in increased costs to end users, including fund clients and their underlying clients, and creating additional barriers to entry in the asset management space, not only for new prospective market participants but for underlying individuals seeking accessible investments.

1.6 The position set out in section 1.5 above, is supported by various SEC 'No-Action' letters issued on the scope of what an investment adviser is for the purpose of the Advisers Act, including, amongst others, Financial Strategies, Inc., SEC No-Action Letter (available Feb. 14, 1994); Thomas Beard, SEC No-Action Letter (available May 8, 1975), David Parkinson, Ph.D., SEC No-Action Letter (available Oct. 19, 1995), Charles L. Simpson, SEC No-Action Letter (available July 7, 1992), Datastream Int'l., Inc., SEC No-Action Letter (available March 15, 1993) and EJV Partners, L.P., SEC No-Action Letter (available Dec. 7, 1992).

1.7 It is also important to recognize that there are no jurisdictions in which pricing service providers are subject to a regulatory licensing regime or framework, and in particular pricing service providers do not fall within local law concepts of investment advisers or investment advice, or financial benchmarks. For example, in both continental Europe and the UK there are well established regulatory regimes governing the provision of investment advice and the administration of benchmarks, neither of which capture pricing service providers. If pricing service providers were considered to be within the scope of the Advisers Act, pricing service providers would be placed at a significant competitive disadvantage in relation to their US operations, which would see a material increase in operating costs likely forcing some providers out of the market, and in relation to providers operating solely outside the US which would not face the same regulatory compliance burdens.

2. RESPONSE TO SPECIFIC SEC QUESTIONS

Note that (i) the SEC questions are shown below in *italics* and the numbered questions reflect the SEC's numbering, and (ii) for clarity we have not provided a specific response to every question given our summary position above.

1. *Are our descriptions of each information provider accurate and comprehensive? What types of potential risks and conflicts of interest does each type of provider present? How many providers of each type do commenters estimate currently offer their services in the United States?*

Response:

Are the descriptions accurate and comprehensive?

(a) It is important to note that pricing services do not only provide services on an investment or security level as the SEC sets out, but that it may also be at, for example, a market or sector level.

(b) We also see a distinction between pricing providers (providing a service), data providers (providing a data set that typically requires a model / analytics to be applied to data to produce a price) and software providers that provide model libraries. It appears that all of these are referred to by the SEC as 'pricing services'. In addition, there are also companies that provide derived services or software services that include prices.

Potential risk and conflicts of interest

(c) In relation to the types of potential risks and conflicts of interest presented, the key potential risk is the mis-pricing of securities such that the value given does not represent fair value. In particular, providers that rely on limited inputs from clients may not be truly independently pricing a security and those that heavily rely on manual processes risk prices being determined by analysts, rather than data.

There is risk to service users should a pricing service provider suffer from an IT failure or outage, such that it is unable to provide relevant prices to users, and similarly should a particular provider fail, however given that pricing service users usually in our experience have access to more than one provider this risk is mitigated.

We note the SEC's comment that there is a risk of pricing service providers and their employees using their technology to engage in activities such as front running. Standalone pricing service providers do not (to our knowledge) hold proprietary positions of any nature, therefore this risk does not materialize in practice. Even in institutions where pricing services form part of a larger business, there are information barriers in place that would prevent such a use of pricing information. It is important to note that many providers of pricing services are selected by financial market participants because they offer impartial and independent pricing feeds. They do not act on behalf of any one client, as would be expected of an investment adviser, rather they provide a utility to the market to provide an independent view on pricing free from any conflict of interest that would arise should those providers also manage portfolios and / or trade in financial instruments. Further, it is a function of pricing services to be reactive to (rather than to front run) the market. This is because the input data used to produce prices is typically the value of executed transactions on the secondary market, and is frequently published post-closing.

Additionally, in our experience, the market is moving towards personnel being prohibited from directly holding personal investments in any instruments that their employers price or which are used as the constituents of indices or models, in order to eliminate the exact type of conflicts of interest which the SEC notes the potential for here.

Pricing providers are not compensated based on performance of securities or the pricing provided and are compensated the same regardless of whether the price / data provided is used in a process or not, via the payment of a license fee. The fee paid is for a certain amount of access to the pricing feed (such as the number of positions being priced etc.), so there is no direct linkage between a particular price and a particular fee paid or the individual compensation provided to employees.

Many pricing providers have external SOC 1 reports which cover the controls and safeguards pricing providers have in place. Specifically, policies and procedures are in place which outline the production of pricing and valuations as it relates to quality controls of data and evaluation processes as well as price challenges, and the identification and management of conflicts of interest. SOC 1 reports are heavily requested by the investment community as validation that appropriate controls are in place and followed.

