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Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Nova Scotia Securities Commission
New Brunswick Securities Commission
Office of the Attorney General, Prince Edward Island
Securities Commission of Newfoundland and Labrador
Superintendent of Securities, Government of Yukon
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RE: Canadian Securities Administrators' Request for Comment in Relation to Proposed National Instrument 25-101 *Designated Rating Organizations* and Related Policies and Consequential Amendments

Dear Sirs/Mesdames:

Introduction

The McGraw-Hill Companies (Canada) Corp. ("**S&P Canada**") is pleased to submit this letter in response to the Canadian Securities Administrators' ("**CSA**") Request for Comment in Relation to Proposed National Instrument 25-101 *Designated Rating Organizations* ("**Proposed Instrument**") and Related Policies and Consequential Amendments published on March 18, 2011 ("**Request for Comment**").

Standard & Poor's Ratings Services ("**S&P Ratings Services**"), a leading international credit rating agency, has been assigning credit ratings since 1916. The credit rating activities of S&P Ratings Services are conducted globally through various affiliated entities[1] that operate in accordance with policies, procedures and criteria that are generally globally applicable. S&P Ratings Services shares a globally integrated operating structure. In Canada, S&P Ratings Services operates through S&P Canada.

S&P Canada believes that regulation can play an important part in restoring confidence in credit ratings and we welcome proposals that would, on a globally consistent basis, increase transparency and preserve the analytical independence of Credit Rating Organizations' ("**CRO**") opinions, methodologies and analytical processes. S&P Canada welcomes the opportunity to work with CSA members towards implementing a CRO regulatory framework in Canada that is practicable, proportionate and meets the needs of the Canadian regulators, CROs, the users of credit ratings and the markets. We support working towards a framework that will safeguard the integrity of the credit ratings process while minimizing adverse effects on markets and operating efficiency. We also acknowledge the CSA's efforts to take into account previous feedback we provided on the CSA's Request for Comment published July 16, 2010 ("**July 2010 Request for Comment**").

General Comments

To begin, we thought it would be helpful to summarize three significant points.

Extra-territorial scope of proposal: S&P Canada is extremely concerned about certain comments made in Annex A to the Request for Comment that are intended to clarify the scope of the regulatory regime. In particular, the CSA comments that 'CROs applying to be designated will need to…ensure the application for designation is made by the entity or entities that want to have their credit ratings designated under the Proposed Instrument.' This can be read to constitute an attempt to apply the Canadian regulation extra-territorially; particularly if credit ratings produced by CROs outside Canada must be designated credit ratings for use in places where credit ratings are referred to in securities legislation. While we have no objections to the CSA implementing a regulatory regime that applies to the activities of CROs in Canada, we would be concerned if the effect of the regime resulted in CRO entities outside of Canada being required to apply for designation as a Designated Rating Organization ("**DRO**"). Similarly, the definition of "DRO

[1] The affiliated entities are all direct or indirect subsidiaries, branches or divisions of The McGraw-Hill Companies, Inc, ("**McGraw-Hill**") a company incorporated in the State of New York, USA and publicly listed on the New York Stock Exchange.

employee" contained in the Proposed Instrument may have extra-territorial application. Credit ratings issued by S&P Ratings Services are assigned by a vote of a rating committee comprising analysts who, individually or collectively, have appropriate knowledge and experience in determining credit ratings for the type of credit rating in issue. While our rating committees may be comprised mainly of locally-based staff, our individual rating committee decisions can reflect input from a variety of analysts based in different countries. Defining "DRO employee" to include 'any other person or company who provides services to the designated rating organization and who is involved in determining, approving or monitoring a credit rating issued by the designated rating organization' may significantly expand the reach of the Canadian regulatory regime to analysts and other employees located outside of Canada where those personnel participate in a rating committee or otherwise support credit ratings issued by the DRO. We can see no demonstrable benefit for adding to the regulatory burden in this way and for the reasons detailed below, S&P Canada urges the CSA to ensure that the proposed regulatory regime does not apply extra-territorially to CROs.

