UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 96308 / November 14, 2022

ADMINISTRATIVE PROCEEDING
File No. 3-21240

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 and in the
public interest 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” or “Respondent”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of
Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of
these proceedings and any other proceedings brought by or on behalf of the Commission, or to
which the Commission is a party, and without admitting or denying the findings herein, except as to
the Commission’s jurisdiction over it and the subject matter of these proceedings, which are
admitted, Respondent 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:

**Summary**

1. This matter arises from the rating of a residential mortgage backed security ("RMBS") transaction by S&P Global Ratings in 2017. At that time, S&P had not rated a prime “jumbo” RMBS transaction in over two years and had not rated any transaction for this issuer since early 2015. S&P commercial employees viewed the engagement as a very positive development for S&P and its RMBS rating business.

2. In late July 2017, S&P provided preliminary feedback to the issuer, indicating that certain super senior tranches issued as part of the RMBS transaction met the minimum credit enhancement floor required by S&P’s written RMBS criteria to assign “AAA” ratings to those tranches. In August 2017, the S&P employees responsible for evaluating and assigning the rating (the “S&P analytical employees” or the “S&P analytical team”), informed the issuer that they had miscalculated the minimum credit enhancement floor required by S&P’s criteria, and that those tranches were actually ten basis points below the minimum credit enhancement floor needed for “AAA” ratings. A few days later, after further analysis and discussion, the S&P analytical employees drew a different conclusion and told the issuer that the transaction actually did meet S&P’s minimum credit enhancement floor requirements, only to withdraw that assurance, again, shortly afterward. As a result of these events, the issuer repeatedly expressed its disappointment and frustration to certain S&P employees responsible for managing the relationship with the issuer (the “S&P commercial employees”) and, on a call with the S&P analytical employees, threatened to sue S&P because it had revised its ratings feedback during a key marketing period for the offering. The issuer communicated to the S&P commercial employees that if S&P could not rate the super senior and senior support classes “AAA” and “AA,” respectively, the issuer would drop S&P from the transaction and would permanently end its relationship with S&P’s RMBS team, which one S&P commercial employee believed would result in “a huge reputational hit for S&P.”

3. As the S&P analytical employees re-evaluated the transaction, over a five-day period from August 4 to 9, the S&P commercial employees engaged in multiple communications with the S&P analytical employees and compliance personnel, including numerous emails and meeting requests, as well as several telephone calls. Through these communications over a short period, the S&P commercial employees attempted to exert pressure on S&P analytical employees to find a way to rate the transaction consistent with the preliminary indications that S&P had provided to the issuer and consequently became “participants” in the ratings process for purposes of Rule 17g-5(c)(8). Although all communications between the S&P commercial and analytical employees were chaperoned by staff from S&P’s Compliance department, certain of the emails sent by the S&P commercial employees to the S&P analytical team contained statements reflecting sales and marketing considerations, including that the issuer needed to decide quickly whether to

\(^1\) 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.
move forward without S&P and that the potential exclusion from rating the transaction could significantly impact S&P’s ability to participate in the prime RMBS rating market and present general reputational risk.

4. Against that backdrop, the S&P analytical employees, working late on the night before the preliminary rating committee meeting, analyzed a unique structural feature of the transaction that the issuer had urged them to evaluate and concluded that it could provide the extra ten basis points needed to satisfy S&P’s “AAA” minimum credit enhancement floor. Their analysis relied, in part, on an exercise of analytical judgment concerning an economic outlook that extended beyond the period covered by the economic forecast developed by S&P’s economic forecasting team for rating purposes.

