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International Organization of Securities Commissions  
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## MEDIA RELEASE

14 February 2007

### Credit Rating Agencies – **IOSCO reports good progress in adoption of Code of Conduct**

The International Organisation of Securities Commissions (IOSCO) has today announced significant progress in the adoption of its Code of Conduct for Credit Ratings Agencies (CRAs). This is outlined in a "[Consultation Paper](#)" on the IOSCO CRA Code, which the Organisation has published today.

The Chairman of the IOSCO Technical Committee, Mr. Michel Prada, said that "In the two years since the IOSCO Code was published in December 2004, it has been encouraging to discover that many CRAs, including most of the largest, have adopted and published their own codes of conduct based on and consistent with the IOSCO Code".

Mr. Prada added that development is important because it is increasingly accepted by financial markets that such Codes of Conduct constitute important information for investors, issuers, and regulators. As such, published Codes help market participants in determining the reliability and credibility of ratings. It also has the benefit of assuring regulators that certain issues such as potential conflicts of interest are being properly addressed.

In the "Consultation Paper", it is revealed that any variations from the IOSCO Code are usually noted and adequately explained by the CRA. Nevertheless, IOSCO has noted that in specific areas, there is still room for improvement. Accordingly, it has undertaken to continue to monitor progress in the adoption of the Code as well as new developments in the market that may require revising the Code in the future.

In order to achieve further progress, IOSCO also believes that additional efforts need to be made to promote the IOSCO Code among small and mid-sized CRAs. It is noted that adoption of the Code could improve the competitiveness of this segment of the market. Accordingly, it is important that a greater number of small and mid-sized CRAs be encouraged to adopt the Code.

The IOSCO Code which was published in December 2004 includes a set of provisions designed to assist investors and enhance market efficiency by improving the transparency by which CRAs decide ratings and guard against conflicts of interest as well as other factors that might influence the analysis carried out by a CRA. IOSCO believes the Code is equally relevant to all types of CRAs, regardless of the business or analytical model.

Based on the "Consultation Paper" which is being published today, IOSCO would welcome submissions from all sectors of the financial services community and interested parties. The closing date is 11 May 2007.

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