

November 15, 2012

Via E-mail

[Name]
Designated Compliance Officer
[Name of NRSRO]
[Address Line 1]
[Address Line 2]

Dear Designated Compliance Officer:

We are sending this letter to all Designated Compliance Officers as a reminder of certain existing rules under the Securities Exchange Act of 1934 (Exchange Act) that are applicable to a nationally recognized statistical rating organization (NRSRO).

Rule 17g-4: Prevention of misuse of material nonpublic information

Under Rule 17g-4 of the Exchange Act, the written policies and procedures that an NRSRO establishes, maintains, and enforces to prevent the misuse of material, nonpublic information must include policies and procedures reasonably designed to prevent:

- The inappropriate dissemination within and outside the NRSRO of material nonpublic information obtained in connection with the performance of credit rating services;
- A person within the NRSRO from purchasing, selling, or otherwise benefiting from any transaction in securities or money market instruments when the person is aware of material nonpublic information obtained in connection with the performance of credit rating services that affects the securities or money market instruments; and
- The inappropriate dissemination within and outside the NRSRO of a pending credit rating action before issuing the credit rating on the Internet or through another readily accessible means.

To be most effective, the policies and procedures generally should be communicated and enforced at all levels of the organization, including the NRSRO, its credit rating affiliates identified on Form NRSRO, and any partner, officer, director, branch manager, and employee of the NRSRO or its credit rating affiliates (or any person occupying a similar status or performing similar functions). Also, it is important to understand that material nonpublic information may be obtained in various ways, including verbally, through physical documentation, and in electronic form.

Rule 17g-6: Prohibited acts and practices

Under Rule 17g-6 of the Exchange Act, an NRSRO is prohibited from engaging in any of the following unfair, coercive, or abusive practices:

- Conditioning or threatening to condition the issuance of a credit rating on the purchase of any other services or products of the NRSRO.
- Issuing, or offering or threatening to issue, a credit rating that is not determined in accordance with the NRSRO's established procedures and methodologies for determining credit ratings, based on whether the rated entity purchases any other services or products of the NRSRO.
- Modifying, or offering or threatening to modify, a credit rating that is not determined in accordance with the NRSRO's established procedures and methodologies for determining credit ratings, based on whether the rated entity purchases any other services or products of the NRSRO.
- Issuing or threatening to issue a lower credit rating, lowering or threatening to lower an existing credit rating, refusing to issue a credit rating, or withdrawing or threatening to withdraw a credit rating, with respect to securities or money market instruments issued by an asset pool or as part of any asset-backed or mortgage-backed securities transaction, unless all or a portion of the assets within such pool or part of such transaction also are rated by the NRSRO, where such practice is engaged in by the NRSRO for an anticompetitive purpose.

Depending on the circumstances, “threatening to condition,” “threatening to issue,” “threatening to modify,” “threatening to lower,” and “threatening to withdraw” could include directly, indirectly, or implicitly threatening to take these actions. Similarly, “offering to issue” and “offering to modify” could include directly, indirectly, or implicitly offering to take these actions.

As with the Rule 17g-4 policies and procedures noted above, policies and procedures under Rule 17g-6, to be most effective, generally should be communicated and enforced at all levels of the organization, including the NRSRO, its credit rating affiliates identified on Form NRSRO, and any partner, officer, director, branch manager, and employee of the NRSRO or its credit rating affiliates (or any person occupying a similar status or performing similar functions).

You are encouraged to review the applicable Exchange Act rules in their entirety. Please contact me if you have any questions.

Sincerely,

Thomas J. Butler
Director