5. As a result of the content, urgent nature, high volume, and compressed timing of the communications between the S&P commercial employees and the S&P analytical team, the S&P commercial employees consequently became “participa[nts]” in the rating process for this RMBS transaction during a time when they were participating in, and being influenced by, sales and marketing considerations. Rule 17g-5(c)(8) is violated when a Nationally Recognized Statistical Rating Organization (“NRSRO”) issues or maintains a credit rating where an individual who participates in sales and marketing activities seeks to influence the determination of a credit rating, or the rating procedures and methodologies used to determine a credit rating, even if the individual’s conduct does not influence the credit rating or rating procedures or methodologies. S&P Global Ratings violated Rules 17g-5(c)(8)(i) and 17g-5(c)(8)(ii) of the Exchange Act. In addition, S&P Global Ratings failed to establish, maintain, and enforce written policies and procedures reasonably designed to ensure compliance with Exchange Act Rules 17g-5(c)(8)(i) and 17g-5(c)(8)(ii) and thereby violated Section 15E(h)(1) of the Exchange Act.

Respondent

6. S&P Global Ratings is an NRSRO headquartered in New York, New York. S&P 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.

Background

A. S&P’s Conflicts of Interest Policy Required Certain Communications Between Commercial and Analytical Employees to be Chaperoned by Compliance

7. In 2017, S&P’s conflicts of interest policies and procedures assigned employees to one of several roles based on the employee’s responsibilities. The roles included, among others, analytical, commercial, and control (e.g., compliance).

8. S&P’s policies and procedures at the time further required that certain communications between commercial and analytical employees regarding a ratings engagement or ratings analysis be “chaperoned” by compliance. To satisfy this requirement, email communications between commercial and analytical employees often would be sent first to compliance for review and possible redaction, before being distributed by compliance to the
intended recipient(s). Compliance personnel also were required to be present on and monitor
certain calls between commercial and analytical personnel.

9. Following an internal compliance review that was prompted by the unusual events
surrounding the rating of this RMBS transaction, as described more fully below, S&P voluntarily
enhanced its policies and procedures regarding communications between commercial and
analytical employees.

B. S&P was Retained to Rate a Jumbo RMBS Transaction and Provided the Issuer with
a Preliminary Rating Indication Which Contained a Calculation Error

10. In early July 2017, an issuer engaged S&P, along with several other rating agencies,
to rate a jumbo RMBS transaction. It was the first jumbo transaction that S&P had been engaged to
rate in more than two years and its first rating for this issuer since early 2015. An S&P commercial
employee described the engagement to other commercial employees as a “big win.”

11. An S&P analytical employee who initially ran S&P’s loss coverage model on the
RMBS transaction made a mistake that impacted preliminary feedback provided by S&P to the
issuer on July 18, 2017. The error implicated a particular aspect of S&P’s RMBS criteria called the
tail risk criteria. The tail risk criteria required S&P to consider the structural protections provided
by an RMBS to determine whether they are sufficient to mitigate the likelihood of back-end losses
that may occur as certain loan tranches are paid down over time. The preliminary feedback
provided by S&P indicated that S&P’s written tail risk criteria required only a 60-basis-point
minimum credit enhancement floor for a “AAA” rating, which would be satisfied by the 65-basis-
point credit enhancement floor included in the proposed structure.

12. Based on the preliminary rating indication provided by S&P, the issuer asked S&P to
proceed with the rating process, a development that an S&P commercial employee described to
other commercial employees as “a positive turning point for the business.”

C. After the Error was Discovered, the S&P Commercial Employees Repeatedly
Communicated with the S&P Analytical Employees Concerning the Rating Process

13. The S&P analytical employees discovered the mistake on Friday, August 4, 2017.
Upon correcting the error, S&P’s analysis now indicated that the written criteria required
protection equivalent to a 75-basis-point minimum credit enhancement floor for a AAA rating. A
member of S&P’s analytical team promptly alerted the issuer. Upon learning of the error, the issuer

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2 “Jumbo” is an industry term referring to mortgages whose value exceeds the conforming
loan limit set on mortgages eligible for purchase by Fannie Mae and Freddie Mac.

3 “Tail risk” is the risk that as the outstanding loan count decreases during a transaction’s life
that a default in a limited number of loans – particularly those with higher balances – can
significantly affect rating stability, depending on available credit support. S&P’s RMBS criteria
provides specific methodologies and assumptions for analyzing tail risk.
immediately contacted the S&P commercial employees to raise concerns about S&P’s changed analysis.

