Dubai Financial Services Authority

DECISION

NOTICE

To: Moody's Investors Service Middle East Limited (**MISMEL** or the **Firm**)

Address: Office 3 & 4, Level 3
Gate Precinct, Building 3
Dubai International Financial Centre
PO Box 506776, Dubai, UAE

Date: 26 October 2026

ACTION

1. For the reasons given in this Decision Notice (the **Notice**), and pursuant to Article 90(2) of the Regulatory Law 2004, the DFSA has decided to impose on MISMEL a fine of USD585,825 (the **Fine**).
2. MISMEL agreed to settle this matter. The DFSA has therefore decided to reduce the Fine by a settlement discount of 30%. Were it not for the settlement discount, the DFSA would have imposed a fine of USD836,892 on MISMEL.
3. This Notice is addressed to MISMEL alone. Nothing in this Notice constitutes a determination that any person other than MISMEL has breached any legal or regulatory rule. The opinions expressed in this Notice are without prejudice to the position of any third party, or of the DFSA in relation to any third party.

DEFINED TERMS

4. Defined terms are identified in this Notice by the capitalisation of the initial letter of a word or of each word in a phrase and are defined in Annex B or the DFSA Rulebook, Glossary Module (**GLO**). Unless the context otherwise requires, where capitalisation of the initial letter is not used, an expression has its natural meaning.

EXECUTIVE SUMMARY

5. The DFSA is taking this action as it considers that MISMEL has contravened:
   5.1 Rule 8.9.1 of the DFSA Rulebook, Conduct of Business Module (**COB**), which requires a Credit Rating Agency (**CRA**) to have policies, procedures and controls in place to safeguard its data confidentiality. As set out in paragraphs 33 to 35 below, the DFSA considers that MISMEL failed to implement adequate systems and controls as required by COB Rule 8.9.1; and
   5.2 COB Rule 8.9.2, which requires that a CRA and its Employees must not disclose confidential information in any manner to investors, other issuers or other persons. As set out at paragraphs 36 to 38 below, MISMEL Employees disclosed confidential information related to Rating Actions to persons other than the Rating Subjects on seven occasions.

FACTS AND MATTERS RELIED UPON

Background

6. On 31 December 2012, the DFSA authorised MISMEL to carry on the Financial Service of operating as a Credit Rating Agency. Prior to this authorisation, the Firm operated as Moody's Investors Service Limited from 27 September 2012 to 31 December 2012.
7. MISMEL is a wholly owned subsidiary of Moody's EMEA Holdings Limited, a company incorporated in the UK and MISMEL's immediate holding company. Its ultimate parent is Moody's Corporation (**Moody's** or the **Group**) which is:
   7.1 head-quartered in New York in the USA;
   7.2 listed on the New York Stock Exchange; and
   7.3 subject to the reporting requirements of the US Securities and Exchange Commission as a public company (its credit rating business is separately registered with the US Securities and Exchange Commission as a Nationally Recognised Statistical Rating Organisation).

8. Moody's employs over 16,000 staff worldwide and has subsidiaries across different regions. The Group operates two main businesses:
   8.1 Moody's Analytics (**MA**), which provides data, analytics and software tools used by financial services, corporate and public sector customers for risk assessment and decision-making; and
   8.2 Moody's Investors Service (**MIS**), including MISMEL, which publishes credit ratings and provides assessment services on a range of debt obligations, programs and facilities, and the entities that issue such obligations. Its staff consists mainly of credit analysts, data and operations analysts, credit methodology professionals, software engineers and sales operations.
9. MIS publishes credit ratings and provides assessment services on a wide range of debt obligations, programs and facilities, and the entities that issue such obligations in markets worldwide, including various corporate, financial institution and governmental obligations, and structured finance securities.
10. Providing credit rating services involves the following activities:
    10.1 analysing data and information for Credit Ratings;
    10.2 issuing and reviewing Credit Ratings; and
    10.3 developing criteria for Credit Ratings, including the development and approval of qualitative and quantitative models.
11. The Rating Actions issued by MIS are published on Moody's website. A "Rating Action" is defined in COB Rule 8.3.5(2) as an upward or downward move of a Credit Rating, a confirmation of an existing Credit Rating or a withdrawal of a Credit Rating.
12. The Firm issued 101 Rating Actions in 2024.