Additionally, Rule 2a-5 ultimately places valuation responsibility on the fund and its board of directors, and in doing so requires the fund to have appropriate oversight of independent third party providers of prices, which in turn has resulted in heightened due diligence of, and robust controls required by, pricing providers, in order that their registered fund clients are able to comply with their own regulatory obligations. We believe this will raise the bar across the information provider community and solve for some of the key concerns raised by the SEC, without the need for additional regulation of pricing service providers. Indeed, if pricing service providers were regulated under the Advisers Act the fund community would need to assess whether they can continue to use pricing service providers for the purposes they currently do and still be able to meet their own Rule 2a-5 obligations. It is also important to note that many funds use multiple valuation service providers and run comparisons across sources, reducing reliance on any single vendor and reducing the risk of incorrect pricing. Rule 2a-5 further highlights this need.

Number of service providers

(d) It is difficult to place a figure on the current number of pricing service providers operating in the market. The market is diverse and includes divisions of large financial institutions providing pricing (some exclusively internally), as well as standalone pricing service providers and technology, fintech and data firms.

4. *In light of new technologies and current market practices, when determining what constitutes “analyses or reports concerning securities,” what factors may raise investment adviser status issues? For example, are the factors described above appropriate? Should they be modified? If so, what modifications and why? What economic benefits and costs would result if advisers were required to consider the factors described above or with modifications? Alternatively, are there other factors that advisers should be required to consider regarding what constitutes “analyses or reports concerning securities”? Should the Commission provide additional guidance? What benefits and costs would result from requiring other factors or providing additional guidance?*

Response:

Please see full analysis set out in section 1, above.

In addition, it is clear that the definition of ‘analyses or reports’ needs to further be clarified and made clear that it must relate to the provision of advice via the analysis or report, rather than just an analysis or report alone, which is clearly the intention of the rule. As it stands the definition is very vague and could capture any service provider or platform as virtually any data or price can be obtained via a report in some shape or form. Pricing service providers often provide information to users alongside prices, in order to set out how a particular value was arrived at. This information does not contain any judgment or assessment of the past or future performance of the security and does not amount to investment advice. The Commission should provide additional guidance, which should include, critically, whether the provider is including any explicit indication of a trading decision along with their data points. This would provide well needed clarity to the market and ensure that pricing service providers are not inadvertently captured by the definition as it stands, which we do not believe them to be in any event.

If the definition is interpreted broadly capturing pricing service providers there would be no economic benefits, only economic downside. Any ruling would require significant overheads and additional costs in order to comply with the regime, which would discourage smaller firms from being able to comply therefore reducing competition in the choices available to service users, as well as hampering diversity and inclusion efforts. It would also reduce the additional checks and balances on prices available to the market that are provided by having multiple source options. This would bring the industry a step back and increase conflicts of interest as it relates to the independence of service providers. Costs are also likely to be passed on to clients and investors thus slowing progress in a dynamic and evolving space.

5. *We understand that some information providers may determine that providing data or other information is not providing “analyses or reports concerning securities” and therefore the provider is not an investment adviser under the Advisers Act based on the factors above. Which types of information providers take this position, and on what basis do they consider such data and information not to be analyses or reports concerning securities?*

Response:

Please see full analysis set out in section 1, above. Subject to our response to question 4, above, that clarification as to the narrow scope of what amounts to ‘analyses or reports’ should be provided, we as a pricing service provider take the position that we do not provide analyses or reports concerning securities. We do not provide any indication to users as to whether any particular security should be bought, held or sold, and typically pricing services are not coupled with qualitative analysis such that there is no linkage or indication to a particular client’s trading or market views. As a result, we do not consider that pricing outputs rise to the level of analyses or reports concerning securities and we therefore do not meet the definition of ‘investment adviser’.

6. *Which providers rely on the publisher’s exclusion? On what basis? To what extent do they rely on Lowe to inform the determination? How do they determine whether their publications are “impersonal,” “bona fide,” or of “general and regular circulation”?*

Response:

For all of the reasons set out in section 1 of this response, and as re-iterated in response to specific questions, it is our view that pricing service providers do not meet the definition of ‘investment adviser’. Even if this were not the case, the Advisers Act excludes from the definition of investment adviser the “publisher of any bona fide newspaper, news magazine or business or financial publication of general and regular circulation”, commonly referred to as the “publisher’s exclusion”. Pricing service providers fall squarely into this exemption in accordance with the Supreme Court judgment in *Lowe v. SEC*, as pricing service providers:

(i) provide only impersonal advice. Pricing service providers are not given access to clients’ financial positions, portfolios, trading intentions etc. and therefore provide their prices without any particular client’s investment objectives in mind;

(ii) provide “bona fide” prices, i.e. prices that amount to genuine and disinterested commentary, being provided at arm’s length, in an independent manner, with the same prices being provided to clients irrespective of their circumstances; and

(iii) publish their prices frequently and regularly (and multiple times a day for some securities) making the prices of general and regular circulation as opposed to being issued from time to time in response to episodic market activity.

