

# MEDIA RELEASE



International Organization of Securities Commissions  
Organisation internationale des commissions de valeurs  
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## **IOSCO announces next steps on Credit Rating Agencies**

The International Organization of Securities Commission's (IOSCO) Task Force on Credit Rating Agencies (Task Force) has announced its next steps with regard to the monitoring of compliance with the *Code of Conduct Fundamentals for Credit Rating Agencies* (Code of Conduct).

The Code of Conduct focuses on transparency and disclosure in relation to credit rating agencies' (CRAs) methodologies, conflicts of interest, use of information, performance and duties to issuers and the public. It does not dictate business models or governance but rather seeks to provide the market with information to judge and assess CRA activities, performance and reliability.

IOSCO believes that, for the Code of Conduct to be effective, CRAs need to comply with the prescribed disclosures and regulators should take steps to determine the veracity of these disclosures.

The Task Force is currently exploring the means by which its members might work together to verify the proper and complete disclosure by CRAs of information required by the Code of Conduct, and adherence to the mechanisms it contains designed to protect against conflicts of interest. As part of this project, the Task Force will be considering a number of options for the effective monitoring of compliance with the Code of Conduct, including the potential for:

- Detailed arrangements for exchanging information between national securities regulators;
- Cooperative inspection programs for CRAs; or
- A specialized IOSCO committee to confer on compliance with the Code of Conduct by CRAs.

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In its deliberations IOSCO also will review members' recent and upcoming rule proposals.

The recent changes to the Code of Conduct continue to ensure that it offers a set of robust and practical measures to guide CRAs in implementing IOSCO's Principles on Credit Rating Agencies and meet the objectives of improving investor protection, ensuring the fairness, efficiency and transparency of securities markets and reducing systemic risk.

The Task Force will submit its final recommendations to the Technical Committee at its next meeting in September 2008.

## NOTES FOR EDITORS

1. IOSCO is recognized as the leading international policy forum for securities regulators. The organization's wide membership regulates more than 90% of the world's securities markets and IOSCO is the world's most important international cooperative forum for securities regulatory agencies. IOSCO members regulate more than one hundred jurisdictions and the Organization's membership is steadily growing.
2. The Technical Committee, a specialised working group established by IOSCO's Executive Committee, is made up of fifteen agencies that regulate some of the world's larger, more developed and internationalized markets. Its objective is to review major regulatory issues related to international securities and futures transactions and to coordinate practical responses to these concerns. Mr. Christopher Cox, Chairman of the U.S. Securities and Exchange Commission, currently acts as Chairman of the Technical Committee.
3. IOSCO aims through its permanent structures:
  - to cooperate together to promote high standards of regulation in order to maintain just, efficient and sound markets;
  - to exchange information on their respective experiences in order to promote the development of domestic markets;
  - to unite their efforts to establish standards and an effective surveillance of international securities transactions;
  - to provide mutual assistance to promote the integrity of the markets by a rigorous application of the standards and by effective enforcement against offenses.

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