Incidents

13. MISMEL's business model relies on data and information analysis and is therefore dependent on holding and analysing large volumes of data.
14. The data MISMEL holds relates to its business operations and confidential and sensitive information about its customers and Employees. This includes Material Non-Public Information (**MNPI**) and other confidential information about public and private companies, governments, and their customers, suppliers and transactions counterparties.
15. MNPI refers to highly sensitive, confidential data about a publicly traded company that has not been released to the general public and could affect investment decisions of a reasonable investor. This includes, but is not limited to, sales and earnings results, dividend distributions, planned acquisitions or restructurings, litigation, and government actions.

16. The data is stored on the Firm's computer systems and networks and with third-party vendors. MISMEL's operations rely on the secure access, storage, processing and transmission of such confidential information.
17. MISMEL Employees often share confidential information internally, as part of the credit rating process, or externally for fact checking or obtaining feedback from rated issuers. Mishandling it can result in unauthorised access to confidential information pertaining to:
    17.1 Rating Actions prior to these actions becoming public, or
    17.2 the issuers' confidential information.
18. Between December 2023 and May 2026, MISMEL reported to the DFSA seven data confidentiality breaches (the **Incidents**). Two examples of these Incidents are described below.

Example No 1

19. On 12 October 2023, a MISMEL Analyst sent an email to an issuer regarding its upcoming Rating Action.
20. The email attached a draft press release containing information about a related sovereign Rating Action. The information was confidential at the time the email was sent, and was intended to be made public a few hours later on the same day.
21. The following day the Analyst reported the inadvertent disclosure of MNPI to the MISMEL Compliance Officer.

Example No 2

22. On 28 March 2024, a MISMEL Relationship Manager (**RM**) sent an email containing confidential information to an incorrect external recipient.
23. The RM had received an email from a Rating Subject which the RM then forwarded internally. However, the RM inadvertently included an external recipient who was neither a representative of the Rating Subject nor needed to know the matters discussed in the email.
24. The RM reported the Incident to the MISMEL Compliance Officer on the same day.

MISMEL's Process

25. As set out in more detail in paragraph 35.5 below, MISMEL's process for dealing with the seven Incidents was as follows:
    25.1 the Firm's Compliance Investigations Unit conducted an internal investigation, which may have included reviewing relevant information and documents and interviewing relevant persons;

25.2 the Investigation Review Committee (**IRC**) considered the results of the investigation and determined what, if any action to take. For the majority of the Incidents, the IRC concluded that the matter should be closed *"with training and admonition"*; and

25.3 MISMEL then reported the Incident, and the action taken to the DFSA. The DFSA considers that MISMEL should have reported the Incidents to the DFSA sooner, and not waited until the conclusion of the internal investigation.

Risk Mitigation Plan

26. On 08 July 2024, the DFSA issued a Risk Mitigation Plan (**RMP**). The RMP required MISMEL to:

26.1 conduct an internal audit review of the Firm's policies, procedures, and controls concerning emails, including the use and sharing of confidential information (the **Review**); and

26.2 provide a report to the DFSA detailing the review procedures, findings, and remedial actions identified in the Review,

within a timeframe of 120 days.

27. MISMEL commenced the Review in August 2024. The Review found that:

27.1 the Firm's email security controls were not adequately preventative to mitigate email security risks, and that some controls in place did not operate as expected; and

27.2 the Cyber Security Group, Technology Services Group and MR teams were working in silos and lacked cross-functional alignment to evaluate and address MR-specific email security risks, resulting in insufficiently preventative email security controls.

28. Up until 31 May 2024, MISMEL used Data Security Tool A, which:

28.1 is an email security software, used as a control measure for the protection of confidential information;

28.2 is integrated into Microsoft Outlook and is intended to prevent emails containing confidential information from being sent to the wrong email address; and

28.3 requires the email sender to validate emails sent to an external recipient via a pop-up notification before sending them.

