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For Immediate Release

PRESS RELEASE

Task Force of Securities Regulators from Major Markets Agrees on Code of Conduct Fundamentals for Credit Rating Agencies

Berlin — A Chairmen’s Task Force of the Technical Committee of the International Organization of Securities Commissions (IOSCO) today completed deliberations on a code of conduct for credit rating agencies. Called the “Fundamentals of a Code of Conduct for Credit Rating Agencies,” the IOSCO document describes provisions that rating agencies should incorporate into their own codes of conduct to deal with issues such as how rating agencies should avoid or mitigate potential conflicts of interest, improve the transparency of the ratings process, and protect their integrity and independence while dealing fairly with issuers, investors and other market participants. The CRA Code Fundamentals are designed to be used by rating agencies of all sizes and business models, operating in all jurisdictions. The Task Force believes that the Code Fundamentals offer a global, converged approach to addressing a range of issues of concern to investors, issuers, governments and rating agencies alike.

At the heart of the Code Fundamentals is a disclosure mechanism to monitor compliance. Rating agencies must disclose how they implement the various provisions of the Code Fundamentals. This approach offers a degree of necessary flexibility to rating agencies, which vary considerably in size, business model, and development of the markets in which they operate. The Task Force expects CRAs to give full effect to the Code Fundamentals. At the same time, investors, issuers, regulators and other market participants will be able to assess in each case whether a given rating agency has implemented the Code Fundamentals to their satisfaction, and react accordingly. The Task Force believes this approach will help advance investor protection and the fairness and transparency of global capital markets while fostering competition among rating agencies.

The IOSCO Technical Committee plans to publish the Code Fundamentals within approximately three weeks, once its constituent members formally approve the document. The Task Force developed the Code Fundamentals in consultation with the Basel Committee of Banking Supervisors and the International Association of Insurance Supervisors, as banking, securities and insurance regulators in a number of countries use credit ratings in certain aspects of financial regulation. On October 6, the Task Force published a consultation paper which sought comment from the public on an earlier draft of the Code Fundamentals. IOSCO received 39 comment letters from issuers, rating agencies, industry associations, financial institutions and individual investors from around the world. Commissioner Roel C. Campos, chairman of the Task Force and a Commissioner of the US Securities and Exchange Commission, noted that these comments were extremely helpful to the Task Force and resulted in several important modifications to the

previous draft, including the disclosure-based compliance approach. “The input we received from the public on the Code Fundamentals has proven vital to the success of the Task Force and will be a model for future IOSCO work,” Campos added. “Securities regulators understand the importance of exchanging ideas with investors, issuers and institutions that all participate in global financial markets.”

Jochen Sanio, Chairman of the German Federal Financial Supervisory Authority (BaFin) and host of the Task Force meeting, praised the Code Fundamentals. “Credit rating agencies provide an extremely valuable service to investors and issuers throughout the globe. Therefore a global approach to protecting the quality of ratings and the integrity and independence of these rating agencies will benefit investors and issuers everywhere. In this sense, the Code Fundamentals are truly a model of international regulatory cooperation and dialogue.”

The CRA Code Fundamentals were developed out of IOSCO’s Principles Regarding the Activities of Credit Rating Agencies that the organization published in October 2003. These Principles described in broad objectives that regulators, rating agencies and other market participants should pursue in order to promote the quality and integrity of the rating process, counter possible conflicts of interest, and protect the confidentiality of certain types of information. The Code Fundamentals, by contrast, offer specific measures that credit rating agencies should adopt to achieve the objectives laid out in the CRA Principles.

Copies of the IOSCO CRA Principles Regarding the Activities of Credit Rating Agencies and the IOSCO Report on the Activities of Credit Rating Agencies (which describes what rating agencies do and the regulatory issues that arise out of their activities) can be found on IOSCO’s website at:

<http://www.iosco.org/pubdocs/pdf/IOSCOPD151.pdf>

<http://www.iosco.org/pubdocs/pdf/IOSCOPD153.pdf>

Copies of the comments the Task Force received in response to its November consultation report and the consultation report itself can be found on IOSCO’s website at:

<http://www.iosco.org/pubdocs/pdf/IOSCOPD177.pdf>

<http://www.iosco.org/pubdocs/pdf/IOSCOPD173.pdf>

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