



## FIRST QUESTIONNAIRE ON OTHER CRA PRODUCTS

The Board of the International Organization of Securities Commissions (IOSCO) has approved a project specification for its Committee 6 on Credit Rating Agencies (C6) to gain a better understanding of the credit rating industry and in particular of certain other products or services (Other CRA Products). These Other CRA Products – which are distinguishable from the credit ratings, that credit rating agencies (CRAs) publicly disclose or disseminate to subscribers (Traditional Credit Ratings) – may be referred to as, for example, “private ratings”, “confidential ratings”, “expected ratings”, “indicative ratings”, “prospective ratings”, “provisional ratings”, “preliminary ratings”, “one-time ratings”, “regional ratings”, “national ratings”, “point-in-time ratings”, “scoring”, “credit assessments”, “rating assessments”, “assessments”, or “research”. Similar to Traditional Credit Ratings, some Other CRA Products are used by market participants as part of assessing the creditworthiness of an entity or obligation. Other CRA Products, however, may be used for different purposes; for example, to understand the impact that a hypothetical or proposed transaction would have on a Traditional Credit Rating or to understand how a CRA would ultimately rate a new issuance.

C6 is undertaking this exercise through the completion of a series of successive stages of information gathering. The completion of each stage will inform the scope and structure of the following stage.

This first questionnaire is part of the first stage of information gathering. C6 would like issuers of Other CRA Products to address the questions listed in the questionnaire below. The information collected through this questionnaire will serve as a base for discussions between C6 Members, issuers of Other CRA Products and other interested parties.

The information gathered through the end of the first stage will inform C6 on how to structure the second stage of this undertaking. The second stage will focus on gathering information on how issuers and investors and more generally users of the Other CRA Products utilize and understand such products.

The information gathered in the first and second stages will flow into the third stage of this exercise, where C6 will analyze how the Other CRA Products fit in the current state of the credit rating agency industry.

The questionnaire should be completed in the English language and returned **by 23 March 2015** to [survey-other-cra-products@iosco.org](mailto:survey-other-cra-products@iosco.org). Any non-public information provided should be marked by the respondents as such and will be treated confidentially to the extent permitted by local laws.

Recipients of this questionnaire are encouraged to participate in this questionnaire as their experience and views will be a useful and important input into this exercise.



If respondents have questions regarding this questionnaire they can contact C6 members at: [survey-other-cra-products@iosco.org](mailto:survey-other-cra-products@iosco.org). C6 would like to thank in advance all questionnaire's respondents for their feedback and insights.



First Questionnaire<sup>1</sup> on Other CRA Products:

- 1) Please list and define each Other CRA Product<sup>2</sup> that you or any of your affiliates, partnerships, joint ventures or other combinations (Your Organization) issue (irrespective of whether you are compensated for such products.) Please describe each Other CRA Product by addressing the following points:
- i. Use: what is the intended use of the Other CRA Product?
  - ii. Users: (a) who are the possible users of the Other CRA Product and who receives or has access to the Other CRA Product when issued?; (b) what percentage of your Traditional Ratings clients also purchase Other CRA Products?; (c) does the Other CRA Product focus on certain specific categories of issuers (e.g. in terms of size, industry etc.) or on certain specific types of issuances/financial instruments?
  - iii. Disclosure: (a) describe whether the Other CRA Product is public, private, limited to a restricted number of users, etc.; (b) does Your Organization include specific disclosure language, including distinguishing the Other CRA Product from Traditional Credit Ratings?; (c) through which electronic means, if any, do you distribute/disclose the Other CRA Products?
  - iv. Scale: describe whether the Other CRA Product is expressed with an “alpha and/or numeric” symbol or on a scale or using another standardized format;
  - v. Type of analysis: (a) is the Other CRA Product subject to a standardized process?; (b) what analysis is undertaken in order to generate the Other CRA Product? For example, is a quantitative model used, alone or in combination with qualitative factors; is the same criteria and methodology for Traditional Credit Ratings used; (c) is the Other CRA Product monitored, updated, and/or reviewed after initial issuance?; (d) please describe the skills, roles and responsibilities of Your Organization’s personnel who are involved in generating the Other CRA Product; are such personnel exclusively dedicated to generating the Other CRA

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<sup>1</sup>Please use the template in Annex A (as word version available [here](#)) to answer the questions in this questionnaire. Please complete one table per each of the Other CRA Products’ issuing entities.

<sup>2</sup> Please note that the list of products under the defined term “Other CRA Products” above is not meant to be exhaustive. We are interested in learning more about all of the above products and any more products Your Organization issues.



Product or are they also involved in generating Traditional Ratings or in other activities for Your Organization?