14. The S&P commercial employees stated to other commercial team members, at that time, that the issuer had threatened that, if S&P’s “ratings were changing, [S&P was] off the deal” and that, “by removing [S&P] from the deal, [the issuer] was also ending the relationship in RMBS indefinitely and would also drop all [S&P] servicer and originator rankings.” An S&P commercial employee concluded in communications to other commercial team members that such a result would be a “huge reputational hit” for S&P and “have major ramifications for [S&P’s] reentry in to [sic] the prime RMBS sector of the market . . . .”

15. The S&P commercial employees then contacted the S&P analytical team by a chaperoned email sent on August 4. The email stated that the head of the issuer’s RMBS group had called concerning the error and had told the S&P commercial employees that the issuer was in the process of marketing the deal, that 92 percent of the offering had been sold, and that the issuer had to “make a call by [the following day] whether to move ahead with or without S&P.”

16. The email from the S&P commercial employees also contained the following sentence, which was redacted by the reviewing compliance official who forwarded the email to the S&P analytical team: “This of course has major ramifications for entry into the Prime RMBS sector and reputational risk.” Subsequently, however, another S&P compliance official sent an unredacted version of the same email to the S&P analytical team, which included the statement quoted above. Later on August 4, at approximately 10:00 p.m., a chaperoned telephone call took place between the S&P commercial and analytical employees to discuss the rating process.

17. On or about the same day, the issuer informed S&P that it no longer would engage S&P to rate the subordinate bonds in the RMBS offering, but would continue to engage S&P to rate the senior “AA” bonds – for which the indicative rating remained unchanged – and the super senior “AAA” bonds – for which there was only a 10-basis-point difference between the loss coverage requirements under S&P’s tail risk criteria and the issuer’s 65-basis-point credit enhancement floor.

18. The issuer urged S&P’s analytical team to consider whether a structural payment priority feature – or trigger – included in the deal could supply protection equivalent to the 10 basis points needed to bridge the gap between the 75-basis-points minimum credit enhancement protection required by S&P’s written RMBS criteria for “AAA” ratings and the 65-basis-point credit enhancement floor included in the RMBS transaction.

19. An S&P commercial employee noted to other S&P commercial employees that S&P’s potential ability to rate the super senior and senior support bonds was “a determining factor in [S&P’s] ability to salvage the relationship to a degree” and that there seemed to be “a clear delineation in [the issuer’s] ability to manage the fallout between the senior and sub investors . . . .”

D. The S&P Analytical Team Received, but Misunderstood, Advice Concerning Whether and How to Analyze the Trigger Feature

20. Over the weekend of August 5 and 6, 2017, one of the S&P analytical employees
sought advice from an employee in S&P’s criteria group regarding how to analyze the deal’s trigger feature. At about the same time, an S&P commercial employee reached out to the same criteria employee, via a chaperoned email, to impress upon him the importance of answering the issuer quickly.

21. The criteria employee advised the analytical team that it could exercise analytical judgment in analyzing the trigger feature. Based on that guidance, members of the S&P analytical team used their analytical judgment to conclude that the trigger “sufficiently mitigate[d] tail risk for the ‘AAA’ super senior bond.”

22. As a result, on Monday, August 7, the S&P analytical employees informed the issuer that S&P could issue a “AAA” rating for the super senior bonds in the RMBS transaction and, at the issuer’s request, confirmed its preliminary rating indications in writing. In light of S&P’s assurances, the issuer revised its deal documents and continued marketing the deal, and S&P remained engaged to rate a portion of the offering. On the same day, the commercial and analytical employees held a chaperoned call to discuss the status of S&P’s review of the transaction.

23. In an internal email sent to other commercial employees on August 7, the S&P commercial employees indicated that the issuer had told them that the outcome, although not ideal, was “much better than having to drop S&P[,] which would have ‘been disastrous.’” They also stated that the issuer had said that it would retain S&P to rate the super senior and senior support bonds, that the “analytical fireworks” would be “ring-fenced” on the issuer’s end, and that the issuer likely would ask S&P to preliminarily assess the issuer’s upcoming jumbo deals.