It is our view that this exemption is still available / applicable to pricing service providers, notwithstanding that business models have evolved since the publisher’s exemption was articulated by the SEC and the decision in *Lowe*.

9. *How do information providers exercise discretion in providing information? For example, do index providers or model portfolio providers create indexes or portfolios at the request of their licensees or users based on more customized investment objectives and goals? In these circumstances, does the provider include or exclude certain companies, funds, or countries from an index or portfolio based on the input of its licensee or user? As another example, in determining which inputs or factors to prioritize in assessing a security’s price, does a pricing service prioritize certain factors over others based on the input of its licensee or user?*

Response:

Generally, our prices are not provided with one or more clients in mind, but are rather provided to reflect the outcome of our proprietary pricing models. Pricing providers typically develop the data and analytics models used for their pricing services without input from a licensee or user. For example, they can offer pricing that is simply consensus based (i.e. the average of submissions on price) or evaluated, which is typically a function of data observability. A good quality service provider would consider all factors available and relevant to the item being priced and choose the best combination to ensure fair value. Where proprietary models are developed by us, we do not see this as the exercise of 'discretion' but rather the putting in place of parameters for our service. All methodologies setting out where and how data is collected are available to users, who can decide whether to use our services or not. Any discretion in the operation of the pricing services is very limited. We typically use transaction-based data or dealer submitted data where possible, in order to limit any discretion exercised by us over data used, alongside extensive data verification tools to ensure the veracity and robustness of data used, and in the instances where human interaction with data is necessary (for example where data is unavailable, in instances of market disruption or an illiquid market, or where it contains an error), this is carried out strictly in accordance with policies and procedures which minimize and manage (i) the extent of discretion, and (ii) any potential conflicts of interest whilst maintaining the robustness of data used.

In addition, the users of pricing services exercise robust challenge. Users validate prices on a regular basis via multi source compare coupled with color from the market. Challenges are often provided with evidence and support. Pricing service providers often have statistics that track confirmation / adjustment rates and magnitudes of adjustment. All users of a price where a challenge is made will get a uniform response (i.e. the responses / adjustments are not tailored to the interests / circumstances of individual users).

For certain pricing services, e.g. fixed income pricing, providers include backtesting as part of the service which compares prices to trades, this allows customers to analyze the quality / accuracy of prices and therefore assess whether fair value was given.

Further, pricing services often involve certain transparency metrics which include additional fields along with the prices / data for supporting information as to how the prices were generated.

It may be the case that different pricing services may determine different pricing levels for the same security, however it is a matter for service users to determine which service best reflects their own approach to pricing and internal needs, and this is vital to the promotion of competition in the market.

10. In what ways do information providers exercise discretion in establishing and updating their services or the information they provide? Is such discretion limited by a service's users? For example, with respect to pricing services, do users limit providers' discretion by contract, either by reference to standard pricing guides or principles or otherwise? If so, do users treat pricing services differently from other providers in how discretion is limited? If so, how and on what basis? Do the responses change when considering other types of information providers?

Response:

The circumstances in which we may exercise discretion in providing prices and changing methodologies are very limited and are clearly set out in the relevant pricing methodology and / or in our license agreement with users. This discretion is not limited by users as such, but rather is limited to only cover those eventualities where a discretion to change our methodologies or update our prices is necessary in order to ensure that the methodologies continue to be fit for purpose and that the prices are an accurate representation of what they seek to measure, i.e. in order to prevent or correct a manifest error, either identified by us or if

raised as a pricing challenge by a client or clients. A more wide ranging discretion is not necessary in order to provide pricing services.

Periodically, it is necessary to review the assumptions used in our pricing models as well as the inputs where a pricing challenge is made by users, however any decisions to adjust models and inputs are made independently and not with any one client's needs and objectives in mind and then only following an extensive review, which may involve consideration of the information available when a price was given, and correspondence with downstream data providers and other information sources. An adjustment is then made as necessary. This process involves only a very minor element of discretion as information and data is reviewed by a team of individuals, however updates are most frequently made due to an update to an input market data source after the initial production of a price and in these cases no discretion is exercised as it is obvious that an update is required. Additionally, there is operational separation between the team carrying out this process and the client facing service team, in order to minimize and manage any perceived conflicts of interest.

It is also necessary to periodically review the methodologies used to ensure that they continue to provide an appropriate method of producing the relevant price. Where a change is necessary, this may require model releases through a software development cycle and significant testing to be performed prior to implementation. For standardized securities (i.e. bonds with an ISIN or CUSIP), we offer one price, so if an adjustment is made it is made for all clients. A post close report is offered to all clients that will note any prices that have been adjusted. For derivatives, if we update an input market data parameter or model it will be updated for all clients.