Form NRSRO: As mentioned in our submission to the July 2010 Request for Comment, we believe that allowing NRSROs to file their Form NRSRO in lieu of Form 25-101F1 may allow a NRSRO to reduce its compliance costs and administrative burden without compromising the achievement of the objectives of the proposals. So that an NRSRO can take advantage of these provisions, it is vital that the proposed Canadian regulatory regime for CROs is internationally consistent. Proposals contained in the Request for Comment which materially vary from CRO regulation elsewhere, particularly those that apply to NRSROs in the U.S., could result in a CRO determining not to utilize its Form NRSRO for the purpose of applying for designation due to concerns that divergent aspects of the Canadian regulation would then not permit the CRO to operate in a consistent manner across its global operations. We highlight throughout our submission a number of provisions contained in the Proposed Instrument and Appendix A to Proposed Instrument, Provisions Required to be Included in a Designated Rating Organization's Code of Conduct ("**Appendix A**") that we believe are internationally inconsistent and differ in a material way from other regulatory obligations for CROs. We urge the CSA to ensure that the final regulatory framework does not impose obligations on DROs in Canada that are different or diverge from international standards for regulating CROs.

Expert liability: The Request for Comment indicates that, at this time, the CSA is not proposing to make changes to securities legislation to impose greater civil liability on CROs. In particular, there is no intention to require consent for the use of credit ratings in prospectuses or other disclosure documents or subjecting DROs to "expert" liability in Canada. For the reasons outlined in our submission to the July 2010 Request for Comment we think it would be a mistake to impose increased liability standards on CROs, a measure that may adversely impact capital flows, market growth and efficiency. S&P Canada fully supports the position taken by the CSA in the Request for Comment and strongly encourages the CSA to maintain its position with respect to retaining the current exemption for DROs from "expert" liability.

Summary of Comments and Responses on Request for Comment Published July 16, 2010

As mentioned above, we appreciate the CSA's efforts to take into account our previous feedback and make amendments where necessary. We do wish to provide additional comments in connection with the CSA's response to two points.

Scope of regulatory framework: As mentioned above, S&P Canada is extremely concerned about comments made in Annex A to the Request for Comment that are intended to clarify the scope of the regulatory regime. We are particularly concerned with comments made by the CSA that suggest a CRO will need to ensure the application for designation is made by the entity or entities that want to have their credit ratings designated under the Proposed Instrument. This may result in the Canadian regulatory regime for CROs having extra-territorial reach and could result in Canadian securities regulatory authorities overseeing activities of various S&P Ratings Services' legal entities and/or operations that are already subject to oversight by third country regulatory authorities. We are concerned that if the scope of the regulatory framework is adopted in this way as part of the rapidly developing and increasingly complex international CRO regulatory regime, it could contribute to burgeoning costs for CROs and result in a CRO having to reconcile multiple regulatory obligations, some of which are internationally inconsistent or contradictory. We have no objections to the CSA's implementing a regulatory regime that applies to the activities of CROs in Canada but we urge the CSA to design the regulatory regime in such a way that respects sovereignty of other countries and does not impose extra-territorial obligations on CROs. We also believe the CSA should allow the continued use of credit ratings issued by DROs' affiliated CROs located outside Canada to provide for the smooth functioning of markets.

Treatment of Nationally Recognized Statistical Rating Organization's ("NRSRO"): In our response to the July 2010 Request for Comment, we urged the CSA to specify that to the extent the CSA requires certain information filed by NRSROs with the United States Securities and Exchange Commission ("**SEC**") on a confidential basis, it also be supplied to Canadian securities regulators on a confidential basis. The Request for Comment provides a response that indicates that the DRO who files its Form NRSRO in place of Form 25-101 will be able to apply for confidentiality. Due to the commercially sensitive nature of this information, we are concerned that an application for confidentiality could be denied. This could lead to a situation where the SEC treats commercially sensitive information as confidential but if S&P Canada relies on these provisions it may be required to disclose the information publicly in Canada. As highlighted in our previous submission, we urge the CSA to specify that if the information is treated by the SEC as confidential it will also automatically receive the same treatment in Canada.

