

July 18, 2016

**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 to remind each nationally recognized statistical rating organization (“NRSRO”) of the requirement to establish, maintain and enforce policies and procedures that are in compliance with section 15E(h)(4)(A)<sup>1</sup> of the Securities Exchange Act of 1934, and to provide the staff’s view on a particular aspect of that provision.

Section 15E(h)(4)(A), in sum, requires an NRSRO to establish, maintain and enforce policies and procedures reasonably designed to ensure that:

- in any case where an employee (1)(i) of an entity subject to a credit rating of the NRSRO or (ii) of the issuer, underwriter, or sponsor of a security or money market instrument subject to a credit rating of the NRSRO, (2) was employed by the NRSRO and (3) participated in any capacity in determining credit ratings for such entity or such security or money market instrument during the one-year period preceding the *date an action was taken* with respect to the credit rating,

the NRSRO will:

- conduct a look-back review to determine whether any employee conflicts of interest influenced the rating; and
- revise the rating if appropriate.

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<sup>1</sup> 15 U.S.C. §78o-7(h)(4)(A).

It is the view of staff of the Office of Credit Ratings (“OCR”) that the relevant “action” for purposes of the phrase “date an action was taken” in section 15E(h)(4)(A) is the *most recent rating action taken by the NRSRO prior to the employee’s departure* to work for the rated entity, or the issuer, underwriter or sponsor of the rated security.

NRSRO policies and procedures specifying any other date or event to determine the beginning of the one-year period referred to in section 15E(h)(4)(A) (for example, the employee’s departure date) would not be consistent with the staff’s reading of that section.

OCR staff will be contacting you shortly to discuss this letter.

Sincerely,

Thomas J. Butler  
Director