

May 6, 2024



Dave Bottom
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Securities and Exchange Commission
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Dear Mr. Bottom:

RE: Submission for OMB Review: Comment Request Extension: Rule 17g-3 Annual financial and other reports to be filed or furnished by nationally recognized statistical rating organizations

Thank you for the opportunity to comment on the Securities and Exchange Commission (SEC) Submission for OMB Review; Comment Requests Extension: Rule 17g-3. XBRL US is a nonprofit standards organization, with a mission to improve the efficiency and quality of reporting in the U.S. by promoting the adoption of business reporting standards. XBRL US is a jurisdiction of XBRL International, the nonprofit consortium responsible for developing and maintaining the technical specification for eXtensible Business Reporting Language (XBRL). XBRL is a free and open data standard widely used in the United States, and around the world, for reporting by public and private companies, as well as banks and government agencies.

This OMB review is an opportune time for the Commission to consider transitioning this data collection to adhere to the requirements of the Financial Data Transparency Act (FDTA) by requiring NRSRO annual financial statements and other reports, to be prepared in structured, standardized data format. This change will not only satisfy the requirements of the FDFTA, which will need to be implemented within the next three years, but will also ensure that reported data is consistent, comparable, and more easily accessible.

Financial Data Transparency Act (FDFTA) Requirements

The FDFTA was signed into law on December 23, 2022, as part of H.R. 7776, the James M. Inhofe National Defense Authorization Act for Fiscal Year 2023. The FDFTA calls for the use of data standards by member agencies of the U.S. Financial Stability Oversight Council, including the SEC. Data standards required to be established under the final rules are defined as:

- Including common legal entity identifiers
- Being open and nonproprietary
- Able to render data searchable and machine-readable
- Documenting financial reporting requirements in machine-readable taxonomies
- Incorporate standards developed and maintained by voluntary consensus standards bodies
- Consistent with applicable accounting and reporting principles

Experience preparing structured (XBRL) data

Under Rule 17g-7, NRSROs are required to furnish a report explaining credit rating actions taken during the most recently completed fiscal year. Since 2009, NRSROs have been preparing the credit rating actions report in structured XBRL format, therefore NRSROs have 15 years of experience preparing XBRL-formatted data.

Given FDTA requirements that will need to be implemented in future, and the fact that NRSROs have years of experience preparing data in the XBRL standard, we encourage the Commission to use this opportunity to transition the preparation of all the documents prepared by NRSROs under Rule 17g-3 to Inline XBRL format.

Inline XBRL generates an XHTML file that has a human-readable layer (in HTML) and a computer-readable layer (XBRL). Preparation in structured, machine-readable format will render the data automatable, unambiguously understandable, easier to access and timelier; and will help the Commission satisfy requirements of the FDTA. The Inline XBRL specification will render data in annual reports and other financial and internal control reports, both human- and machine-readable.

Further Recommendations

In addition to our recommendation related to Rule 17g-3, we propose the following suggestions to the Commission that will greatly improve access to the data provided by NRSROs to market participants.

Switch from traditional XBRL to XBRL-CSV for credit rating actions

As noted above, under Rule 17g-7, credit rating actions have been prepared in XBRL format since 2009. The XBRL standard is a semantic data model to represent data which, today, can be expressed in multiple formats including XML, JSON, XHTML (Inline XBRL), and CSV.

In 2009, when Form NRSRO was originally transitioned to XBRL, XML generation was the only option. Now that multiple formats are available, we encourage the SEC to select the XBRL version most fitting for the data reported.

The XBRL-CSV technical specification, which was established as a new specification in 2022, is optimal for large volumes of repetitive data like listings of credit rating actions. XBRL-CSV has the same benefits as other XBRL specifications such as Inline XBRL or traditional (XML-based) XBRL. A document prepared in XBRL-CSV generates unambiguously machine-readable data, and applications on the market today to prepare data in traditional (XML-based) XBRL or Inline XBRL, can be adapted to prepare data in XBRL-CSV format as well. The XBRL-CSV approach would improve efficiencies both in data preparation and extraction.

Require credit rating data be submitted through the EDGAR System

We also encourage the SEC to collect Form NRSRO submissions and credit rating data through its EDGAR platform rather than require NRSROs to post the forms on their websites which is the

current requirements. Users of this data must visit and search on multiple company websites and may be required to register before accessing a cumbersome, time-intensive process that limits accessibility.

By requiring NRSROs to submit the data to EDGAR, the SEC can ensure that the public has a full history of form submissions, and that the filer cannot modify the form once it has been completed without making such modifications apparent to data consumers.

In addition, we recommend that the Commission reduce the embargo period on these submissions to 30 days which will make the data reported more valuable to end users.