29. MISMEL explained that the Group's decision to discontinue the use of Data Security Tool A was because of:

29.1 the software's technical limitations and particularly that Data Security Tool A:

29.1.1 was not compatible with newer versions of Microsoft Outlook (including the web and mobile versions of Outlook*);* and

29.1.2 did not support users using non-Windows devices such as Apple Mac; and

29.2 other deficiencies, namely that Data Security Tool A:

29.2.1 was limited to external communications; and

29.2.2 did not extend to certain email distribution methods (i.e. mobile, web, etc.).

30. The decision to discontinue Data Security Tool A in May 2024 was made by Moody's Cyber Security Group, in consultation with other internal stakeholders. Moody's did not:

30.1 immediately implement any alternative email security software capable of providing the additional confirmation step for users when sending emails externally; and

30.2 notify relevant stakeholders of the removal of Data Security Tool A until 5 December 2024, i.e. six months after the software was discontinued.

31. Subsequently, in July 2025, the Firm implemented Data Security Tool B to replace the Data Security Tool A. Data Security Tool B has similar detection and blocking capabilities (including pop-up alerts) and fewer technical limitations compared to Data Security Tool A.

32. Despite the deployment of Data Security Tool B and other remediation actions, MISMEL submitted breach reports to the DFSA concerning two additional Incidents.

CONTRAVENTIONS

COB Rule 8.9.1

33. COB Rule 8.9.1 states that:

"A Credit Rating Agency must have policies, procedures and controls to ensure that it and its Employees do not:

(a) use any information given to or obtained by the Credit Rating Agency on a confidential basis ("Confidential Information") for a purpose other than that for which it was given or obtained;

(b) disclose the Confidential Information to any other Person, except:

(i) in accordance with (a);

(ii) with the prior written consent of the Person to whom a duty of confidentiality in respect of such Confidential Information is owed; or

(iii) where obliged to do so by any legislation applicable to the Credit Rating Agency; and

(c) disclose any pending Rating Action except to the Rating Subject or as agreed with the Rating Subject."

34. The DFSA considers that MISMEL contravened COB Rule 8.9.1 because it failed to implement sufficient policies (see paragraph 35.5), procedures and controls to safeguard its data confidentiality, which resulted in the Incidents.

35. In particular, MISMEL:

35.1 discontinued the use of a data security tool (i.e. Data Security Tool A) in May 2024 without an immediate replacement as mentioned at paragraphs 28 to 30 above;

35.2 relied on email security tools (i.e. Data Security Tool A) that had known technical limitations and therefore did not provide optimal data security (see paragraphs 29 to 31 above). Moody's internal communications stated that:

> *"*[Data Security Tool A] *(while in place) was not sufficient and just implementing a replacement isn't our recommendation. […] Just replacing safe send is bare minimum- there are other tools that can/should be evaluated";*

35.3 overly relied on employee self-reporting and failed to implement sufficient controls to detect instances of data breaches. For the seven Incidents:

35.3.1 four were self-reported by the MISMEL Employees responsible for the respective breach; and

35.3.2 three were reported by other MISMEL or Moody's Employees;

35.4 relied on a detection capacity consisting of:

35.4.1 an internal policies framework;

35.4.2 email security control tools; and

35.4.3 periodic compliance testing of Employees' adherence to Moody's internal policies and procedures.

Although MISMEL had retrospective email-monitoring processes in place, those processes would not prevent an inadvertent email from being sent. While an incident that was not self-reported might subsequently have been identified through retrospective monitoring, MISMEL failed to implement a process to continuously evaluate instances of inappropriate disclosure of confidential information, and maintain sufficiently effective email-blocking rules to prevent and detect inadvertent disclosures of confidential information; and

35.5 failed to include adequate deterrent measures as part of its policies and procedures framework to avoid data confidentiality breaches. In each of the seven Incidents, MISMEL and the Group's Compliance function:

35.5.1 conducted an internal investigation of the data breach Incident;

35.5.2 confirmed, as a result of the internal investigation, that the Employee concerned in each Incident contravened the Firm's internal policies and procedures;

35.5.3 imposed only "training and admonition" as disciplinary measures on each of the Employees responsible for the Incidents; and

35.5.4 did not include any reference to the internal investigations conducted in the concerned Employee's yearly performance reviews.