24. On Tuesday, August 8, following discussions among compliance, criteria and analytical employees, it was determined that there may have been a misunderstanding between the criteria team and the S&P analytical employees as to the extent to which S&P’s RMBS criteria allowed the analysts to exercise analytical judgment under the circumstances.

25. As a result of those internal discussions, on August 8, notwithstanding that on the day before S&P had confirmed that 65 basis points plus the trigger would be sufficient for a “AAA” rating, one of the S&P analytical employees told the issuer that it was his understanding that the transaction needed to have at least a 75-basis-point minimum credit enhancement floor, after all, in order for S&P to issue a “AAA” rating.

26. The issuer threatened to sue S&P and demanded that S&P reconsider its determination. Also on August 8, the head of the issuer’s RMBS group emailed an S&P commercial employee to tell him that because S&P had confirmed its prior analysis in writing on August 7, the issuer had revised its deal documents and was “not in a position to make any updates

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4 Among other things, S&P’s criteria group is responsible for providing guidance to analytical employees concerning the application of S&P’s written criteria during the rating process. Criteria employees are categorized as analytical employees for purposes of S&P’s conflict of interest policy.
to the structure…,” and that “[t]he ask [was] totally unacceptable.”

E. The S&P Analytical Team Concluded that the Trigger Feature Provided the Extra Credit Support Needed to Satisfy S&P’s RMBS Criteria

27. After these events and communications, the analytical team met again with the senior criteria employee who had raised concerns about the manner in which the S&P analytical employees had exercised analytical judgment in determining the rating of the super senior bonds. During that meeting, the senior criteria employee clarified his prior comments and expressed the view that the S&P analytical team properly could apply analytical judgment in its choice of economic scenarios to test the trigger feature, but not in determining what the required level of protection ought to be. A preliminary rating committee meeting was scheduled for Wednesday, August 9.

28. Between the evening of August 8 and the meeting on August 9, the S&P analytical employees ran multiple economic scenarios using various assumptions in an effort to determine how much credit to assign to the trigger feature and, in particular, whether the trigger could furnish at least 10 basis points of additional credit support.

29. During the evening of August 8, via a chaperoned call, an analytical employee spoke to one of the S&P commercial employees concerning the status of the S&P analytical team’s work on the rating analysis, and conveyed that there was “no resolution as of yet,” but that the S&P analytical team would be “working through the night on various scenarios and cash flow runs,” and that “an analytical committee [would] be held [the next day] to determine the final outcome, at which time a final decision [would] be provided to [the issuer].” The S&P commercial employees later reported the substance of the conversation to other commercial employees and to S&P’s Head of Global Ratings. Also during the evening of August 8, S&P’s Chief Credit Officer asked a criteria group employee “whether or not [the Analysts] ran a scenario to find the 10 [basis points.]” (Emphasis added.) The criteria employee responded that they had and that they would do “additional runs to see how sensitive the trigger is to different loss levels before making a final decision in terms of how much credit to give the trigger.”

30. On Wednesday, August 9, the S&P commercial employees became frustrated that the S&P analytical team was not keeping the issuer informed, after the issuer had told the S&P commercial employees that it was “progressing under the assumption that [S&P will] get there” and that the issuer expected to price the offering at 4:00 p.m. that day. An S&P commercial employee sent a chaperoned email to the S&P analytical team stating that the issuer was pressing them for answers and that the analytical team should update the issuer because of the “[s]ensitivity of [the] live transaction.” A compliance official redacted the “[s]ensitivity of [the] live transaction” sentence from the email before forwarding it to the analytical team, but an unredacted copy of the email containing that statement subsequently was sent to the analysts by another compliance official.

31. In total, between the time the error was discovered on August 4 and the preliminary rating committee on August 9, the S&P commercial and analytical employees exchanged numerous emails and meeting requests and engaged in several telephone calls chaperoned by compliance
personnel. S&P Global Ratings’ policies and procedures that required certain communications between analytical and commercial staff to be chaperoned by compliance employees were not reasonably designed to address and manage the situation, such as happened here, given the volume, nature, and timing of even chaperoned communications for this rating. Moreover, as discussed above, chaperone-redacted content from S&P commercial employees ultimately was transmitted, unredacted, to the analytical staff.

