

**For Immediate Release
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Canadian Securities Regulators Propose Regulatory Regime for Credit Rating Organizations

Toronto – The Canadian Securities Administrators (CSA) has published for comment proposed National Instrument 25-101 *Designated Rating Organizations* and related consequential amendments, which are aimed at introducing securities regulatory oversight of credit rating organizations.

Central to the proposal is the requirement for credit rating organizations to apply to become a “designated rating organization” (DRO) to allow their ratings to be used for various purposes within securities legislation. For example, access to the short form prospectus system will only be available for certain debt securities if a credit rating is obtained from a DRO.

Once designated, a rating organization would be required to have and enforce a code of conduct that is based on a code published by the International Organization of Securities Commissions (IOSCO). A DRO would also be required to establish policies and procedures to manage conflicts of interest, prevent inappropriate use of information, appoint a compliance officer and make an annual filing. In addition, DROs could be subject to regulatory compliance reviews and/or enforcement action. The CSA will not oversee the content or methodology of ratings.

“Many investors consider credit ratings as one of the factors in making investment decisions, and ratings continue to be referred to within securities legislation, so it is important to develop a formal regulatory regime for the oversight of credit rating organizations,” said Jean St-Gelais, Chair of the CSA and President and Chief Executive Officer of the Autorité des marchés financiers (Québec). “This CSA initiative is consistent with international developments in addressing the oversight of credit rating agencies, which can have a significant impact upon financial markets.”

In developing the proposed regime, the CSA considered comments from stakeholders on the CSA consultation paper released in October 2008, titled *Securities Regulatory Proposals Stemming from the 2007-08 Credit Market Turmoil and its Effect on the ABCP Market in Canada*.

CSA members who participate in the passport system have proposed that credit rating organizations will be able to rely on this system to apply to their principal regulator to be designated as a DRO, in all passport jurisdictions. As such, the materials include consequential amendments to instruments and the introduction of proposed policies to facilitate use of the passport system.

Copies of the proposed instrument, consequential amendments to other instruments and additional background information are available on the websites of CSA members.

The CSA are seeking input from all stakeholders on the proposals. The comment period is open until October 25, 2010.

The CSA, the council of the securities regulators of Canada's provinces and territories, coordinates and harmonizes regulation for the Canadian capital markets.

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For more information:

Theresa Ebdon
Ontario Securities Commission
416-593-8307

Sylvain Théberge
Autorité des marchés financiers
514-940-2176

Mark Dickey
Alberta Securities Commission
403-297-4481

Ken Gracey
British Columbia Securities Commission
604-899-6577

Ainsley Cunningham
Manitoba Securities Commission
204-945-4733

Wendy Connors-Beckett
New Brunswick Securities Commission
506-643-7745

Shirley P Lee
Nova Scotia Securities Commission
902-424-5441

Barbara Shourounis
Saskatchewan Financial Services Commission
306-787-5842

Janice Callbeck
PEI Securities Office
Office of the Attorney General
902-368-6288

Doug Connolly
Financial Services Regulation Div.
Newfoundland and Labrador
709-729-2594

Graham Lang
Yukon Securities Registry
867-667-5466

Louis Arki
Nunavut Securities Office
867-975-6587

Donn MacDougall
Northwest Territories
Securities Office
867-920-8984