The repeat nature of the Incidents, and the fact that two of the seven Incidents concerned Employees who had been subject to internal data breach investigations in the past, indicate that MISMEL's disciplinary actions were ineffective and insufficient in preventing re-occurrences. The DFSA considered that the Firm's internal disciplinary process was not operating effectively and posed a significant risk of future data breaches at the time of the Incidents. MISMEL has since escalated the disciplinary outcomes available for prior or repeated violations.

COB Rule 8.9.2

36. COB Rule 8.9.2 states that:

"Subject to COB Rule 8.9.1(b), a Credit Rating Agency and its Employees must not disclose Confidential Information in any manner, including in press releases, through research conferences, to future employers, or in conversations with investors, other issuers, other persons, or by other means."

37. MISMEL Employees:

37.1 disclosed confidential information internally to other Employees who did not need to know on three occasions; and

37.2 disclosed confidential information externally on four occasions.

38. Therefore, the DFSA considers that MISMEL contravened COB Rule 8.9.2.

SANCTION

39. In deciding whether to take the action set out in this Notice, the DFSA has taken into account the factors and considerations set out in sections 6-2 and 6-3 of the DFSA's Regulatory Policy and Process Sourcebook (**RPP**).

40. The DFSA considers the following factors to be of particular relevance in this matter:
    40.1 the DFSA's objectives, in particular to prevent, detect and restrain conduct that causes or may cause damage to the reputation of the Dubai International Financial Centre (**DIFC**) or the Financial Services industry in the DIFC, through appropriate means including the imposition of sanctions (Article 8(3)(d) of the Regulatory Law 2004);
    40.2 the nature and seriousness of the contraventions, as set out in Step 2 below; and
    40.3 the deterrent effect of the action, and the importance of deterring MISMEL and others from committing further or similar contraventions.
41. The DFSA has considered the sanctions, and other options available to it, and has concluded that a fine is the most appropriate action given the circumstances of this matter.

Determination of the Fine

42. In determining the appropriate level of financial penalty to impose in this matter, the DFSA has taken into account the factors and considerations set out in sections 6-4 and 6-5 of the RPP as follows.

Step 1 – Disgorgement

43. As per paragraph 6-5-1 of RPP, the DFSA will seek to deprive a firm of the economic benefits derived directly or indirectly from a contravention (which may include the profit made or loss avoided) where it is practicable to quantify this.
44. There was no evidence to suggest that MISMEL made a profit or avoided a loss, as a direct result of the contraventions. Accordingly, this step was not considered relevant.

Step 2 – The seriousness of the contraventions

45. The DFSA considers MISMEL's contraventions to be serious because they revealed weaknesses in MISMEL's systems and controls, exposing the Firm to significant risks of disclosure of confidential data.
46. The DFSA also considers MISMEL's contraventions to be serious because:
    46.1 the confidential information disclosed, whether inadvertently or not, could lead to the misuse of that information including for market abuse purposes;
    46.2 MISMEL failed to implement sufficient controls to prevent the disclosure of confidential data, including insufficient deterrence measures for employees responsible for data confidentiality breaches; and

46.3 MISMEL failed to implement effective measures to detect confidential data disclosures despite being aware of the weaknesses of the system in place, which led to repeated confidential data disclosures.

47. Taking the above factors into account, the DFSA considers that a financial penalty of USD836,892 based on relevant income appropriately reflects the seriousness of the contravention.

Step 3 – Mitigating and aggravating factors

48. Pursuant to RPP paragraph 6-5-7, the DFSA does not consider there are any aggravating or mitigating factors to be taken into account.

49. Accordingly, the figure after Step 3 is USD836,892.

Step 4 – Adjustment for deterrence

50. Pursuant to RPP paragraph 6-5-9, if the DFSA considers that the level of the financial penalty which it has arrived at after Step 3 is insufficient to deter the firm who committed the contravention, or others, from committing further or similar contraventions, then the DFSA may increase it. RPP paragraph 6-5-9 sets out the circumstances where the DFSA may do this.

