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Committee of European Securities Regulators
11-13 Avenue de Friedland
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Date: 1 October 2008

By Email:

Dear Sir/Madam

Moody's Response to the Public Consultation on The Level 3 –Third set of Committee of European Securities Regulators ("CESR") Guidance and Information on the Common Operation of the Market Abuse Directive (the "Directive").

Moody's Investors Service ("MIS") appreciates this opportunity to comment upon CESR's additional guidance (the "**Guidance**") on the common operation of the Directive. We believe that the European market as a whole, including consumers of information such as rating agencies, will benefit from increased clarity around obligations to generate insider lists. MIS has confined its comments on the Guidance to the one area we believe may directly impact the operation of the credit rating agency industry in the European capital market.

CRA's Do Not Act on Behalf of Issuers

Paragraph 16 of the Guidance states:

"Professionals acting on behalf of the issuers are also included in the insiders' lists. Examples of such professionals would include, but not be limited to, auditors, attorneys, accountants and tax advisors, managers of issues (like corporate and investment banks), communication and IT agencies, rating agencies, and investor relations agencies. In all jurisdictions of CESR members the legislation does not limit the scope of the professionals providing services to the issuers to be included in the insiders' lists. The general rules on drawing up insiders' lists are applicable."

As we have previously indicated in our submissions to CESR,¹ MIS is of the opinion that although paid by an issuer, a credit rating agency does not provide advice to or “act on behalf of or for the account of the issuer”. Our public credit ratings are independent, expressions of relative credit risk that are made freely available to the market as a whole. Indeed, our ratings are not intended to “serve the needs of the issuer”, rather they are intended to serve the needs of the overall market, and in particular, investors.

For the purposes of national implementation of the Directive, certain European Member States have recognised that credit rating agencies do not act “on behalf of or for the account of issuers”, although we are aware that others have taken a different approach. We do not believe that CESR should recommend that Member States amend their national implementation of the Directive in order to classify, inappropriately, a credit rating agency as an entity that acts on behalf of an issuer. Consequently, we suggest that CESR amend the text of Paragraph 16 of the Guidance as follows:

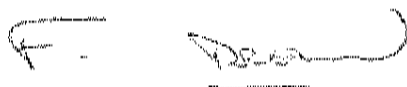
“Examples of such professionals would include, but would not be limited to.....~~credit rating agencies~~ and investor relations agencies”.

Alternatively, if CESR disagrees and does not delete the reference to credit rating agencies, we suggest the following alternative language:

“Examples of such professionals ~~would~~ may include, but would not be limited to.....credit rating agencies and investor relations agencies”.

We greatly appreciate your time and attention and would be more than willing to discuss our thoughts with you in further detail.

Yours sincerely,



Frederic Drevon
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¹ See, Moody's Response to CESR's Consultation Paper relating to Additional Level 2 Implementing Measures for the Market Abuse Directive, July 2003 and Moody's Response to the Public Consultation on The Level 3 – Second set of CESR Guidance and Information on the Common Operation of the Market Abuse Directive, February 2007.