UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 100907 / September 3, 2024

ADMINISTRATIVE PROCEEDING
File No. 3-22055

In the Matter of **S&P Global Ratings,** **Respondent.**	**ORDER INSTITUTING ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS, PURSUANT TO SECTIONS 15E(d) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS AND A CEASE-AND-DESIST ORDER**

I.

The Securities and Exchange Commission ("Commission") deems it appropriate, in the public interest and for the protection of investors that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Sections 15E(d) and 21C of the Securities Exchange Act of 1934 ("Exchange Act") against S&P Global Ratings ("S&P Ratings" or "Respondent").

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement ("Offer") that the Commission has determined to accept. Respondent admits the facts set forth in Section III below, acknowledges that its conduct violated the federal securities laws, admits the Commission's jurisdiction over it and the subject matter of these proceedings, and consents to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings, Pursuant to Sections 15E(d) and 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order ("Order"), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds[1] that:

[1] The findings herein are made pursuant to Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

Summary

1. Nationally recognized statistical rating organizations ("NRSROs") and the credit ratings they issue play a unique and important role in our financial markets. The federal securities laws impose recordkeeping requirements on NRSROs to establish a framework of oversight to ensure that NRSROs responsibly discharge their role. The Commission has long said that recordkeeping requirements have proven integral to the Commission's investor protection function because preserved records are the primary means of monitoring compliance with applicable federal securities laws.

2. These proceedings arise out of widespread and longstanding failures by S&P Ratings, an NRSRO, to adhere to certain NRSRO recordkeeping requirements. S&P Ratings employees, including those at senior levels, have communicated using personal and S&P Ratings-issued mobile devices by text message and other messaging platforms, such as WhatsApp, since at least January 2020, both internally and externally ("off-channel communications"). The messages included discussions of initiating, determining, maintaining, monitoring, changing, or withdrawing a credit rating ("Credit Rating Activities").

3. S&P Ratings failed to maintain or preserve messages concerning Credit Rating Activities as required by NRSRO recordkeeping rules. Respondent's failure was firm wide and involved employees at various levels of seniority. As a result, S&P Ratings violated Section 17(a) of the Exchange Act and Rule 17g-2(b)(7) thereunder.

4. During the time period that S&P Ratings failed to maintain and preserve off-channel communications that their employees sent and received relating to Credit Rating Activities, S&P Ratings received and responded to Commission requests for documents in numerous Commission examinations and investigations. As a result, S&P Ratings' recordkeeping failures likely impacted the Commission's ability to carry out its regulatory functions and investigate compliance deficiencies and violations of the federal securities laws across these investigations and examinations.

5. S&P Ratings has initiated a review of its recordkeeping failures and begun a program of remediation. As set forth in the Undertakings below, S&P Ratings will retain a compliance consultant, which will review and assess S&P Ratings' remedial steps relating to S&P Ratings' recordkeeping practices, policies and procedures, related supervisory practices, and employment actions.

Respondent

6. S&P Ratings is an NRSRO headquartered in New York, New York. S&P Ratings is comprised of the credit ratings business (i) within Standard & Poor's Financial Services LLC, a Delaware limited liability company wholly owned by S&P Global Inc., and (ii) operated by various other subsidiaries that are predominantly wholly-owned, directly or indirectly, by S&P Global Inc.

NRSRO Recordkeeping Requirements

7. Section 17(a)(1) of the Exchange Act authorizes the Commission to issue rules requiring NRSROs to make and keep for prescribed periods, and furnish copies of, such records as necessary or appropriate in the public interest, for the protection of investors or otherwise in furtherance of the purposes of the Exchange Act.

8. Pursuant to this provision, the Commission adopted recordkeeping requirements specific to NRSROs. Those requirements include, among other provisions, Exchange Act Rule 17g-2(b)(7), which requires an NRSRO to retain internal and external communications, including electronic communications, received and sent by the NRSRO and its employees that relate to Credit Rating Activities. Rule 17g-2(c) specifies that this recordkeeping requirement applies for a period of three years.