51. The DFSA considers that the figure after Step 3 is sufficient for the purposes of deterring MISMEL and others from committing further or similar contraventions. Accordingly, the DFSA does not consider it appropriate to adjust the amount of the fine arrived at after Step 3 for the purposes of deterrence.

52. Accordingly, the figure after Step 4 is USD836,892.

Step 5 - Settlement discount

53. Where the DFSA and the firm on which the financial penalty is to be imposed agree on the amount and other terms, RPP paragraph 6-5-10 provides that the amount of the financial penalty which might otherwise have been payable will be reduced to reflect the stage at which agreement is reached.

54. The DFSA and MISMEL have reached agreement on the relevant facts and matters relied on and the amount of fine that would be imposed. Having regard to its usual practice and in recognition of the benefit of this agreement to the DFSA, the DFSA has applied a 30% discount to the level of fine which the DFSA would have otherwise imposed.

55. Accordingly, the figure after Step 5 is USD585,825.

The Level of the Fine

56. Given the factors and considerations set out in paragraphs 42 to 55 above, the DFSA has determined that it is proportionate and appropriate to impose on MISMEL the Fine of USD585,825.

57. In addition, the DFSA is required by Dubai Law No. 1 of 2018 and Dubai Law No. 2 of 2018 to add an additional fee of USD5.46 (equivalent AED20) in respect of the Knowledge and Innovation Dirham Fees respectively, which is due and payable by MISMEL at the same time as the Fine.

PROCEDURAL MATTERS

Settlement Decision Maker

58. The decision which gave rise to the obligation to give this Notice was made by a Settlement Decision Maker on behalf of the DFSA.

59. This Notice is given to MISMEL under paragraph 3(2) of Schedule 3 to the Regulatory Law 2004.

Manner and time for payment

60. The Fine must be paid no later than 28 days from the date on which this Notice is given to MISMEL.

61. If all or any part of the Fine remains outstanding on the date by which it must be paid, the DFSA may recover the outstanding amount as a debt owed by MISMEL and due to the DFSA.

Evidence and other material considered

62. Annex A sets out extracts from some statutory and regulatory provisions and guidance relevant to this Notice.

63. The DFSA made available to MISMEL a copy of the relevant materials that were considered in making the decision which gave rise to the obligation to give this Notice.

Referral to the Financial Markets Tribunal (FMT)

64. Pursuant to Article 90(5) of the Regulatory Law 2004, MISMEL has the right to refer this matter to the FMT for review. However, in deciding to settle this matter and in agreeing not to contest the action set out in this Notice, MISMEL has agreed that it will not refer this matter to the FMT.

Publicity

65. Under Article 116(2) of the Regulatory Law 2004, the DFSA may publish, in such form and manner as it regards appropriate, information and statements relating to decisions of the DFSA and of the DIFC Courts, censures, and any other matters which the DFSA considers relevant to the conduct of affairs in the DIFC.

66. In accordance with Article 116(2), the DFSA will publicise the action taken in this Notice and the reasons for that action. This may include publishing the Notice itself, in whole or in part.

67. MISMEL will be notified of the date on which the DFSA intends to publish information about this decision.

DFSA contacts

68. For more information concerning this matter generally, please contact the Administrator to the Decision Maker on +971 4362 1500, or by email at DMC@dfsa.ae.

Signed: [redacted].....

Herrman Schueller, Director Innovation and Technology Risk, Supervision

As a Settlement Decision Maker for and on behalf of the DFSA

ANNEX A – RELEVANT LEGISLATION AND REGULATORY PROVISIONS

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1. RELEVANT LEGISLATION

DIFC Law No. 1 of 2004 – The Regulatory Law

Article 8(3) of the Regulatory Law 2004 sets out the DFSA's objectives.