Proposed National Instrument 25-101, *Designated Rating Organizations*

S&P Canada provides the following comments in connection with the Proposed Instrument:

Definition of "DRO employee": We are extremely concerned that inclusion of "and includes any other person or company who provides services to the DRO and who is involved in determining, approving or monitoring a credit rating issued by the designated rating organization" in the definition of "DRO employee" may result in the Canadian regulatory regime applying to rating analysts and other personnel who are not employed by the DRO but employed by an overseas affiliate of the DRO that provides credit rating activities. As mentioned above, this broad definition may significantly expand the reach of the Canadian regulatory regime to employees located outside of Canada where those individuals provide support for a credit rating issued by the DRO. In addition to our concerns regarding the extra-territorial application of the definition, the practical effect of defining "DRO employee" in this way is likely to result in increased costs for CROs and confusion in determining what regulatory regime applies to a particular credit rating. We further note that due to potential inconsistencies between regulatory obligations in various jurisdictions this may result in requiring employees to comply with different and potentially

contradictory policies depending on which regulatory regime applies to a particular credit rating. In an attempt to mitigate these risks, a CRO may choose to allocate personnel employed by the DRO only to credit ratings used for regulatory purposes in Canada. We believe this may seriously compromise analytical quality and comparability of credit ratings if the pool of analytical resources is reduced to only those employed by the DRO. We see no benefit for adding to the regulatory burden in this way and S&P Canada urges the CSA to revise the definition of "DRO Employee" to only include employees of the DRO.

Code of Conduct: Part 3, section 7 of the Proposed Instrument requires that a DRO must establish, maintain and comply with a code of conduct and the DRO's code of conduct must incorporate each of the provisions listed in Appendix A. We are concerned with the requirement to "incorporate each of the provisions listed in Appendix A" as we believe this is too prescriptive. As currently drafted, this suggests that a DRO's code of conduct must contain identical provisions to those contained in Appendix A. This does not provide a DRO with the ability to implement and comply with the provisions in a way that suits its circumstances, business needs and requirements. We do not object per se to the concept of mandatory compliance with regulation; but, there must be flexibility for the DRO to determine how it describes how the various provisions are implemented. We also note that the CSA has indicated that it expects a DRO's code of conduct to be "an accurate reflection of its practices and procedures"[2]. Mandating that a DRO's code of conduct must incorporate each of the provisions listed in Appendix A could result in the DRO's code of conduct not accurately reflecting how the DRO complies with the requirement. This could be misleading and confuse users of credit ratings. We suggest that section 7(2) be rephrased as follows:

> "**7. Code of Conduct**
>
> (2) A designated rating organization's code of conduct must ~~incorporate each of the~~ *be consistent with the* provisions listed in Appendix A."

Effective date: We note that section 14 of the Proposed Instrument currently does not provide the effective date and the CSA has flagged that it anticipates the proposed regulatory framework will be implemented no earlier than the fall of 2011. We suggest that the CSA provide a minimum implementation time frame of 6 months when it finalizes the effective date. This will allow CROs sufficient time to implement the regulatory framework.

Provisions to be included in a DRO's Code of Conduct

S&P Canada appreciates the CSA's efforts to adopt a regime that converges with the regulatory regimes of other jurisdictions, particularly through adoption of the provisions of the International Organization of Securities Commissions ("**IOSCO**") Code of Conduct Fundamentals for Credit Rating Agencies ("**IOSCO Code**"). We believe that the provisions contained in Appendix A should be drafted in a way that recognizes the global nature of our business. In particular, it is important the provisions are not inconsistent with or differ in a material way from existing regulatory regimes for CROs around the world. For example, subject to our concerns outlined above regarding the potential extra-territorial application of the proposed regime, it would be very

[2] Request for Comment, (2011) 34 OSCB 3258

difficult for an NRSRO to rely on the provisions that permit it to file its Form NRSRO in lieu of Form 25-101F1 if the requirements in Canada differ in any material way from the requirements in the U.S.

As a general comment, we do wish to highlight it is essential that any system of oversight strikes an appropriate balance between recognizing the global nature of our business while not expanding the reach of the regulatory regime extra-territorially. The proposed provisions contained in Appendix A to the Proposed Instrument apply to the DRO. Many of the existing IOSCO Code requirements have been implemented by S&P Ratings Services on a global basis; however, not every function and person responsible for implementation may sit in Canada. It would be helpful if the CSA could clarify that it does not intend for functions that operate on a global basis, and all their staffing, to be replicated by S&P Canada. If such clarity is not provided, an increase in our current compliance costs, investment in more systems, processes and people to comply with these requirements locally in Canada could result. We suggest that the CSA give consideration to recognising the global nature of our business and expressly acknowledge that certain functions which meet the requirements of the IOSCO Code or the provisions of Appendix A may be performed by other parts of a global CRO's network.