9. In adopting Rule 17g-2 in 2007, the Commission emphasized the importance of analogous recordkeeping requirements, stating, "the retention of written communications has played an important role in assisting the Commission in identifying legal violations and compliance issues with respect to other regulated entities." *Final Rule, Oversight of Credit Rating Agencies Registered as Nationally Recognized Statistical Rating Organizations*, 72 Fed. Reg. 33563, 33588 (June 18, 2007). The Commission also specifically emphasized the evidentiary relevance of internal NRSRO records, stating that "internal communications will play an important role in assisting the Commission in identifying legal violations and compliance issues in its oversight of NRSROs." *Id*.

S&P Ratings' Electronic Communications Policies and Procedures

10. Since at least 2020, S&P Ratings maintained certain policies and procedures designed to ensure the retention of business-related records, including electronic communications, pursuant to the relevant recordkeeping provisions.

11. S&P Ratings employees were advised that all S&P Ratings business-related communications must be conducted through an approved digital communications platform and could not be sent through personal email or commercial filesharing services. However, until August 2023, S&P's policies and procedures did not identify the specific approved digital communications platforms that S&P Ratings employees could use to send business-related communications.

12. S&P Ratings employees were also advised that they may not send business-related text messages through mobile devices.

13. S&P Ratings' policies and procedures required the retention of material information used to form the basis of a rating decision, including external and internal communications received and sent by S&P Ratings employees that relate to Credit Rating Activities.

14. S&P Ratings also maintained a digital communications surveillance program which was designed to identify instances of non-adherence to legal and regulatory requirements—as well as company policies and procedures—on S&P Ratings' official email system and messaging platform. Messages sent through S&P Ratings' official email system were monitored, subject to review, and, when appropriate, archived. Messages sent through other communication methods, such as text messages on mobile devices, were not monitored, subject to review, or archived.

S&P Ratings' Recordkeeping Failures

15. Since at least January 2020, S&P Ratings employees involved in determining credit ratings, including those at senior levels, have communicated internally and externally for purposes relating to Credit Rating Activities using text messages and other messaging platforms, such as WhatsApp, which were not retained or monitored by S&P Ratings.

16. In March 2023, Commission staff commenced an investigation to determine whether S&P Ratings was properly retaining messages relating to Credit Rating Activities that were sent and received on personal or work-issued devices. S&P Ratings cooperated with the investigation by voluntarily gathering communications from the devices of a sampling of employees, including senior executives and group managers.

17. The Commission staff's investigation uncovered pervasive off-channel communications relating to Credit Rating Activities at various seniority levels of S&P Ratings' credit rating business. The staff requested off-channel communications data from various S&P Ratings personnel and found that the majority of these individuals had engaged in off-channel communications relating to Credit Rating Activities. Overall, these personnel sent and received numerous off-channel communications relating to Credit Rating Activities, involving other S&P Ratings employees and external parties.

18. For example, between at least March and June 2022, a managing director and an associate director exchanged numerous off-channel communications relating to credit rating clients, including their reactions to comments made by other S&P Ratings employees during credit rating committee meetings and other internal meetings discussing Credit Rating Activities.

19. In addition, between at least July 2021 and November 2021, a senior director exchanged numerous off-channel communications with multiple credit rating clients, which communications included discussions relating to Credit Rating Activities, such as credit rating committee meetings, S&P Ratings credit rating criteria, and comments made in meetings between S&P Ratings employees and the credit rating clients.

20. As another example, in November 2021, two associate analysts discussed, through off-channel communications, presenting the quantitative testing results for a transaction involving a particular credit rating client at a credit rating committee meeting.

21. Between January 2020 and the present, S&P Ratings received and responded to Commission requests for documents and was subject to annual examinations by the Commission's Office of Credit Ratings, in which it was requested to produce documents and records to assist the Commission staff with identifying potential compliance deficiencies and violations of the federal securities laws. By failing to maintain and preserve required records relating to its Credit Rating Activities, S&P Ratings likely deprived the Commission of these off-channel communications in various investigations and during examinations.

S&P Ratings' Violation

22. As a result of the conduct described above, S&P Ratings willfully[2] violated Section 17(a)(1) of the Exchange Act and Rule 17g-2(b)(7) thereunder, which requires each NRSRO, for a period of three years, to retain internal and external communications, including electronic communications, received and sent by the NRSRO and its employees that relate to initiating, determining, maintaining, monitoring, changing, or withdrawing a credit rating.

