

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/27/2016

Madrid, 7 November 2016

IOSCO consults on Other CRA Products and their use by market participants

The Board of the International Organization of Securities Commissions (IOSCO) today published a consultation report titled *Other CRA Products*, which seeks further insight into how market participants use non-traditional, products or services offered by credit rating agencies (CRAs).

The objective of the consultation report is to clarify information provided by respondents to two survey questionnaires on Other CRA Products that IOSCO published on its website in 2015. The report also asks respondents to comment on IOSCO's current understanding of these CRA products and services and how they differ from the traditional issuer-paid or subscriber-paid credit ratings.

Other CRA Products are certain non-traditional, credit-related products and services. They are important because market participants may use them to make investment and other credit-related decisions. Issuers and obligors may also use these products to make decisions about whether to obtain a credit rating from a particular CRA.

Examples of Other CRA Products and services include, inter alia: *private ratings, confidential ratings, expected ratings, indicative ratings, prospective ratings, provisional ratings, preliminary ratings, credit default swap spreads, bond indices, portfolio assessment tools*, and other tools.

MEDIA RELEASE



International Organization of Securities Commissions
Organisation internationale des commissions de valeurs
Organizaç o Internacional das Comiss es de Valores
Organizaci n Internacional de Comisiones de Valores

To gain a better understanding of Other CRA Products, IOSCO consulted market participants through the questionnaires and organized multiple panel discussions with CRAs, users of Other CRA Products and other market participants.

The goal of the first questionnaire was to determine the difference between traditional credit ratings and other credit-related products. The second questionnaire was aimed at learning how issuers, investors and others utilize and understand Other CRA Products. After reviewing the responses to the questionnaires and conducting additional consultation with several respondents, IOSCO made three main observations:

- Some Other CRA Products share some common processes and features with traditional credit ratings. For example, CRAs develop a number of Other CRA Products using the same credit rating analysts who determine traditional credit ratings;
- CRAs tend to create separate structures or business line organizations to offer Other CRA Products;
- Other CRA Products can be categorized in six primary groups, which are described and analyzed in chapter five of the consultation report.

IOSCO's specific questions for comment in the consultation report are primarily directed at CRAs, but users of Other CRA Products and other interested persons are also invited to respond, specifically:

- Are there additional Other CRA Products that you can identify?
- Are there other features of the six Other CRA Product groups that you believe should be added to the consultation report?
- Are there additional uses of the Other CRA Products that you can identify in addition to what is described in the consultation report?
- With respect to each of the six Other CRA Product groups identified in the consultation report, do you consider the Other CRA Product group to be covered by the Code of Conduct

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

and the IOSCO CRA Principles? Please explain. Do you apply the Code of Conduct and the Principles to the Other CRA Products? Please explain.

Public comments on this consultation paper should be submitted on or before Monday 5 December 2016.

NOTES TO THE 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 34 securities regulators. Ashley Alder, the Chief Executive Officer of the Securities and Futures Commission (SFC) of Hong Kong, is the Chair of the IOSCO Board. The members of the IOSCO Board are the securities regulatory authorities of Argentina, Australia, Belgium, Brazil, China, Egypt, France, Germany, Hong Kong, India, Indonesia, Ireland, Italy, Jamaica, Japan, Kenya, Malaysia, Mexico, Nigeria, Ontario, Pakistan, Peru, Quebec, Saudi Arabia, Singapore, South Korea, Spain, Sweden, Switzerland, the Netherlands, Turkey, the United Kingdom, and the United States of America.
3. The Growth and Emerging Markets Committee is the largest Committee within IOSCO, representing close to 80 per cent of the IOSCO membership, including 11 of the G20 members. Ranjit Ajit Singh, Chairman of the Securities Commission Malaysia and Vice Chair of the IOSCO Board, is the Chair of the GEM Committee. The Committee brings members from growth and emerging markets together and communicates members' views and facilitates their contribution across IOSCO and at other global regulatory discussions. The GEM Committee's strategic priorities are focused, among others, on risks and vulnerabilities assessments, policy and development work affecting emerging markets, and regulatory capacity building.
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

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

- 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.

MEDIA ENQUIRIES

Carlta Vitzthum

Outside office hours

Email:

Website:

Follow IOSCO on [Twitter here](#)

+ 34 91 787 0419

+ 34 697 449 639

carlta@iosco.org

www.iosco.org