We also have a number of observations in relation to specific provisions contained in Appendix A to the Request for Comment.

Section 2.10: This section specifies that a DRO must establish a committee responsible for implementing a rigorous and formal process for reviewing, on at least an annual basis, and making changes to the methodologies, models and key credit ratings assumptions it uses. Consistent with our comments above, this function may not sit in Canada. We suggest that this section be amended to recognize that the required committee can be established by the DRO *or an affiliate of the DRO*.

Section 2.21: This section specifies that a DRO must have a board of directors. Consistent with our comments above, we suggest that this section be amended to recognize that the board of directors can be established by the DRO *or an affiliate of the DRO*.

Section 2.27: This section specifies that a DRO must not outsource the functions of the DRO's compliance officer as required by securities legislation. S&P Rating Services has a robust compliance function which administers compliance programs, monitors certain activities including employees' personal securities transactions, arranges and conducts policy-related training and advises employees on compliance with policies and related guidelines. We are concerned, however, that if the legal entity or entities that apply for designation in Canada do not currently employ a dedicated compliance officer, this requirement would require each such legal entity to employ a compliance officer. We believe the prohibition against outsourcing the compliance officer is unnecessary in the context of organizations which have a comprehensive compliance framework and sufficient people to support the infrastructure within the group of companies such as S&P Canada. At a minimum, we suggest that the prohibition against outsourcing the compliance officer role only apply to outsourcing to unaffiliated third parties.

Section 3.5: This section specifies that the DRO must separate, operationally and legally, its credit rating business and its credit rating employees from any ancillary businesses (including the provision of consultancy or advisory services) of the DRO. As currently drafted, this section goes

substantially beyond the requirements of the IOSCO Code[3] and similar regulatory requirements in jurisdictions such as the U.S[4], Europe[5], Australia[6] and Hong Kong[7]. We are concerned that the requirement for a DRO to separate, operationally and legally, ancillary services from its credit rating business is internationally inconsistent with the position taken in other jurisdictions. We would further query why legal separation of a credit rating business and ancillary services is necessary if the provision of such ancillary services does not present a conflict of interest with the credit rating business or any potential conflict can be managed in a way that the conflict is effectively mitigated. We strongly recommend that the CSA revise section 3.5 to reflect an internationally consistent position with regard to the provision of ancillary services by the DRO by allowing a DRO and its employees to provide ancillary services that do not present conflicts of interest and clarifying that legal separation of the DRO and its employees is not required.

Section 3.9: This section requires that if a DRO receives from a rated entity, its affiliates or related entities compensation unrelated to its credit rating business, such as compensation for ancillary services, the DRO must disclose the percentage of non-rating fees represented out of the total amount of fees received by the DRO from such rated entity, its affiliates and related entities. If this proposed section were to remain, the administrative cost of gathering and computing such information would be significant, while we believe this information would not provide useful data to the users of credit ratings.

Section 3.14 and 3.15: Both of these sections reference "an investment fund where exposure to the rated entity does not exceed 10% of the investment fund's portfolio". It would be difficult for a DRO to track the portfolio investments of every investment fund a rating analyst owns. We would further query why this level of detail is required. An analyst is not involved in the security selection process for the investment fund and the administrative burden this would place on DROs far outweighs the potential benefit of including this level of detail. We strongly encourage the

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[3] Clause 2.5 of the IOSCO Code provides that 'a CRA should separate, operationally and legally, its credit rating business and CRA analysts from any other businesses of the CRA, including consulting businesses, that may present a conflict of interest. A CRA should ensure that ancillary business operations which do not necessarily present conflicts of interest with the CRA's rating business have in place procedures and mechanisms designed to minimize the likelihood that conflicts of interest will arise. A CRA should also define what it considers, and does not consider, to be an ancillary business and why'.

[4] Rule 17g-5(b) identifies circumstances in which the receipt of compensation by an NRSRO for services in addition to credit ratings will be a conflict of interest. Pursuant to Rule 17g-5(a), such conflicts are prohibited unless the NRSRO has disclosed the existence of the conflict in its Form NRSRO and has established and is maintaining and enforcing written policies and procedures to address and manage the conflict. With the exception of certain consulting activities prohibited under Rule 17g-5(c)(5), this effectively allows an NRSRO to engage in ancillary businesses so long as the requirements of Rule 17g-5(a)(1) and (a)(2) are met.