S&P Ratings' Efforts to Comply

23. In determining to accept the Offer, the Commission considered steps undertaken by S&P Ratings prior to and after being approached by Commission staff, as well as cooperation afforded the Commission staff. Recently, S&P Ratings revised its policies, procedures, and training concerning the use of approved communications methods and has begun a pilot program to install mobile device management software on S&P Ratings employees' personal and S&P Ratings-issued mobile devices, which will allow S&P Ratings to monitor and preserve communications on such devices sent through text and instant messaging platforms.

Undertakings

24. S&P Ratings has undertaken to do the following:

25. Compliance Consultant.

[2] "Willfully," for purposes of imposing relief under Section 15E(d) of the Exchange Act, "'means no more than that the person charged with the duty knows what he is doing.'" *See Wonsover v. SEC*, 205 F.3d 408, 414 (D.C. Cir. 2000) (quoting *Hughes v. SEC*, 174 F.2d 969, 977 (D.C. Cir. 1949)). There is no requirement that the actor "also be aware that he is violating one of the Rules or Acts." *Tager v. SEC*, 344 F.2d 5, 8 (2d Cir. 1965). The decision in *The Robare Group, Ltd. v. SEC*, which construed the term "willfully" for purposes of a differently structured statutory provision, does not alter that standard. 922 F.3d 468, 478-79 (D.C. Cir. 2019) (setting forth the showing required to establish that a person has "willfully omit[ted]" material information from a required disclosure in violation of Section 207 of the Investment Advisers Act of 1940).

a. S&P Ratings shall retain, within thirty (30) days of the entry of this Order, the services of a compliance consultant ("Compliance Consultant") that is not unacceptable to the Commission staff. Prior to the entry of this Order, S&P Ratings retained the services of a consultant to address the issues in this Order. The Compliance Consultant may be the same consultant previously engaged by S&P Ratings. The Compliance Consultant's compensation and expenses shall be borne exclusively by S&P Ratings.

b. S&P Ratings will oversee the work of the Compliance Consultant.

c. S&P Ratings shall provide to the Commission staff, within sixty (60) days of the entry of this Order, a copy of the engagement letter detailing the Compliance Consultant's responsibilities, which shall include a comprehensive compliance review as described below. S&P Ratings shall require that, within ninety (90) days of the date of the engagement letter, the Compliance Consultant conduct:

i. A comprehensive review of S&P Ratings' supervisory, compliance, and other policies and procedures designed to ensure that internal and external communications, including electronic communications, received and sent by S&P Ratings and its employees that relate to Credit Rating Activities are preserved in accordance with the requirements of the federal securities laws and NRSRO regulations and an assessment of S&P Ratings' framework for addressing instances of non-compliance among its employees.

ii. A comprehensive review of training conducted by S&P Ratings to ensure personnel are complying with the requirements regarding the preservation of communications relating to Credit Rating Activities, including those found on personal devices, in accordance with the federal securities laws and NRSRO regulations.

iii. An assessment of any surveillance measures implemented by S&P Ratings to ensure compliance, on an ongoing basis, with the requirements regarding the preservation of communications relating to Credit Rating Activities, including those found on personal devices, in accordance with the federal securities laws and NRSRO regulations.

iv. An assessment of the technological solutions that S&P Ratings has begun implementing to facilitate compliance with the requirements regarding the preservation of communications relating to Credit Rating Activities in accordance with the federal securities laws and NRSRO regulations, including an assessment of the likelihood that S&P Ratings personnel will use the technological solutions going forward and a review of the measures employed by S&P Ratings to track employee usage of new technological solutions.

v. An assessment of the measures used by S&P Ratings to prevent the use of unauthorized communications methods for communications relating to Credit Rating Activities by employees. This assessment should include, but not be limited to, a review of the firm's policies and procedures to ascertain if they provide for any significant technology and/or behavioral restrictions that help prevent the risk of the use of unapproved communications methods on personal devices to send or receive communications relating to Credit Rating Activities in contravention of the requirements of the federal securities laws and NRSRO regulations.

