



The Credit Roundtable
In association with the Fixed Income Forum

The Honorable Jeb Hensarling
Chairman, House Financial Services Committee
2228 Rayburn House Office Building
Washington, DC 20515

The Honorable Maxine Waters
Ranking Member, House Financial Services Committee
2221 Rayburn House Office Building
Washington, DC 20515

Re: H.R. 6035

June 12, 2018

Thank you for considering our views regarding Bill H.R. 6035. The Credit Roundtable (“CRT”), organized in association with the Fixed Income Forum, is a group of large institutional fixed income managers, including investment advisors, insurance companies, pension funds, and mutual fund firms. Member firms manage a combined \$4 trillion of fixed income assets under management, which includes firms with \$30 billion of fixed income AUM to those with more than \$350 billion.

We respectfully submit the attached Comment Letter, dated February, 2010. That letter was filed with the Securities and Exchange Commission in response to the agency’s Request for Comments on plans to amend Rule 163. The views expressed in that letter are just as relevant today as they were in 2010.

Investors need information and time to evaluate the investment merits of new debt as each instrument contains its own set of unique characteristics which are not always immediately apparent. We support efforts to improve market efficiencies, but remain concerned that reducing the time or information available to reach an investment decision is not in the best interest of issuers, investors or the market. We believe the fixed income markets rely on a vibrant investor pool to assess an issue’s risk and reach pricing conclusions. Having a variety of market participants assessing risk in an appropriate time frame is a key factor for pricing efficiency. We would caution that allowing underwriters and dealers to communicate with the market on behalf of “well-known seasoned issuers” (“WKSIs”) before certain registration statements have been filed could have the unintended consequence of introducing not only pricing inefficiencies but also potentially creating an un-level playing field between investors—be they large or small or favored or un-favored by underwriters. On this point, we believe issuers’ and investors’ interests are aligned in pursuit of fair and efficient assessment of risk and pricing.

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1120 6th Ave., 6th Floor, New York, NY 10036, Tel: (212) 224-3083, Fax: (212) 224-3838

Furthermore, we would propose revising the WKSI definition. While market capitalization may be a useful threshold in the equity markets, the fixed income markets focus on debt outstanding and/or the size of a particular debt issue. It is important to note that some market participants consider a debt issue of \$1 billion dollars or more to be a “benchmark”. Smaller series or issuers with a limited number of even benchmark size series are generally considered to be less price efficient, illiquid, or off the run.

We appreciate the opportunity to comment on H.R. Bill 6035 and would be pleased to respond to any questions you may have regarding our views. Please contact Cathy Scott, Director of the Fixed Income Forum, at (212) 224-3083, to arrange a call or meeting with members of The Credit Roundtable.

A handwritten signature in black ink, appearing to read 'Cathy Scott', is positioned above the contact information.

Cathy Scott | Director | Fixed Income Forum
On Behalf of The Credit Roundtable
Institutional Investor
1120 6th Ave., 6th floor | New York NY 10036
t: (212) 224 3083 | m: (732) 963-5853 | f: (212) 224 3838
e: cathy.scott@iimemberships.com | w: www.iimemberships.com

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1120 6th Ave., 6th Floor, New York, NY 10036, Tel: (212) 224-3083, Fax: (212) 224-3838