

Egan-Jones Ratings Company

Tel. 1-610-642-2411 [REDACTED]

*Providing timely, accurate credit
ratings to Institutional Investors*

Aug. 5, 2011

Ms. Elizabeth M. Murphy, Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: File Number S7-18-11 Proposed Rule for Nationally Recognized Statistical
Rating Organizations

Dear Ms. Murphy:

The aim of Dodd Frank Act was to ensure that Nationally Recognized Statistical Rating Organizations (NRSRO's) produce ratings that are timely and accurate. The Commission's rules and regulations address the concerns of larger, issuer-paid firms but are counter-productive for the smaller and investor-paid firm. Investor-paid firms have an incentive to provide value to investors particularly where the ratings of the major issuer-paid firms might be inaccurate. There is no evidence that smaller and investor-paid firms have failed in issuing timely, accurate ratings and considerable evidence that they have succeeded. Furthermore, there is little evidence to support the costs and benefits purported in the rule especially for smaller and investor-paid firms. We believe enactment of the rules will place an undue and unnecessary burden on investor-paid firms. Additionally, prior rules promulgated by the SEC for NRSRO's are applicable to large, issuer-paid rating firms and place an undue and unnecessary burden on small and investor-paid firms. It is unclear that the economic benefits of such rules as they pertain to issuer-paid and smaller firms were addressed.

Very truly yours,

Sean J. Egan