



Date: 9 March 2006
Ref: 06-107

Update on CESR's dialogue with Credit Rating Agencies to review how the IOSCO code of conduct is being implemented

On 30 March 2005, at the request of the European Commission, CESR delivered its advice (CESR/05-139b) regarding the potential options to regulate Credit Rating Agencies. In its advice, CESR proposed not to regulate the Credit Rating Agencies (CRAs) industry at an EU level for the time being, and instead proposed that a pragmatic approach should be adopted to keep under review how CRA's would implement the standards set out in the IOSCO Code of Conduct. CESR therefore intends to develop this strategy on the basis of voluntary participation from CRAs. In December 2005, CESR announced (Ref.CESR/05-751) that Moody's and Standard and Poors' had chosen to adhere to the voluntary framework.

In summary, this framework includes three elements: (i) an annual letter from each CRA will be sent to CESR, and will be made public, outlining how it has complied with the IOSCO Code and indicating any deviations from the Code; (ii) an annual meeting between CESR and the CRAs will also be organised to discuss any issues related to implementation of the IOSCO Code; and (iii) CRAs would provide an explanation to the national CESR member where any substantial incident occur with a particular issuer in its market.

CESR is pleased to announce today, that Fitch Ratings and Dominion Bond Rating Service Limited have also expressed their desire to join the voluntary framework, and publishes the letters received from the two agencies in this document.

As set out in the statement published in December 2005 (Ref.CESR/05-751), CESR invites any other CRAs which would fall within the scope of the IOSCO Code and operating in the EU markets that wish to adhere to this voluntary framework, to indicate their interest to the CESR secretariat.

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Dominion

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Limited

March 3, 2006

Mr. Docters van Leeuwen
Chairman
The Committee of European Securities Regulators ("CESR")
11-13 avenue de Friedland
75008 Paris
FRANCE

Dear Mr. Docters van Leeuwen:

Dominion Bond Rating Service ("DBRS") DBRS appreciates the pragmatic oversight framework that CESR has developed to govern the credit rating agencies ("CRAs").

DBRS agrees that any oversight approach must achieve a level of transparency that maintains the confidence of CESR members in the CRA industry. To this end, DBRS believes that the three-part voluntary framework as proposed by CESR will achieve that transparency: (i) an annual letter from each CRA, to be made public, relating to compliance with and deviations from the IOSCO Code; (ii) an annual meeting between CESR and the CRA to discuss any issues related to the implementation of the IOSCO Code; and (iii) explanation to the local CESR member of any substantial incident that may occur with an issuer.

Further to a meeting with the CESR's Secretary General, Mr. Fabrice Demarginy in late February, 2006, DBRS confirms its desire to maintain an ongoing dialogue with CESR regarding the framework's further development and implementation.

DBRS wishes to thank the members of CESR for their efforts in matters related to the CRA industry. Should you have any questions, please do not hesitate to contact me or Mary Keogh.

Sincerely yours

David Schroeder
Chief Operating Officer

CC:

Mary Keogh, Managing Director, Policy
Kent Wideman, Group Managing Director, Policy and Rating Committee

24 February 2006

BY ELECTRONIC MAIL AND POST

Mr Fabrice Demarigny
Secretary General
The Committee of European Securities Regulators
11-13 avenue de Friedland
75008 Paris
France

Re: *CESR's Proposed Voluntary Framework for
Cooperation between CESR and CRAs with respect to the
IOSCO Code of Conduct Fundamentals
(the "CESR Voluntary Framework")*

Dear Mr Demarigny:

Thank you for the opportunity to meet with you on 9th February, 2006, for initial discussions with you about the CESR Voluntary Framework.

We appreciate CESR's continued pragmatic approach to credit rating agencies ("CRAs"). We believe that the proposed CESR Voluntary Framework is a workable means of addressing the EU Commission's request that CESR (i) monitor compliance by CRAs with the IOSCO Code of Conduct Fundamentals for Credit Rating Agencies (the "IOSCO Code") and (ii) report back to the EU Commission on an annual basis. We would be pleased to work with CESR to establish the form and content of the proposed annual letter to be provided by CRAs to CESR, and to meet with CESR on an annual basis to discuss any issues related to our implementation of the IOSCO Code. In addition, we would be happy to assist CESR in developing guidelines as to what constitutes a "substantial incident", and as to what reporting with respect to any such incident would need to be provided to the relevant national CESR member.

We look forward to continuing our dialogue with CESR on these very important issues.

Sincerely yours,



Paul Taylor
Group Managing Director
Fitch Ratings

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