[5] The European Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies ("**EU Regulation**") specifies that the credit rating agency may provide services other than the issue of credit ratings (ancillary services) and ensure that the provision of ancillary services does not present conflicts of interest with its credit rating activities (Annex I, Section B(4)).

[6] Although the Australian Securities and Investments Commission mandates compliance with the IOSCO Code for licensed CROs, it has provided an exemption from the requirement for legal separation contained in clause 2.5 of the IOSCO Code.

[7] Clause 30 of the Hong Kong Securities and Futures Commission Code of Conduct for Persons Providing Credit Rating Services makes no reference to legal separation but does provide that 'a CRA should also define what it considers to be an ancillary business and why it cannot reasonably be considered to have the potential to give rise to any conflict of interest with the CRA's credit rating business'.

CSA to use internationally consistent concepts and language[8] and refer to or allow investment in 'diversified collective investment schemes' in both of these sections.

Section 3.18: This section requires that a DRO "must review the past work of ratings employees that leave the employ of the (DRO) and join a rated entity...the ratings employee has been involved in credit rating, or a financial firm which the ratings employee had significant dealings as part of his or her duties at the (DRO)". We do not object to the concept of reviewing the past work of employees who leave the DRO to work for a rated entity, and in fact S&P Ratings Services instituted a 'look-back' policy before it was a regulatory requirement in any jurisdiction. We do, however, suggest that the CSA give consideration to specifying that reviewing the past work of ratings employees is only required if they have been involved in the credit rating or had significant dealings with the financial firm in the past year. Requiring a DRO to review the past work of ratings employees where there has been a significant gap between their involvement with that firm and their departure would impose an excessive burden on the DRO and does not address the perceived conflict this section is trying to address. We suggest that including a time frame of one year would meet the goals of the provision while not adding an excessive burden on DROs.

Section 4.4: This section requires a DRO to disclose certain content in each of its rating reports. Section 4.4(e) requires disclosure of "all significant sources". We suggest that this be amended to "all substantially material sources" for consistency with similar obligations contained in the EU Regulation[9]

Section 4.12: This section requires a DRO to disclose data *every six months* about the historical default rates of its credit rating categories and whether the default rates have changed over time. We wish to highlight that IOSCO Code section 3.8 does not provide a time frame for the frequency of disclosing this information. Similarly, the Hong Kong and proposed Singapore regulatory regimes for CROs do not specify a time frame[10]. S&P Ratings Services currently discloses comprehensive default and transition studies on an annual basis. Requiring more frequent disclosure of this information will add to the administrative burden on DROs. We also wish to draw your attention to statements made by the Committee of European Securities Regulators (CESR) in regard to equivalence assessments where they state they "can accept that the frequency for publication may be different" to every six months[11]. S&P Canada encourages the CSA to require this disclosure annually.

Section 4.14: This section requires a DRO to disclose material modifications to methodologies, models, key credit ratings assumptions and significant systems, resources or procedures prior to their going into effect. We wish to highlight that amendments made by the CSA to this section are internationally inconsistent. The IOSCO Code states that "where feasible and appropriate,

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[8] IOSCO Code clause 2.13(a), Hong Kong Securities and Futures Commission Code of Conduct for Persons Providing Credit Rating Services clause 42(a), the proposed Singapore Monetary Authority of Singapore Code of Conduct for Credit Rating Agencies clause 7.5(a) and EU Regulation at Annex I, Section B, item 3(a).

[9] EU Regulation, Annex I, Section D, I, 2(a)

[10] Hong Kong Securities and Futures Commission Code of Conduct for Persons Providing Credit Rating Services clause 57 and , the proposed Singapore Monetary Authority of Singapore Code of Conduct for Credit Rating Agencies clause 8.14

[11] Committee of European Securities Regulators, Technical Advice to the European Commission on the Equivalence between the Japanese Regulatory and Supervisory Framework and the EU Regulatory Regime for Credit Rating Agencies, paragraph 196, page 36

disclosure must be made prior to their going into effect". Similar language is incorporated in equivalent provisions in the CRO regulatory regimes for Hong Kong and Singapore (as proposed). There may be circumstances where it is not appropriate to disclose material modifications prior to their going into effect, such as where such disclosure may distort the market, or severe market conditions prevent the DRO from providing notification before the changes go into effect. We encourage the CSA to incorporate the IOSCO language "where feasible and appropriate" into this section.

