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

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 has therefore developed this strategy on the basis of voluntary participation from CRAs. The CRAs that have chosen to adhere to the voluntary framework are Moody's, Standard and Poors', Fitch Ratings and Dominion Bond Rating Service Limited.

The following questionnaire is addressed to all market participants and its purpose is to enable CESR to gather information on the day-to-day application of the Credit Rating Agencies (CRAs) codes in practice. **The deadline for comments will be 15 August and if specifically requested, respondents may be able to submit their responses on a confidential basis.**

When responding, market participants are encouraged to identify the credit rating agency or agencies to which the answer refers.

1. Do you know of cases where the methodologies used by CRAs were not consistently applied or where changes of methodologies were not clearly explained and disclosed?
2. Do you know of ratings based on inaccurate information or issued without the credit rating agency having taken into account all relevant information?
  - 3.1 Do you consider that the CRAs devote sufficient resources to assign high quality credit ratings?
  - 3.2 Do you consider that the CRAs devote sufficient resources to assign high quality credit ratings of structured finance instruments and to monitor them on an on going basis?
4. Do you consider that the period of time during which the rating decisions, the rating reports and the updates are publicly available is sufficient?
5. It is always clear to you which are the critical elements underlying the rating decision (including its updates)?
6. Do you think that the ongoing surveillance of CRAs on ratings, which can result in a rating action, is effective and timely?
7. Have you ever experienced (or heard about) situations where the CRA or its employees have given any assurance or guarantee of a particular rating prior to a rating assessment?



8.1 Do you consider that the CRAs disclose clearly in the rating decision whether

- a. the rating was not initiated at the issuers request?
- b. the issuer has not participated in the rating process?

8.2 Is the abovementioned disclosure valuable for you?

8.3 Do you know of cases where ratings of the type mentioned above (a and b) had a lower degree of quality than others?

9. Have you ever experienced (or heard about) situations where the CRA has denied the issuer the opportunity to clarify any likely factual misperceptions or other matters that the CRA should be aware of prior to issuing or revising the rating?

10. Are you aware of cases where the rating decision was influenced by pressures from the issuers or other parties?

11.1 Do you consider that CRAs have put in place adequate separations and firewalls between credit rating analysts and staff involved in providing other businesses (such as rating advisory, consulting, credit assessment, research)?

11.2 Have you ever been in contact with credit rating analysts for other services than the one they provide within the context of credit rating?

12. As an issuer, have you ever negotiated the fees of the rating service with analysts involved in the rating process?

13. Have you experienced any situation where the rating disclosure was not done in a timely manner?

14. Have you encountered any problems in relation to the use of confidential information in your day-to-day business with CRAs?

15. Do you know of cases where the credit rating agencies are not applying the provisions of their own codes of conduct?

16. Are there any other comments you would like to make?