32. In advance of the preliminary rating committee on August 9, the S&P analytical team determined the trigger could supply the requisite 10 basis points if a “BB-” or worse economic stress scenario was projected to occur within 15 years. S&P’s written RMBS criteria provide that S&P’s economic outlook is determined through an internal committee of senior analysts, economists, and senior credit officers. That economic outlook, however, does not provide any statement regarding expected macroeconomic conditions beyond a three-to-five-year time horizon. Therefore, the analytical team conducted its own economic research for purposes of the tail risk analysis to determine whether a “BB-” or worse economic scenario was likely to occur within 15 years. Based on historical analysis of prior economic cycles, the S&P analytical team concluded that a modest economic stress scenario would likely occur within 15 years, and that, therefore, the trigger feature provided adequate support in all reasonably likely economic scenarios during the projected life of the transaction. The S&P analytical team presented their trigger analysis to the preliminary rating committee meeting on August 9, and, shortly before the issuer priced the transaction, the committee voted unanimously to approve the proposed ratings, which provided for “AAA” and “AA” ratings for the super senior and senior support bonds, respectively.

33. On August 14, during the period between the preliminary and final rating committee meetings, S&P published a presale report detailing S&P’s preliminary ratings and analysis of the RMBS transaction. The presale report stated that “[t]he defined 0.65% credit enhancement floor specified in the transaction documents is below the 0.75% [S&P] calculated for ‘AAA’ rated super-senior certificates.” The presale report also discussed S&P’s analysis of the relevant structural feature, concluding that, “[g]iven past economic cycles,” S&P “believe[d] that at least a modest economic stress scenario will likely occur within [15 years] and thus concluded the structural feature would trip. This would provide at least a 0.75% credit enhancement floor to the super seniors.”

34. On August 17, the S&P commercial employees emailed the issuer expressing their “deepest apologies” for the “serious challenges” presented on the RMBS transaction. The issuer asked them to provide preliminary feedback on another RMBS transaction. In an internal email among commercial employees, they noted that “[f]ollowing some challenges with both analytical messaging and delivery,” S&P had rated its first RMBS prime-jumbo transaction with the issuer in over two and a half years and it was a “significant breakthrough for [S&P’s] brand” with the issuer.

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5 Specifically, the analysis from the S&P analytical employees showed that the only scenario in which the trigger was not projected to trip before the credit enhancement dropped below the level required by the RMBS criteria was the scenario in which economic conditions remained at the “B” or “mild” economic stress scenarios, for over 15 years.
that should “generate positive visibility” with other issuers.

F. S&P’s Ratings Risk Review Group Disagreed with the Manner in which Analytical Judgment was Applied, but Concluded that There was No Misapplication of S&P’s RMBS Rating Criteria

35. Although the preliminary rating committee unanimously voted in favor of the proposed ratings, during the period between the preliminary and final rating committee meetings, renewed concern was raised within S&P regarding the trigger analysis. The issue was referred to S&P’s Ratings Risk Review (“RRR”) group, which conducted a review of the ratings analysis. RRR ultimately disagreed with the manner in which the S&P analytical employees had exercised their analytical judgment. Specifically, RRR disagreed with the S&P analytical team’s conclusion as part of their exercise of analytical judgment that a “BB-” economic scenario was likely to occur within 15 years for purposes of tail risk, while also using the “B” economic scenario as the lifetime expected loss scenario for purposes of determining loss coverage requirements. However, RRR concluded that there was no misapplication of S&P’s RMBS criteria.

36. In light of RRR’s findings, as well as the questions raised regarding the atypical analytical approach used for the tail risk analysis, S&P changed the composition of the final ratings committee to ensure that it included new members who had not been involved in the underlying analysis or preliminary ratings process. RRR was asked to present its findings to the final rating committee, and the S&P analytical employees were provided an opportunity to respond. After hearing from both RRR and the S&P analytical team regarding the analytical approach used to recommend AAA and AA ratings to the super-senior and senior notes, respectively, the final rating committee voted unanimously to approve the S&P analytical employees’ recommendation on August 29 and the rating letter was issued on August 30.

