



February 13, 2019

Via Electronic Submission to: rule-comments@sec.gov

Mr. Brent J. Fields
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: Petition for Rulemaking to Amend Exchange Act Rule 17g-7(b)

Dear Mr. Fields:

At TagniFi we've been using structured financial data from the Commission since our founding in 2015 to deliver timely information to investors and financial professionals. In fact, we've built our company around structured data because of its ability to lower the barriers of information in the capital markets. We're powering applications with information derived from structured financial data which is helping thousands of investors make better investment decisions that results from using such information.

We believe the same opportunity exists to help investors make better investment decisions through improved access to issuer-paid credit ratings data. Rating agencies play a critical role in our capital markets by diligently researching issuers and their individual debt issuances to assess investment risks. Investors and investment professionals depend on these credit ratings to make informed decisions about a company's ability to pay their future obligations and the risks associated with such repayment. Like audited financial statements, these ratings play a role in the capital markets yet the barriers to accessing credit rating information are substantially higher.

In 1996 the Commission launched EDGAR and revolutionized the way investors access financial information on listed companies. Prior to EDGAR investors either needed to visit a company's web site (if they had one), call the company's investor relations department to request an annual report, visit the Commission's office, or subscribe to a very expensive database to access the financial information electronically. I was in my first finance class as a college student in 1996 and still recall my amazement at being able to electronically search through company filings on EDGAR. I believe EDGAR has succeeded because it provides open access to information on every listed company in one place, all for the benefit of the investing public. Now imagine a world where EDGAR was never released. A world where investors need to visit

each auditor's or company's web site to access financial reports. That is the world we currently live in when it comes to credit ratings.

Since rating agencies are typically compensated by the corporate issuer, much like how auditors are compensated by the companies they're auditing, we believe issuer-paid credit ratings should also be open and searchable on EDGAR. Unfortunately, credit rating agencies are placing this information behind password-protected sections of their web site and limiting its use by other companies through restrictive licensing terms, all for information that has been paid for by the issuer for the benefit of investors. This double-dipping by charging twice for a credit rating (once to the issuer and then to other companies looking to display the data to investors) is inhibiting the use of credit rating information and, we believe, preventing investors from taking full advantage of the very information that has been created for their benefit.

In 2014 the Commission enacted Rule 17g-7(b) which has yet to be fully-implemented based on our research. For example, on the Commission's web site¹ the summary for Rule 17g-7(b) states the following:

"Each NRSRO will also be required to submit Form NRSRO electronically using the Commission's EDGAR system after the EDGAR system is ready to receive the form. Forms NRSRO that are submitted electronically on the EDGAR system will be publicly available on the Commission's website."

As of February 13, 2019, the information covered under Rule 17g-7(b) is not publicly available on EDGAR. In our opinion, Rule 17g-7(b) should be amended to address the following:

- **Completeness:** Rule 17g-7(b) only requires rating agencies to disclose a fraction of their ratings. For a dataset to have value to the investing public it must be complete. Please amend Rule 17g-7(b) to require all issuer-paid ratings be filed on EDGAR.
- **Timeliness:** Rule 17g-7(b) only requires rating agencies to make their issuer-paid ratings available within 12 months. For a dataset to have value to the investing public it must be current. Please amend Rule 17g-7(b) to require all issuer-paid ratings be filed on EDGAR within 24 hours of their release.
- **Accessibility:** Rule 17g-7(b) only requires rating agencies to disclose the information on their web site behind a registration page. For a dataset to have value to the investing public it must be accessible in one location. Please amend Rule 17g-7(b) to make all issuer-paid ratings publicly available on EDGAR.

In closing, we would like to thank you and your colleagues at the Commission for your hard work toward ensuring that all investors have access to the information they need to make informed investment decisions. We look forward to leveraging more structured financial data

¹ Information Regarding the Disclosure of Credit Rating Histories Pursuant to Rule 17g-7(b)
<https://www.sec.gov/ocr/disclosure-of-credit-rating-histories.html>

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to better inform the investment community and hope that you will consider making issuer-paid credit ratings available on EDGAR.

Thanks for your consideration and please feel free to call me at (800) 824-6434 ext.801 or email me at chads@tagnifi.com if you would like to discuss any of these ideas in more detail.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Chad Sandstedt", with a long horizontal flourish extending to the right.

Chad Sandstedt, CFA

President

Tagnifi, LLC

www.tagnifi.com

CC: The Honorable Jay Clayton, Chairman
The Honorable Robert J. Jackson Jr., Commissioner
The Honorable Hester M. Peirce, Commissioner
The Honorable Elad L. Roisman, Commissioner
Dr. Chyhe Becker, Acting Director, Division of Economic and Risk Analysis
Mr. William Hinman, Director, Division of Corporation Finance