When carrying out any pricing adjustments or methodology changes we follow internal policies and procedures implemented in order to minimize any conflicts of interest in the process and to provide for appropriate supervision and oversight in order to maintain the integrity of the prices we produce. In addition, all methodologies set out the circumstances in which any changes or updates may be made. We maintain full audit of adjustments as part of our price challenge statistics. Backtesting and model review further validate this pricing. Finally, price challenge processes are documented in SOC 1 audits and the report reviews both the controls and implementation of the controls to ensure they are followed.

12. Do information providers adjust the services offered based on input from the users of their services? Do providers disclose such adjustments to users, including when such adjustments are made to address previous errors of the provider?

Response:

Please also see our response to questions 9 and 10, above.

We welcome challenge from our users as an additional check and balance to our processes. Where there is a challenge to a published price, we do not simply change the price, we carry out a thorough analysis to see whether there is any merit to the challenge. If there is merit, we determine a new price independently of any alternative price provided by the client. Additionally, we may change the sources of data used or make adjustments to a model as a result of a challenge from a user, however in accordance with our policies and procedures this requires an independent review of the market and all available data sources, rather than changing to alternatives suggested by the user. Any such changes are disclosed to all users.

13. Under what circumstances do information providers disclose changes or updates to the services provided, and to whom? For example, describe index providers' disclosures about the changes in the index strategy or related aspects (e.g., tracking methodology, portfolio structure, portfolio limitations, index data distribution channels) and the level of discretion that the index provider may exercise. How do information providers communicate these changes or updates?

Response:

Pricing providers have well documented methodologies and pricing procedures. Methodology enhancements are put through development cycles that have robust testing procedures in place. Where a material update is required to the existing pricing methodologies, customers are notified typically with at least a 30 days-notice period. Notices are provided via email, release notes and methodology documentation is updated. These notices are provided to all clients of a given service. These changes include industry wide changes such as the move from LIBOR to SOFR, or if a model changes or mechanism for using input data is modified that materially impacts pricing. Some methodology updates are forward looking and, in these circumstances, may not require notification, however all users will be aware that changes will be made and updated methodologies will be published.

14. How, and in what form, are information providers compensated? Do information providers charge license, subscription, or other types of fees? Are there tiers of fees? For example, do pricing services' users pay multiple times for use of the same price? Are subscription fees different from engagement fees? If so, how? When an investment adviser or an investment company compensates information providers, is that compensation borne by advisory clients or fund investors?

Response:

Pricing service providers (i) do not receive any separate or additional compensation that represents a clearly definable charge for providing advice about securities and (ii) do not receive any transaction-based compensation when the user utilizes a price provided. Users typically pay a license fee in order to access the data they require. Fee structures can vary by client but are typically in the form of license fees. There are tiers of fees depending on complexity of instruments, frequency of delivery and number of use cases. Typically no one fee is linked to the provision of a particular price, but rather the payment of a fee provides access to a number of price feeds.

Pricing service providers have no direct or indirect financial interest in whether a client who purchases the data ultimately uses the data in connection with any decision to purchase, sell or hold any security. License fees are paid irrespective of whether and how a client utilizes the data made available by the pricing service provider. We do not have visibility as to whether the fee we are paid is ultimately borne by our direct client or by their underlying client.

15. Should the Commission use its authority to exempt any of the information providers from the definition of "investment adviser"? If so, what facts and circumstances should factor into an exemption? Please explain your answer.

Response:

For the reasons set out in section 1, above, it is our position that information providers do not fall within the definition of "investment adviser", and therefore no exemption is necessary. However, the market would welcome confirmation of the narrower scope of the definition to exclude pricing service providers.

24. To what extent do the results of price challenges to a pricing service's values affect the prices provided to other users of pricing services? Are there times when a pricing service aggregates or delivers information from another pricing service?

Response:

Where changes are made as a result of price challenges, these changes are made available to all users. When making adjustments as a result of price challenge, where methodology / model updates are necessary, the changes are forward looking and will impact all customers. Where making adjustments due to updates to market data inputs, we may retroactively update previous price levels provided. If we make an adjustment to a security price it is adjusted for all customers and a post close report is offered to clients that highlights all updated prices from a given

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snaptime. In our OTC derivative pricing service, if we determine that an incorrect data source was used, we will typically update the source / data and offer adjustments to customers where there is material impact, which may be assessed at price and / or client level.

There may be times where a pricing service provider delivers pricing from another service provider, for example where they do not have coverage. In instances where one pricing provider acts as a pass-through agent of another pricing service, price challenges are shared back to the original source for review and resolution.

Yours sincerely,

A handwritten signature in black ink, appearing to read "C. McLoughlin". The signature is written in a cursive style with a prominent flourish at the end.

Christopher McLoughlin

General Counsel, S&P Global Market Intelligence