8. The Powers, Functions and Objectives of the DFSA

(…)

(3) In performing its functions and exercising its powers, the DFSA shall pursue the following objectives:

(a) to foster and maintain fairness, transparency and efficiency in the financial services industry (namely, the financial services and related activities carried on) in the DIFC;

(b) to foster and maintain confidence in the financial services industry in the DIFC;

(c) to foster and maintain the financial stability of the financial services industry in the DIFC, including the reduction of systemic risk;

(d) to prevent, detect and restrain conduct that causes or may cause damage to the reputation of the DIFC or the financial services industry in the DIFC, through appropriate means including the imposition of sanctions;

(e) to protect direct and indirect users and prospective users of the financial services industry in the DIFC;

(…)

90. Sanctions and directions

(1) Where the DFSA considers that a person has contravened a provision of any legislation administered by the DFSA, other than in relation to Article 32, the DFSA may exercise one or more of the powers in Article 90(2) in respect of that person.

(2) For the purposes of Article 90(1) the DFSA may:

(a) fine the person such amount as it considers appropriate in respect of the contravention;

(b) censure the person in respect of the contravention;

(c) make a direction requiring the person to effect restitution or compensate any other person in respect of the contravention within such period and on such terms as the DFSA may direct;

(d) make a direction requiring the person to account for, in such form and on such terms as the DFSA may direct, such amounts as the DFSA determines to be profits or unjust enrichment arising from the contravention;

(e) make a direction requiring the person to cease and desist from such activity constituting or connected to the contravention as the DFSA may stipulate;

(f) make a direction requiring the person to do an act or thing to remedy the contravention or matters arising from the contravention; or

(g) make a direction prohibiting the person from holding office in or being an employee of any Authorised Person, DNFBP, Reporting Entity or Domestic Fund.

(…)

(5) If the DFSA decides to exercise its power under this Article in relation to a person, the person may refer the matter to the FMT for review.

116. Publication by the DFSA

(…)

(2) The DFSA may publish in such form and manner as it regards appropriate information and statements relating to decisions of the DFSA, the FMT and the Court, sanctions, and any other matters which the DFSA considers relevant to the conduct of affairs in the DIFC.

RELEVANT DFSA RULEBOOK PROVISIONS

Conduct of Business Module (COB)

8.9 Confidential Information

8.9.1 A Credit Rating Agency must have policies, procedures and controls to ensure that it and its Employees do not:

(a) use any information given to or obtained by the Credit Rating Agency on a confidential basis ("Confidential Information") for a purpose other than that for which it was given or obtained;

(b) disclose the Confidential Information to any other Person, except:

(i) in accordance with (a);
(ii) with the prior written consent of the Person to whom a duty of confidentiality in respect of such Confidential Information is owed; or;
(iii) where obliged to do so by any legislation applicable to the Credit Rating Agency; and

(c) disclose any pending Rating Action except to the Rating Subject or as agreed with the Rating Subject.

8.9.2 Subject to COB Rule 8.9.1(b), a Credit Rating Agency and its Employees must not disclose Confidential Information in any manner, including in press releases, through research conferences, to future employers, or in conversations with investors, other issuers, other persons, or by other means.

ANNEX B – DEFINITIONS

Term	Definition
Authorised Firm	A Person, other than an Authorised Market Institution, who holds a Licence.
COB	Conduct of Business Module of the DFSA Rulebook
Compliance Officer	In relation to: (a) an Authorised Firm, the Licensed Function described in GEN Rule 7.4.6; and (b) an Authorised Market Institution, the Key Individual function described in AMI Rule 5.3.6.
Credit Rating	Has the meaning given to it in GEN Rule 2.27.1(2)(b).
Credit Rating Agency	A Person carrying on in or from the DIFC the Financial Service of Operating a Credit Rating Agency for which it has an authorisation under its Licence.
IRC	Investigation Review Committee
Licence	A Licence granted by the DFSA under Chapter 2 of Part 3 of the Regulatory Law.
MA	Moody's Analytics business of Moody's Corporation
MISMEL	Moody's Investors Service Middle East Limited
MNPI	Material Non Public Information
Moody's	Moody's Corporation
MIS	Moody's Investors Service
Rating Action	Has the meaning given to it in COB Rule 8.3.5(2).
Rating Subject	Has the meaning given to it in GEN Rule 2.27.1(3)
RMP	Risk Mitigation Plan