vi. A review of S&P Ratings' electronic communications surveillance routines to ensure the preservation of electronic communications relating to Credit Rating Activities, including those found on personal devices, in accordance with the federal securities laws and NRSRO regulations, are incorporated into S&P Ratings' overall communications surveillance program.

vii. A comprehensive review of the framework adopted by S&P Ratings to address instances of non-compliance by S&P Ratings personnel with S&P Ratings' policies and procedures concerning the use of approved communications methods, including on personal devices, for communications relating to Credit Rating Activities in accordance with the federal securities laws and NRSRO regulations in the past. This review shall include a survey of how S&P Ratings determined which employees failed to comply with S&P Ratings' policies and procedures, the corrective action carried out, an evaluation of who violated policies and why, what penalties were imposed, and whether penalties were handed out consistently across business lines and seniority levels.

d. S&P Ratings shall require that, within forty-five (45) days after completion of the review set forth in sub-paragraphs c.i through c.vii above, the Compliance Consultant shall submit a detailed written report of its findings to S&P Ratings and to the Commission staff (the "Report"). S&P Ratings shall require that the Report include a description of the review performed, the names of the individuals who performed the review, the conclusions reached, the Compliance Consultant's recommendations for changes in or improvements to S&P Ratings' policies and procedures, and a summary of the plan for implementing the recommended changes in or improvements to S&P Ratings' policies and procedures.

e. S&P Ratings shall adopt all recommendations contained in the Report within ninety (90) days of the date of the Report; provided, however, that within forty-five (45) days after the date of the Report, S&P Ratings shall advise the Compliance Consultant

and the Commission staff in writing of any recommendations that S&P Ratings considers to be unduly burdensome, impractical, or inappropriate. With respect to any recommendation that S&P Ratings considers unduly burdensome, impractical, or inappropriate, S&P Ratings need not adopt such recommendation at that time, but shall propose in writing an alternative policy, procedure, or disclosure designed to achieve the same objective or purpose.

f. As to any recommendation concerning S&P Ratings' policies or procedures on which S&P Ratings and the Compliance Consultant do not agree, S&P Ratings and the Compliance Consultant shall attempt in good faith to reach an agreement within sixty (60) days after the date of the Report. Within fifteen (15) days after the conclusion of the discussion and evaluation by S&P Ratings and the Compliance Consultant, S&P Ratings shall require that the Compliance Consultant inform S&P Ratings and the Commission staff in writing of the Compliance Consultant's final determination concerning any recommendation that S&P Ratings considers to be unduly burdensome, impractical, or inappropriate. S&P Ratings shall abide by the determinations of the Compliance Consultant and, within sixty (60) days after final agreement between S&P Ratings and the Compliance Consultant or final determination by the Compliance Consultant, whichever occurs first, S&P Ratings shall adopt and implement all of the recommendations that the Compliance Consultant deems appropriate.

g. S&P Ratings shall cooperate fully with the Compliance Consultant and shall provide the Compliance Consultant with access to such of S&P Ratings' files, books, records, and personnel as are reasonably requested by the Compliance Consultant for review.

h. S&P Ratings shall not have the authority to terminate the Compliance Consultant or substitute another compliance consultant for the initial Compliance Consultant, without the prior written approval of the Commission staff. S&P Ratings shall compensate the Compliance Consultant and persons engaged to assist the Compliance Consultant for services rendered under this Order at their reasonable and customary rates.

i. For the period of engagement and for a period of two (2) years from completion of the engagement, S&P Ratings shall not (i) retain the Compliance Consultant for any other professional services outside of the services described in this Order; (ii) enter into any other professional relationship with the Compliance Consultant, including any employment, consultant, attorney-client, auditing or other professional relationship; or (iii) enter, without prior written consent of the Commission staff, into any such professional relationship with any of the Compliance Consultant's present or former affiliates, employers, directors, officers, employees, or agents.

j. The Report and related written communications of the Compliance Consultant will likely include confidential financial, proprietary, competitive business or commercial information. Public disclosure of the Report could discourage cooperation, impede pending or potential government investigations or undermine the objectives of the reporting requirement. For these reasons, among others, the Report and the contents thereof are intended to remain and shall remain non-public, except (1) pursuant to court order, (2) as agreed to by the parties in writing, (3) to the extent that the Commission determines in its sole discretion that disclosure would be in furtherance of the Commission's discharge of its duties and responsibilities, or (4) as otherwise required by law.