Require Form NRSRO and supporting exhibits to be prepared in machine-readable (XBRL) format

Under Rule 17g-1, NRSROs are required to submit Form NRSRO which contains exhibits 1-9, all in PDF format. Data in this form and its supporting exhibits would be much more easily consumed if prepared in XBRL format. Exhibit 1, for example, contains ratings performance measurement statistics which are high-volume data that is difficult to use when prepared, as it is today, in PDF format. The image below is Exhibit 1 to Form NRSRO for Moody's Investors Service.

Credit Ratings Performance Measurement Statistics

Performance Measurement Statistics, consisting of transition and default rates for each applicable asset class and subclass of credit rating over 1-year, 3-year, and 10-year time periods through December 31, 2023, are provided in the Transition/Default Matrices on the following pages, pp. 1-25 (the "Matrices"). Please note that all the numbers in the Matrices are in percentage.

Financial Institutions, Brokers and Dealers

Financial Institutions, Brokers and Dealers - 1-Year Transition and Default Rates (December 31, 2022 through December 31, 2023)

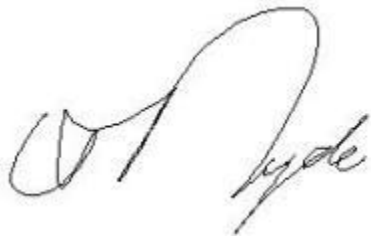
Credit Ratings as of 12/31/2022	Number of Ratings Outstanding	Credit Ratings as of 12/31/2023 (Percent)																			Other Outcomes During 12/31/2022 - 12/31/2023 (Percent)						
		Aaa	Aa1	Aa2	Aa3	A1	A2	A3	Baa1	Baa2	Baa3	Ba1	Ba2	Ba3	B1	B2	B3	Caa1	Caa2	Caa3	Ca	C	Default	Paid Off	Withdrawn (other)		
Aaa	41	98%	2%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	
Aa1	26	0%	96%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	4%	
Aa2	75	0%	5%	89%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	3%	3%	0%	
Aa3	171	0%	0%	0%	98%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%	1%	0%	
A1	299	0%	0%	0%	4%	92%	2%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%	0%	0%	
A2	165	0%	0%	0%	1%	10%	86%	2%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%	0%	0%	
A3	211	0%	0%	0%	0%	0%	11%	77%	9%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%	1%	1%	0%	
Baa1	180	0%	0%	0%	0%	1%	1%	9%	79%	7%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%	1%	2%	0%	
Baa2	138	0%	0%	0%	0%	0%	0%	1%	9%	77%	6%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%	3%	2%	0%	
Baa3	148	0%	0%	0%	0%	0%	0%	0%	8%	82%	3%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%	5%	0%	
Ba1	46	0%	0%	0%	0%	0%	0%	0%	0%	2%	13%	83%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	2%	
Ba2	76	0%	0%	0%	0%	0%	0%	0%	0%	0%	4%	84%	1%	1%	0%	0%	1%	0%	0%	0%	0%	0%	0%	1%	7%	0%	
Ba3	61	0%	0%	0%	0%	0%	0%	0%	0%	0%	13%	10%	69%	3%	2%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	3%	
B1	46	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	11%	20%	52%	9%	2%	0%	0%	0%	0%	0%	0%	0%	2%	4%	0%	
B2	39	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	8%	10%	54%	15%	10%	0%	0%	0%	0%	0%	0%	3%	0%	0%	
B3	56	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	4%	0%	0%	5%	70%	20%	0%	0%	0%	0%	2%	0%	0%	0%	
Caa1	20	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	5%	0%	5%	40%	20%	25%	0%	0%	0%	0%	0%	5%	0%	
Caa2	8	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	25%	38%	25%	0%	0%	0%	0%	0%	0%	13%	0%	
Caa3	7	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	86%	0%	0%	0%	0%	0%	0%	14%	0%	
Ca	3	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	0%	
C	-																										
Total	1,816																										

Transition matrices like these would be much more efficiently prepared and used in a structured, machine-readable format. The appropriate format for this data is XBRL-CSV given the repetitive, high-volume nature of the data.

In addition, the Commission should require reporting entities to obtain and use, the Legal Entity Identifier, to be consistent with the implementation of the FDTA.

As the SEC re-evaluates Form NRSRO and other information reported by NRSROs in the context of the FDTA, we ask that the Commission consider these recommendations. Thank you again for the opportunity to provide input to this data collection. I am available to discuss this recommendation further or to answer any questions you may have.

Sincerely,

A handwritten signature in black ink, appearing to read "Campbell Pryde". The signature is fluid and cursive, with the first name being more prominent.

Campbell Pryde
President and CEO, XBRL US