

MEDIA RELEASE



International Organization of Securities Commissions
Organisation internationale des commissions de valeurs
Organização Internacional das Comissões de Valores
Organización Internacional de Comisiones de Valores

IOSCO/MR/28/2013

MADRID, 30 July 2013

IOSCO Publishes Recommendations for Supervisory Colleges for CRAs

The International Organization of Securities Commissions (IOSCO) published today the final report on [*Supervisory Colleges for Credit Rating Agencies*](#), which recommends establishing supervisory colleges for internationally active credit rating agencies (CRAs), and provides preliminary guidelines on how to constitute and operate them.

The recommendations are aimed at improving the integrity of CRAs, as part of IOSCO's effort to enhance investor protection and the fairness, efficiency and transparency of securities markets. G20 leaders are also concerned with the integrity of CRAs and have repeatedly encouraged IOSCO to work to improve their effectiveness.

The dispersion of internationally active CRA affiliates worldwide poses a challenge to supervisors, as their perspective may be limited to the CRA activities in their jurisdiction. The creation of a CRA college could ultimately enhance the effectiveness of supervisors' risk assessment and oversight of internationally active CRAs by facilitating information exchange and cooperation among them.

IOSCO defines a supervisory college as a collaborative arrangement between supervisors that seek to promote information sharing, consultation, and cooperation in order to enhance risk assessment of internationally active CRAs and to support effective supervision of such CRAs.

The type of information that might be discussed or shared, where appropriate, could include inspection or examination of findings with respect to the following:

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- CRA´s compliance with local or regional laws and regulations
- The CRA´s implementation and adherence to the IOSCO Code Of Conduct for CRAs
- The establishment and operation of rating models and methodologies, internal controls, procedures to manage conflicts of interest, and procedures for handling material non-public information.

The role of the CRA college would be to create a mechanism for sharing and discussing this type of information with the goal of promoting a better understanding of the risks faced or posed by an internationally active CRA and how relevant supervisors are addressing these risks. Where desired by members, a CRA college may facilitate consensus recommendations on how to address key risks faced or posed by the CRA through heightened supervision and/or targeted examination and inspection activities, consistent with national laws.

NOTES FOR EDITORS

1. IOSCO is the leading international policy forum for securities regulators and is recognized as the global standard setter for securities regulation. The organization's membership regulates more than 95% of the world's securities markets in more than 115 jurisdictions and it continues to expand.
2. The IOSCO Board is the governing and standard-setting body of the International Organization of Securities Commissions (IOSCO), and is made up of 32 securities regulators. Mr. Greg Medcraft, chairman of the Australian Securities and Investments Commission, is the chair of the IOSCO Board. The members of the IOSCO Board are the securities regulatory authorities of Argentina, Australia, Belgium, Brazil, Chile, China, France, Germany, Hong Kong, India, Italy, Japan, Korea, Malaysia, Mexico, Morocco, the Netherlands, Nigeria, Ontario, Pakistan, Portugal, Quebec, Romania, Singapore, South Africa, Spain, Switzerland, Trinidad and Tobago, United Kingdom and the United States.
3. The Emerging Markets Committee is a specialized working group representing the world's emerging financial markets. It endeavors to promote the development and greater efficiency of emerging securities and futures markets by establishing principles and minimum standards, preparing training programs for the staff of members and facilitating exchange of information and transfer of technology and expertise. Ranjit Ajit Singh, the Executive Chairman of the Securities Commission **Malaysia**, is the Chair of the EMC.

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4. IOSCO aims through its permanent structures:

- to cooperate in developing, implementing and promoting adherence to internationally recognized and consistent standards of regulation, oversight and enforcement in order to protect investors, maintain fair, efficient and transparent markets, and seek to address systemic risks;
- to enhance investor protection and promote investor confidence in the integrity of securities markets, through strengthened information exchange and cooperation in enforcement against misconduct and in supervision of markets and market intermediaries; and
- to exchange information at both global and regional levels on their respective experiences in order to assist the development of markets, strengthen market infrastructure and implement appropriate regulation.

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