- vi. Type of Information: what type of information is used to generate the Other CRA Product? For example, is confidential information used, alone or in combination with public information? Please specify the information used and how the information is gathered.
- vii. Fees: (a) does Your Organization charge a fee or any similar payment for the Other CRA Product?; (b) what party pays such fee or similar payment, if any?; (c) if no fee is charged, please describe the commercial interest for your business in the Other CRA Product.
- viii. Issuer of Other CRA Product: (a) what is the name of the entity and business unit, if applicable, that issues the Other CRA Product?; (b) does such entity or business unit issue also Traditional Credit Ratings?
- ix. Time: when was the Other CRA Product first issued (please provide a date) and is it still being offered? If not please provide a date of when it was last issued.
- x. Location: (a) where is the Other CRA Product determined and issued? (i.e. name the jurisdictions and the entities involved in the process); (b) is the Other CRA Product used on a globally comparative basis or an localized basis? If the latter, is the Other CRA Product “mapped” to a global scale?
- xi. Contractual restrictions: (a) what type of contractual restrictions are the users of the Other CRA Product subject to?; (b) are there contractual restrictions on the users regarding the sharing of the Other CRA Product with third parties?
- xii. Commercial aspects: (a) how does Your Organization distribute the Other CRA Product?; (b) what is the sale strategy of Your Organization with respect to the sale of the Other CRA Product to clients?; (c) please describe what is the commercial short and long term strategy behind the Other CRA Product for Your Organization?; (d) please describe the life cycle of the Other CRA Product?
- xiii. Regulation: (a) is the Other CRA Product subject to regulatory supervision in any jurisdictions?; (b) explain briefly the scope of regulation, for example, is a license or registration required to offer the Other CRA Product in each jurisdiction?
- xiv. Differences: (a) how does the definition of the Other CRA Product differ from your definition of Traditional Credit Rating?; (b) can the Other CRA Product convert into a public or private Traditional Credit Rating or be used as an input into the Traditional Credit Rating process? How?; (c) how does the profile of the Other CRA Product’s users compare to that of Your



Organization's Traditional Credit Ratings' users?; (d) is the Other CRA Product marketed or sold independently from a Traditional Credit Rating? (i.e. irrespective of an issuance of a Traditional Credit Rating?); (e) do you view, market or sell the Other CRA Product as a supplement/complement to Traditional Credit Ratings or replacement/substitution to Traditional Credit Ratings? What is the rationale for such approach?

xv. Miscellaneous: (a) is there any additional information you wish to provide on the Other CRA Product?; (b) if a competitor markets a product similar to the Other CRA Product, could you please provide the name of the competitor and the competitor's product?

- 2) Where do you anticipate the biggest growth areas within Other CRA Products in the near and long-term future?
- 3) What is the degree of importance that the Other CRA Products represent for you and Your Organization (high/medium/low)?
- 4) What is the statutory or regulatory definition of Traditional Credit Rating in each of the jurisdictions in which Your Organization produces, sells or markets the Other CRA Products<sup>3</sup>?
- 5) (a) What are the most material and substantive features of a Traditional Credit Rating and (b) how does Your Organization define a Traditional Credit Rating?

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<sup>3</sup> Please disregard this question with respect to any of the following jurisdictions: Argentina, Australia, Brazil, China, Chinese Taipei, EU, Hong Kong, Israel, Japan, Korea, Mexico, Ontario, Turkey, USA.

**FIRST QUESTIONNAIRE ON OTHER CRA PRODUCTS - ANNEX A**

<b>Name of the Issuing Entity<sup>4</sup>:</b>		
<b>1) Name of the Other CRA Product #1<sup>5</sup>:</b>	[Insert Name of the Other CRA Product #1]	
	<b>i) Use</b>	
	<b>ii) Users</b>	a)
		b)
		c)
	<b>iii) Disclosure</b>	a)
		b)
		c)
	<b>iv) Scale</b>	
	<b>v) Type of Analysis</b>	a)
		b)
		c)
		d)
	<b>vi) Type of Information</b>	
	<b>vii) Fees</b>	a)
		b)
c)		
<b>viii) Issuer of Other CRA Product</b>	a)	
	b)	
<b>ix) Time</b>		

<sup>4</sup> Please generate one separate table per each issuing entity within Your Organization. However, if multiple issuing entities within Your Organization issue the same Other CRA Products and questions (1)(i)-(xv) would be answered identically, please use one single table and list all such issuing entities here.

<sup>5</sup> If the issuing entity issues more than one Other CRA Products please address items (i) – (xv) by duplicating and completing this section (1) for each additional Other CRA Products. To the extent any of questions (i) – (xv) could have multiple answers due for example to different regional approaches or requirements, please indicate so in your response.

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	<b>x) Location</b>	a)
		b)
	<b>xi) Contractual Restrictions</b>	a)
		b)
	<b>xii) Commercial Aspects</b>	a)
		b)
		c)
	<b>xiii) Regulation</b>	a)
		b)
	<b>xiv) Differences</b>	a)
		b)
		c)
		d)
		e)
<b>xv) Miscellaneous</b>	a)	
	b)	
	b)	
<b>2) Growth Areas:</b>		
<b>3) Degree of importance that the Other CRA Product represents for you and at the group level (high/medium/low):</b>		
<b>4) Statutory Definition of Traditional Credit Rating:</b>	[Insert name of the relevant jurisdiction]	[Insert relevant definition]
	[Insert name of the relevant jurisdiction]	[Insert relevant definition]
<b>5) a) Material/ Substantive Features of Traditional Credit</b>	a)	

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<b>Rating; b) your internal definition of Traditional Credit Rating</b>	b)
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Please send the completed questionnaire **by 23 March 2015** to [survey-other-cra-products@iosco.org](mailto:survey-other-cra-products@iosco.org).