37. Following the events described above, S&P undertook an internal investigation regarding the circumstances surrounding the rating of the transaction. It self-reported the conduct at issue to Commission staff, shared facts developed in its internal investigation, and facilitated Commission staff interviews with witnesses. S&P also took certain remedial measures, including voluntarily remediating its conflicts of interest policies and procedures and instituting enhanced training regarding its conflicts of interest policies and procedures. In particular, S&P revised its conflicts of interest policies and procedures to prohibit all communications between commercial and analytical employees – excepting only chaperoned communications with certain senior analytical managers – regarding (a) any new credit rating, from the time that analytical work for the purpose of determining such credit rating has commenced until the credit rating has been released, or (b) any outstanding credit rating from the time a rating committee meeting to review the credit rating has been scheduled until the credit rating has been released.
Violations

38. As a result of the conduct described above, S&P Global Ratings willfully\(^6\) violated Rules 17g-5(c)(8)(i) and 17g-5(c)(8)(ii) of the Exchange Act. Rule 17g-5(c)(8)(i) forbids NRSROs from issuing or maintaining a credit rating where a person within the NRSRO who participates in determining or monitoring the credit rating, or developing or approving procedures or methodologies used for determining the credit rating, also participates in sales or marketing of a product or service of the NRSRO or an affiliate of the NRSRO. Rule 17g-5(c)(8)(ii) forbids an NRSRO from issuing or maintaining a rating if a person who participates in the rating, or in developing or approving the procedures or methodology used in the rating, is influenced by sales or marketing considerations.

39. S&P Global Ratings also willfully failed to establish, maintain, and enforce written policies and procedures reasonably designed to ensure compliance with Rules 17g-5(c)(8)(i) and 17g-5(c)(8)(ii), and therefore violated Section 15E(h)(1) of the Exchange Act.

S&P Global Ratings’ Remedial Efforts and Cooperation

In determining to accept the Offer, the Commission considered the remedial acts undertaken by Respondent and cooperation afforded the Commission staff during the investigation, as described more fully above.

Undertakings

Respondent has undertaken to: (a) review and enhance S&P Global’s policies and procedures relating to conflicts of interest, and (b) withdraw the ratings that are the subject of this Order, as required pursuant to Rules 17g-5(c)(8)(i) and 17g-5(c)(8)(ii) in light of the findings set forth in this Order.

Certify, in writing, compliance with the undertaking(s) set forth above. The certification shall identify the undertaking(s), 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 Assistant Directors Jeffrey Weiss and Yuri B. Zelinsky, 100 F St., N.E., Washington, DC 20549, 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.

\(^6\) “Willfully,” for purposes of imposing relief under Section 15E(d)(1) of the Exchange Act, “‘means no more than that the person charged with the duty knows what he is doing.’” 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).
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 Offer.

Accordingly, pursuant to Sections 15E(d) and 21C of the Securities Exchange Act of 1934, it is hereby ORDERED that:

A. Respondent S&P Global Ratings cease and desist from committing or causing any violations and any future violations of Rules 17g-5(c)(8)(i) and 17g-5(c)(8)(ii) under the Exchange Act and Exchange Act Section 15E(h)(1);

B. Respondent S&P Global Ratings is censured; and

C. S&P Global Ratings shall, within 15 days of the entry of this Order, pay a civil money penalty in the amount of $2,500,000.00 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 Global 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 Stacy Bogert, Associate Director, Division of Enforcement, Securities and Exchange Commission, Division of Enforcement, Securities and Exchange Commission, 100 F St., N.E., Washington, DC 20549 and to Osman Nawaz, CFI Unit Chief, Division of Enforcement, Securities and Exchange Commission, New York Regional Office, 100 Pearl St., Ste. 20-100, New York, NY 10004-2616.
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 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