United States Senate

WASHINGTON, DC 20510

July 24, 2013

The Honorable Mary Jo White
Chairman
U.S. Securities and Exchange Commission
100 F Street NE
Washington, DC 20549

Dear Chairman White,

We write today to encourage the Securities and Exchange Commission to move forward promptly on drafting a proposed rule to address the ongoing conflicts of interest in the credit rating industry. We appreciate the Commission's attention to this matter to date, but urge continued and swift action toward implementation of a strong rule.

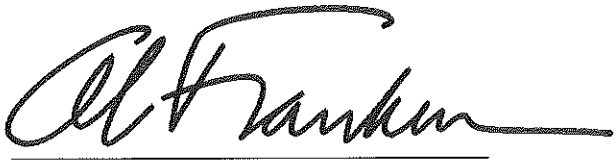
We applaud the Commission's work in planning and hosting the recent Credit Ratings Roundtable on May 14, and thank you for the opportunity to deliver opening remarks. The three-panel series included a broad spectrum of participants, ranging from representatives from the large and small credit rating agencies and industry participants to a nonprofit organization and legal scholar. The panels provided a rigorous examination of the Franken-Wicker proposal and of alternative proposals. The participants provided diverse views and perspectives, but one theme emerged—parties that financially benefit from the status quo recommend we maintain the status quo, while most others are open to improving the compensation model to promote competition, increase transparency, and reduce conflicts.

The adoption, in 2010, of the Franken-Wicker Amendment to the Dodd-Frank Act signaled the existence of strong congressional support for eliminating conflicts of interest in the credit rating industry. We remain deeply concerned about the existence of such conflicts in this sector, and we urge the Commission to implement the proposal, or combination of proposals, that will best resolve the credit rating industry's conflicts of interest in a meaningful and forceful way.

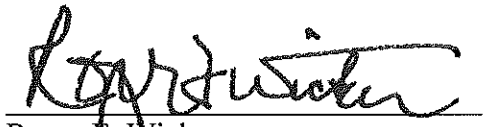
The Commission has now devoted years to the study and analysis of this issue, and it is certainly time for the Commission to move forward quickly on proposing a rule to address the conflicts of interest. In addition, we look forward to receiving a written plan and updated report on the Commission's progress as requested in our February 13 letter. Every day that passes with the status quo system in place means unacceptable risk for the American economy and the American people.

Thank you for working with us on this issue that is so critical to American investors and to the stability of the economy overall.

Sincerely,



Al Franken
United States Senator



Roger F. Wicker
United States Senator