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May 29, 2009

Ms. Elizabeth M. Murphy, Secretary  
U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

Re: *Municipal Securities Rulemaking Board; Notice of Filing of Proposed Rule Change Relating to the Voluntary Submission of Continuing Disclosure Documents to Its Upcoming Continuing Disclosure Service of the Electronic Municipal Market Access System (EMMA®), Securities Exchange Act of 1934 Rel. No. 59814 (Apr. 23, 2009) File No. SR-MSRB-2009-04*

Dear Ms. Murphy:

Standard & Poor's Ratings Services ("Ratings Services"), a nationally recognized statistical rating organization ("NRSRO") registered under Section 15E of the Securities Exchange Act of 1934 (as amended, the "Exchange Act"), welcomes the opportunity to comment on the proposed rule changes submitted by the Municipal Securities Rulemaking Board ("MSRB") contained in the release referenced above (the "Proposal").

The Proposal would expand the continuing disclosure service of the MSRB's Electronic Municipal Market Access system ("EMMA") to facilitate the voluntary submission by municipal issuers of several categories of disclosure material in addition to those categories covered by rule 15c2-12 under the Exchange Act. In particular, the Proposal identifies "*material provided to rating agency or credit/liquidity provider*" as an additional category of data that a municipal issuer could submit to EMMA. The data would be made publicly available on a website operated by EMMA.

We support the Proposal's goal of encouraging transparency in the market for municipal securities. Ratings Services is a participant in the municipal securities ratings industry and in the public dialogue about rating agencies in general. The creation of a special EMMA category dedicated to rating agency material may be viewed by municipal issuers and their underwriters as encouraging this data to be included in rule 15c2-12 continuing disclosure undertakings and submitted to EMMA. For this reason, before approving the Proposal in its current form, we believe that the Commission and the MSRB should assess both the expected benefits and the potential consequences of including rating agency material as an EMMA disclosure category.

One issue to consider is the general usefulness of potentially large amounts of rating agency material to investors in municipal securities. Rating agency material is different from most of the other disclosure categories specified in the Proposal, which are either event-driven or cover discrete and identifiable pieces of information such as periodic financial information and consultant reports, and which lend themselves to indexing, search and retrieval by investors.

Material provided to rating agencies, by contrast, often includes “raw” data that may not be easily understood by most investors. Another point to consider is that before submitting rating agency material to EMMA, municipal issuers should first redact any data that is proprietary, confidential or subject to legal or contractual restrictions on redissemination, as further discussed below. Without this redacted information, the rating agency material may be subject to misinterpretation by investors.<sup>1</sup>

Even if rating agency material could be useful to some investors in municipal securities, regulatory encouragement to submit this data to EMMA may have unintended adverse consequences for the markets and for others. First, information provided by municipal issuers to rating agencies can include confidential and personal data, such as information about the identities and assets of taxpayers. If municipal issuers send data to EMMA when they send it to the rating agencies, one consequence could be the unintentional, but potentially harmful, public disclosure of confidential and personal data. Second, it is possible that submitting rating agency material to EMMA could impact the communications between municipal issuers and rating agencies by leading to reduced amounts of information that municipal issuers provide to rating agencies. Lastly, an expectation that rating agency material be submitted to EMMA could create incentives for municipal issuers to “shop” for the rating agency that requires the least amount of information for its analysis, also potentially affecting ratings quality.

We note that without a specific EMMA category for rating agency material, municipal issuers could still choose to submit such material to EMMA. These issuers would be able to submit rating agency material under the category “*other financial/operating data*,” which is also set forth in the Proposal. Therefore, if municipal securities investors begin to request rating agency material, or if underwriters begin to advise municipal issuers that including a requirement covering some rating agency material in the issuer’s continuing disclosure undertakings will enhance the marketability of a transaction, the issuer will have the latitude to respond to these developments.

Finally, we note that the Proposal labels the disclosure category that includes rating agency material as “*material provided to rating agency or credit/liquidity provider*.” We believe

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<sup>1</sup> In this connection, we note that the Commission currently has a rule proposal before it that specifically addresses concerns about the broad dissemination of rating agency material. *Re-proposed Rules for Nationally Recognized Statistical Rating Organizations*, Exchange Act Rel. No. 59343 (Feb. 2, 2009). In the pending proposal, the Commission has treated such material carefully – and indeed has gone to lengths to make sure that such material *is not* required to be publicly disclosed. Under proposed rule 17g-5(a)(3) under the Exchange Act, an NRSRO that is hired by an arranger to issue a credit rating for a structured finance product would be required to disclose that fact to other NRSROs, and the arranger would be required to maintain a password-protected website where the other NRSROs could access the information provided by the arranger to the hired NRSRO. However, the ability of other NRSROs to access this information “would be limited to NRSROs that certify to the Commission on an annual basis, among other things, that they are accessing the information solely for the purpose of determining or monitoring credit ratings, that they will keep the information confidential and treat it as material non-public information, and that they will determine credit ratings for at least 10% of the deals for which they obtain information.” (*Id.* at p. 32.) We believe that proposed rule 17g-5(a)(3) demonstrates an appreciation by the Commission that rating agency material is not necessarily suitable for broad public dissemination. While Ratings Services encourages greater transparency around the rating process, the Commission may wish to consider whether there is a policy justification for treating this type of data differently in the municipal securities context.

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that categorizing these entities together on an official public website could confuse some investors about the distinctly different roles played by these entities in the municipal securities marketplace. Therefore, if rating agency material remains an EMMA disclosure category, we suggest separating it from material provided to credit and liquidity providers.

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We appreciate the opportunity to comment on the Proposal. Please feel free to contact me or Rita Bolger, Senior Vice President and Associate General Counsel, Global Regulatory Affairs, at (212) 438-6602, with any questions regarding our comments.

Sincerely yours,



Vickie A. Tillman  
Executive Vice President  
Standard & Poor's Ratings Services

cc: Mr. James A. Brigagliano, Co-Acting Director  
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