

**STANDARD
& POOR'S**

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Via Electronic Mail

Ms. Nancy M. Morris
Secretary
Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-1090

Re: File Number SR-FINRA-2007-011

Dear Ms. Morris:

Standard & Poor's Equity Research Services ("S&P ERS") appreciates the opportunity to comment on the above-referenced proposed rule change of the Financial Industry Regulatory Authority, Inc. ("FINRA") to amend National Association of Securities Dealers Rule 2711 and New York Stock Exchange Rule 472 Regarding a Member's Disclosure and Supervisory Review Obligations When Distributing Third-Party Research (the "Proposal"). S&P ERS supports the proposal because it will facilitate brokerage customers' access to unbiased, third party research reports while appropriately addressing legitimate investor protection concerns. S&P ERS also requests that FINRA clarify one aspect of the Proposal.

S&P ERS is one of the world's largest and most well known suppliers of independent third party research reports on equity securities. S&P ERS employs approximately 100 equity analysts globally and issues reports on over 1,500 U.S. companies and 300 foreign companies. S&P ERS has robust processes for the creation and review of research reports, including a detailed research objectivity policy available on S&P's website. S&P ERS sells its independent equity research to approximately 300 FINRA members that deal directly with public customers. These FINRA members distribute or make available S&P ERS research to their customers under a variety of circumstances. S&P ERS is a producer of "independent third party research reports" as that term is defined in the Proposal.

The Proposal contains two primary requirements: a disclosure requirement and a review requirement. With respect to the disclosure requirement, the Proposal would require third party research that is distributed or made available by a member to contain certain disclosures about possible conflicts of interest. However, independent third party research that is made available to customers upon the customer's request (including in connection with a solicitation by the member) or available through the member's website would not be required to contain (or reference) these disclosures.

With respect to the review requirement, the Proposal would require two types of review of third party research: disclosure review, in which a principal would review that the third party research disclosures are complete and accurate; and content review, in which a principal would review the appropriateness of certain aspects of the content of the third party research report. The Proposal would exclude independent third party research from the content review requirement. However, the Proposal would not exclude independent third party research from the disclosure review requirement.

S&P ERS believes that the Proposal reflects an appropriate balance between protecting investors and promoting the distribution of unbiased research. In this regard, the Proposal draws a distinction between third party research and independent third party research, with increased requirements for review and disclosure with respect to non-independent third party research.

One area where the Proposal is somewhat unclear is whether a member must conduct the disclosure review in situations where independent third party research is made available to customers and hence the third party disclosures are not required. It would appear that if the third party research disclosures are not required, then there would be no purpose served by a requirement to review the report to ensure that the third party disclosures are complete and accurate. While we believe that this is the more logical reading of the Proposal, this reading is not explicit and we would request that FINRA clarify this point.

S&P ERS believes that the Proposal requires disclosure and review in circumstances where such may be appropriate to protect investors from biased research, while eliminating these requirements with respect to independent third party research in situations where these investor protection concerns do not exist. Accordingly, subject to one request for clarification, S&P ERS supports the Proposal.

Very truly yours,



Stephen R. Biggar
Global Director of Equity Research