

November 5, 2018

By Electronic Mail: rule-comments@sec.gov

Mr. Brent J. Fields
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

**Re: Amendments to Rules for Nationally Recognized Statistical Rating Organizations
File Number S7-22-18**

Moody's Investors Service ("MIS") appreciates the opportunity to provide comments to the Securities and Exchange Commission (the "Commission") regarding the proposed amendments to rules for Nationally Recognized Statistical Rating Organizations (NRSROs), including amendments to Rule 17g-5(a)(3) and conforming amendments to Rule 17g-7(a) and Rule 15Ga-2 under the Securities Exchange Act of 1934 (the "Proposed Amendments").

The application of Rule 17g-5(a)(3) has been subject to an important exemption since its inception. Prior to the compliance date for Rule 17g-5 in 2010, the Commission granted the first temporary conditional exemption to NRSROs from Rule 17g-5(a)(3) in recognition of concerns about the potential impact of extra-territorial application of the provision.¹ The Commission subsequently extended the conditional exemption numerous times in recognition of these and other ongoing related concerns, and the exemption remains in effect today.²

¹ The exemption applies solely with respect to credit ratings if: (1) the issuer of the security or money market instrument is not a U.S. person; and (2) the NRSRO has a reasonable basis to conclude that the structured finance product will be offered and sold upon issuance, and that any arranger linked to the structured finance product will effect transactions of the structured finance product after issuance, only in transactions that occur outside the United States.

² These concerns have included: possible disruption to local securitization markets; overlapping and potentially conflicting regulatory requirements in other jurisdictions; conflicts with local confidentiality and data protection laws; misalignment with varying international market practices; and possible inconsistency with principles of international comity.

MIS supports the Proposed Amendments that would codify the existing temporary conditional exemption to Rule 17g-5(a)(3). Specifically, we agree with the Commission's view that the concerns that have been raised over time about extra-territorial application of Rule 17g-5(a)(3) remain relevant, and that adoption of the Proposed Amendments would be an effective means by which to provide permanent relief. We also concur with the Commission's view that adoption of the Proposed Amendments would be consistent with notions of international comity, and the generally limited interest of the Commission in regulating securities offered and sold exclusively outside of the United States. Importantly, we believe that making permanent the exemption under Rule 17g-5(a)(3) would also provide much needed certainty and predictability for NRSROs, market participants and regulators in other jurisdictions.

Finally, the Commission is also proposing clarifying and conforming amendments to similar exemptions set forth in Rule 17g-7(a) and Rule 15Ga-2. MIS supports the Commission's efforts to align these provisions with the permanent exemption proposed for Rule 17g-5(a)(3).

We would be pleased to discuss our views in more detail with you at your convenience.

Yours sincerely

/S/ Ryan Mensing
Vice President – Senior Regulatory Officer
Government and Public Affairs