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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/14/2015

Madrid, 24 March 2015

IOSCO Issues Final Code of Conduct Fundamentals for Credit Rating Agencies

The International Organization of Securities Commissions (IOSCO) published today the final report on [*Code of Conduct Fundamentals for Credit Rating Agencies*](#), which includes significant revisions and updates to the current IOSCO Code of Conduct for Credit Rating Agencies (IOSCO CRA Code).

The revisions to the IOSCO CRA Code are designed:

- 1) to strengthen the IOSCO CRA Code by enhancing provisions regarding protecting the integrity of the credit rating process, managing conflicts of interest, providing transparency, and safeguarding non-public information;
- 2) to strengthen the IOSCO CRA Code by adding measures regarding governance, training, and risk management; and
- 3) to improve the clarity of the IOSCO CRA Code by adding definitions of key terms and revising existing definitions, updating terminology, restructuring existing provisions to better group them thematically, and eliminating extraneous text.

The new IOSCO CRA Code is intended to work in harmony with CRA registration and oversight programs, and to continue operating as the international standard for CRA self-governance.

The revisions result, in part, from the experience of IOSCO members in supervising CRAs. They also are informed by the work of the IOSCO Committee on Credit Rating Agencies, including the survey report

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describing the key risk controls established by CRAs to promote the integrity of the credit rating process and the procedures established to manage conflicts of interest.

The IOSCO CRA Code is intended to offer a set of robust, practical measures as a guide to and a framework for CRAs with respect to protecting the integrity of the rating process, ensuring that issuers and users of credit ratings, including investors, are treated fairly, and safeguarding confidential material information provided them by issuers.

The IOSCO CRA Code was first published in 2004 when few jurisdictions had laws governing activities of CRAs. It was later revised in 2008 in the wake of the global financial crisis to include significant provisions that addressed concerns regarding the quality of information that CRAs relied on, suggestions that CRAs were too slow to review existing ratings and make downgrades as appropriate, and the possible conflict of interest arising from CRAs advising issuers on how to design structured finance products.

In February 2014, IOSCO published a Consultation Report that proposed revisions to the IOSCO CRA Code to take into account the fact that CRAs are now supervised by regional and national authorities.

The report provides a redline comparison of the IOSCO CRA Code as proposed in the Consultation Report and as adopted in the Final Report. It also briefly explains the differences between the 2008 IOSCO CRA Code and the Final Report as well as the changes made following the public consultation.

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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). The Board is made up of 34 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 Australia, Belgium, Brazil, China, Egypt, France, Germany, Greece, Hong Kong, India, Italy, Japan, Kenya, Korea, Malaysia, Mexico, the Netherlands, Nigeria, Ontario, Pakistan, Peru, Quebec, Saudi Arabia, Singapore, South Africa, Spain, Sweden, Switzerland, Thailand, Trinidad and Tobago, Turkey, United Kingdom and the United States.

3. The Growth and Emerging Markets Committee is the largest Committee within IOSCO, representing 75 per cent of the IOSCO membership. Mr. Ranjit Ajit Singh, Chairman, Securities Commission, Malaysia, and Vice Chair of the IOSCO Board, is the Chair of the GEM. The Committee endeavors to promote the development and greater efficiency of emerging securities and futures markets by establishing principles and minimum standards, providing training programs and technical assistance for members and facilitating the exchange of information and transfer of technology and expertise.

4. IOSCO aims through its permanent structures:

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- 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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