26. One-Year Evaluation. S&P Ratings shall require the Compliance Consultant to assess S&P Ratings' program for the preservation, as required under the federal securities laws and NRSRO regulations, of communications relating to Credit Rating Activities, including those found on personal devices, commencing one (1) year after submitting the Report required by Paragraph 24.d above. S&P Ratings shall require this review to evaluate S&P Ratings' progress in the areas described in Paragraphs 24.c.i-vii above. After this review, S&P Ratings shall require the Compliance Consultant to submit a report (the "One Year Report") to S&P Ratings and the Commission staff and shall ensure that the One Year Report includes an updated assessment of S&P Ratings' policies and procedures with regard to the preservation of communications relating to Credit Rating Activities (including those found on personal devices), training, surveillance programs, and technological solutions implemented in the prior year period.

27. Reporting Discipline Imposed. For two (2) years following the entry of this Order, S&P Ratings shall notify the Commission staff as follows upon the imposition of any discipline imposed by S&P Ratings, including, but not limited to: written warnings; loss of any pay, bonus, or incentive compensation; or the termination of employment; with respect to any employee found to have violated S&P Ratings' policies and procedures concerning the preservation of communications relating to Credit Rating Activities, including those found on personal devices, within ten (10) days of the imposition of such discipline.

28. Internal Audit. In addition to the Compliance Consultant's review and issuance of the One Year Report, S&P Ratings will also have its Internal Audit function conduct a separate audit(s) to assess S&P Ratings' progress in the areas described in Paragraph 24.c.i-vii above. After completion of this audit(s), S&P Ratings shall ensure that Internal Audit submits a report to S&P Ratings and to the Commission staff.

29. Recordkeeping. S&P Ratings shall preserve, for a period of not less than six (6) years from the end of the fiscal year in which the undertakings were completed, the first two (2) years in an easily accessible place, any record of compliance with these undertakings.

30. Deadlines. For good cause shown, the Commission staff may extend any of the procedural dates related to the undertakings. Deadlines for procedural dates shall be counted in calendar days, except that if the last day falls on a weekend or federal holiday, the next business day shall be considered to be the last day.

31. Certification. S&P Ratings shall certify, in writing, compliance with the undertakings set forth above. The certification shall identify the undertakings, provide written evidence of compliance in the form of a narrative, and be supported by exhibits sufficient to demonstrate compliance. The Commission staff may make reasonable requests for further evidence of compliance, and Respondent agrees to provide such evidence. The certification and supporting material shall be submitted to Judith Weinstock, Assistant Regional Director, Division of Enforcement, Securities and Exchange Commission, 100 Pearl Street, Suite 20-100, New York, New York 10004-2616, with a copy to the Office of Chief Counsel of the Enforcement Division, no later than sixty (60) days from the date of the completion of the undertakings.

IV.

In view of the foregoing, the Commission deems it appropriate, in the public interest, and for the protection of investors to impose the sanctions agreed to in Respondent S&P Ratings' Offer.

Accordingly, pursuant to Sections 15E(d) and 21C of the Exchange Act, it is hereby ORDERED that:

A. Respondent S&P Ratings cease and desist from committing or causing any violations and any future violations of Section 17(a)(1) of the Exchange Act and Rule 17g-2(b)(7) thereunder.

B. Respondent S&P Ratings is censured.

C. Respondent S&P Ratings shall, within thirty (30) days of the entry of this Order, pay a civil money penalty in the amount of $20,000,000.00 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. § 3717.

Payment must be made in one of the following ways:

(1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;

(2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at http://www.sec.gov/about/offices/ofm.htm; or

(3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying S&P Ratings as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Sheldon L. Pollock, Associate Regional Director, Division of Enforcement, Securities and Exchange Commission, 100 Pearl Street, Suite 20-100, New York, New York 10004-2626.

D. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondent agrees that in any Related Investor Action, it shall not argue that it is entitled to, nor shall it benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that it shall, within thirty (30) days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

E. Respondent shall comply with the undertakings enumerated in Section III above.

By the Commission.

Vanessa A. Countryman
Secretary