

**CESR'S QUESTIONNAIRE ON THE DAY-TO-DAY APPLICATION
OF THE IOSCO CODE BY THE CREDIT RATING AGENCIES**

Borsa Italiana thanks the CESR for its work of evaluation concerning the effective application by credit rating agencies (CRAs) of the principles set by the IOSCO code and recognises the importance of an efficient functioning of this industry.

We regret not to be able to respond directly to the specific questions, as they seem to assume a contractual – or at least an extremely strong – relationship with CRAs, which Borsa Italiana does not have. However, we appreciate the opportunity to address a few issues we believe are relevant concerning CRAs' activities.

Indeed, we recognise the significance to investors of fair information and this entails information provided by CRAs. In particular, Borsa Italiana in its Market Rules expressly asks for the prompt dissemination to the market of public ratings. Nonetheless, we are aware of the existence of non-public ratings and we believe that – in most of the cases – they consist in solicited ratings, that the issuer decides to maintain confidential.

As a matter of fact, not being able to have made public all ratings, solicited and unsolicited, may cause difficulties. For example, the Italian press has reported the case of a company that – while evaluating the opportunity to give the mandate for a solicited rating by a specific CRA – received unexpectedly an unsolicited rating by another CRA.

On the contrary, we are aware that requiring the publication of any rating – also the ones that the issuer would maintain confidential - could have negative impacts on CRAs industry (because issuers' request may decrease).

This leads to the more general issue of solicited and unsolicited ratings and their different categorisation: the former – built also thanks to confidential information provided by the company – are likely to be more complete and significant. The latter might be partial, due to the fact that they are built only on the basis of information available to the public. However, unsolicited ratings could have the same price impact of the solicited ones.

On this issue, we wonder whether unsolicited ratings should be assimilated to research or studies and should be subject to the same regulation.

We hope that you will find our few comments useful and we remain at disposal for further explanations and details. Moreover we look forward to further co-operate.

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