Section 4.21: This section specifies that a DRO must not share confidential information with employees of any affiliate that is not a DRO. We are extremely concerned with this prohibition because we believe it goes too far and does not reflect the global nature of our business. As mentioned above, our individual rating committee decisions can reflect input from a variety of analysts based in different countries. If analysts located outside of Canada are not employed by the DRO, it would prevent the confidential information being shared with them. This could severely limit the ability of the DRO to utilise the worldwide analytical resources of S&P Ratings Services and could impact the analytical quality of the credit ratings. Such a prohibition also seems inconsistent with section 2.27 of Appendix A which allows outsourcing providing it does not materially impair the quality of the DRO's internal controls or the securities regulatory authority's ability to conduct compliance reviews of the DRO's compliance with securities legislation or its code of conduct. We also note that other regulatory regimes permit the use of confidential information in accordance with the terms of any relevant confidentiality agreement.[12] To address our key concerns in connection with this section, and to ensure this section is internationally consistent, we suggest the section be reworded as follows:

> "4.21 A designated rating organization and its DRO employees must not share confidential information entrusted to the designated rating organization with employees of any affiliate that is not a ~~designated~~ *credit* rating organization. A designated rating organization and its DRO employees must not share confidential information within the designated rating organization *or with its affiliates that are credit rating organizations (including the employees of such affiliates)*, except as necessary in connection with the designated rating organization's credit rating functions *and as permitted under any relevant confidentiality agreement*."

DRO Application and Annual Filing

Consistent with our comments above on the need for maintaining the confidentiality of specific information in Form NRSRO, information in Items 12 through 14 of the proposed application and annual filing should automatically and similarly receive confidential treatment.

S&P Canada also wishes to highlight that Item 13(b) requires a DRO to "disclose a list of users of credit rating services whose contribution to the growth rate in the generation of revenue of the applicant in the previous fiscal year exceeded the growth rate in the applicant's total revenue in that year by a factor of more than 1.5 times. Any such user must only be disclosed if, in that year,

[12] Hong Kong Securities and Futures Commission Code of Conduct for Persons Providing Credit Rating Services clause 66 and , the proposed Singapore Monetary Authority of Singapore Code of Conduct for Credit Rating Agencies clause 9.7

such user accounted for more than 0.25% of the applicant's worldwide total revenues." This requirement is unusual and we are aware of no other jurisdiction that requires this information to be filed as part of the application and annual filing.

Proposed Amendments to National Instrument 41-101, 44-101, 51-102

S&P Canada acknowledges that the CSA has taken in account our previous feedback and removed the requirement for an issuer to disclose actual credit rating fees. For completeness, we suggest that section 2 of National Instrument 41-101, 44-101 and 51-102 be amended to specifically state that actual fees paid to CROs are not required to be disclosed. This will ensure that issuers do not inadvertently interpret this section to require disclosure of actual fees.

Proposed National Policy 11-205, Process for Designation of CRO's in multiple Jurisidications

Part 4, section 10 of the proposed policy which outlines the filing materials to be provided with the application for designation as a DRO includes the requirement for a statement from the CRO that the filer "and *any relevant party* is not in default of securities legislation applicable to CROs in any jurisdiction in Canada or in any jurisdiction in which the filer operates". It is not clear who the CSA is targeting by their reference to "any relevant party". We believe the scope of this statement is overly broad and vague and, if the CSA believes any such statement is necessary, that it be limited to the filer, that the legislation in scope be clarified and limited to specific legislation in any jurisdiction in Canada, and that instead of "default", consideration be given to using a commonly understood standard such as "material breach".

Conclusion

We very much wish to continue to play a full and constructive role in assisting the CSA with finalizing a suitable and appropriate approach to regulating CROs in Canada. We hope that there will be further meaningful opportunities for consultation before the regulatory framework is finalized so as to arrive at a result that is practicable, proportionate and meets the needs of the Canadian securities regulators, CROs, the users of credit ratings and the investing public.

We would welcome the opportunity to discuss our comments further with you. Please do not hesitate to contact myself or Rita Bolger, Senior Vice President and Associate General Counsel by phone: + 1-212-438-6602 or by email: rita_bolger@standardandpoors.com.

Respectfully,

Robert Palombi
Director, Fixed Income Research and Office Head Canada (Acting)