



CVM Comissão de Valores Mobiliários

Protegendo quem investe no futuro do Brasil

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Rio de Janeiro, 18 de maio de 2012

Ao Senhor

Erivelto Rodrigues

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Assunto: Levantamento das agências de classificação de risco sobre as disposições do Código de Conduta da IOSCO para as agências de **rating**

Prezado Senhor,

O Comitê Permanente 6 da IOSCO (SC6) está revisando o chamado Código de Conduta para Agências de **Rating** da IOSCO, visto que o atual foi elaborado antes da regulamentação das agências de **rating** em diversas jurisdições e, com isso, visa atualizar o documento, para que permaneça útil aos mercados.

Solicitamos que seja preenchida a tabela em anexo e enviada até o dia 15.08.2012 para o e-mail abaixo referido.

Nesse tocante, uma vez que as respostas serão remetidas àquele organismo internacional, mostra-se importante recebê-las em duas versões, português e inglês, para que a referida agência se resguarde de eventuais falhas de tradução realizadas por terceiros.

Necessitando esclarecimentos adicionais, pedimos entrar em contato com esta Superintendência pelo telefone (21) 3554-8555 ou pelo endereço eletrônico sdm@cvm.gov.br.

Atenciosamente,

FLAVIA MOUTA FERNANDES

Superintendente de Desenvolvimento de Mercado

c/c GIR

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Survey of credit rating agencies on the provisions of the IOSCO Code of Conduct Fundamentals for Credit Rating Agencies (IOSCO Code)

Name of credit rating agency:

Code Provisions	National/Regional Requirements vs. Code Requirements		Code Requirements Review		Details	
<u>Explanatory Notes</u>	<u>Explanatory Notes</u>		<u>Explanatory Notes</u>		<u>Explanatory Notes</u>	
<p>In this column each provision of the IOSCO Code is identified</p>	<p>In this column you are asked to compare the provisions of the IOSCO Code with requirements in the national/regional laws to which you are subject (e.g., statutes, regulations, ordinances). Specifically, indicate whether the IOSCO Code provision is:</p> <p>S – The same or similar to a requirement in an applicable national/regional law in terms of the text of the IOSCO Code provision and the text of the requirement (Note: Do not indicate that a requirement is similar if it does not use substantially the same words as the IOSCO Code provision notwithstanding the fact that it is designed to achieve a similar objective); and/or</p> <p>C – In conflict with a requirement in an applicable national/regional law in that what you believe is expected under the IOSCO Code provision is the opposite or contrary to what is expected under the requirement in the national/regional law.</p> <p>If the provision is the same or similar to a requirement in a national/regional law(s), check the “S” box and in the box immediately to the right identify the jurisdiction(s) where the requirement is in force and the citation(s) to the requirement(s). If the provision is in conflict with a requirement in a national/regional law(s), check the “C” box and in the box immediately to the right identify the jurisdiction(s) where the requirement is in force and the citation(s) to the requirement(s).</p>		<p>In this column you are asked to analyze each provision of the IOSCO Code for certain attributes. Specifically, indicate whether you believe the IOSCO Code provision is:</p> <p>R – Repetitive of another IOSCO Code provision (if so check the “R” box)</p> <p>A – Ambiguous in that it is hard to understand what is expected (if so check the “A” box)</p> <p>O – Outdated in that it requires measures that no longer are the optimum means to achieving the intended objective (if so check the “O” box)</p> <p>T – Obsolete in that it uses terminology that is no longer used in the credit rating agency industry (if so check the “T” box)</p>		<p>In this column you are asked to provide further details with respect to your answers. Specifically:</p> <p>S – For an IOSCO Code provision where “S” is indicated, briefly discuss the following as applicable: (1) if what is expected under the national/regional law is more or less than what you believe is expected under the IOSCO Code provision, explain the difference; and (2) if more than one national/regional law is the same or similar to the IOSCO Code provision and the national/regional competent authorities that administer the laws are interpreting them differently, explain the different interpretations.</p> <p>C – For an IOSCO Code provision where “C” is indicated, briefly discuss how the national/regional law is opposite or contrary to what is expected under the IOSCO Code provision.</p> <p>R – For an IOSCO Code provision where “R” is indicated, briefly discuss how the IOSCO Code provision is repetitive of another IOSCO Code provision.</p> <p>A – For an IOSCO Code provision where “A” is indicated, briefly discuss how the IOSCO Code provision is ambiguous.</p> <p>O – For an IOSCO Code provision where “O” is indicated, briefly discuss how the IOSCO Code provision is outdated and recommend any alternative measures that would better achieve the objective.</p> <p>T – For an IOSCO Code provision where “T” is indicated, briefly discuss how the IOSCO Code provision uses obsolete terminology and recommend any substitute terminology.</p>	

		S	Jurisdiction(s)/ Citation(s) (Same or similar)	C	Jurisdiction(s)/ Citation(s) (In conflict)	R	A	O	T		
1.1	A CRA should adopt, implement and enforce written procedures to ensure that the opinions it disseminates are based on a thorough analysis of all information known to the CRA that is relevant to its analysis										

		S	Jurisdiction(s)/ Citation(s) (Same or similar)	C	Jurisdiction(s)/ Citation(s) (In conflict)	R	A	O	T	
	according to the CRA's published rating methodology.									
1.2	A CRA should use rating methodologies that are rigorous, systematic, and, where possible, result in ratings that can be subjected to some form of objective validation based on historical experience.									
1.3	In assessing an issuer's creditworthiness, analysts involved in the preparation or review of any rating action should use methodologies established by the CRA. Analysts should apply a given methodology in a consistent manner, as determined by the CRA.									
1.4	Credit ratings should be assigned by the CRA and not by any individual analyst employed by the CRA; ratings should reflect all information known, and believed to be relevant, to the CRA, consistent with its published methodology; and the CRA should use people who, individually or collectively (particularly where rating committees are used) have appropriate knowledge and experience in developing a rating opinion for the type of credit being applied.									
1.5	A CRA should maintain internal records to support its credit opinions for a reasonable period of time or in accordance with applicable law.									
1.6	A CRA and its analysts should take steps to avoid issuing any credit analyses or reports that contain misrepresentations or are otherwise misleading as to the general creditworthiness of an issuer or obligation.									
1.7	A CRA should ensure that it has and devotes sufficient resources to carry out high-quality credit assessments of all obligations and issuers it rate. When deciding whether to rate or continue rating an obligation or issuer, it should assess whether it is able to devote sufficient personnel with sufficient skill sets to make a proper rating assessment, and whether its personnel likely will have access to sufficient information needed in order to make such an assessment. A CRA should adopt reasonable measures so that the information it uses in assigning a rating is of sufficient quality to support a credible rating. If the rating involves a type of financial product presenting limited historical data (such as an innovative financial vehicle), the CRA should									

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	make clear, in a prominent place, the limitations of the rating.									
1.7-1	A CRA should establish a review function made up of one or more senior managers with appropriate experience to review the feasibility of providing a credit rating for a type of structure that is materially different from the structures the CRA currently rates.									
1.7-2	A CRA should establish and implement a rigorous and formal review function responsible for periodically reviewing the methodologies and models and significant changes to the methodologies and models it uses. Where feasible and appropriate for the size and scope of its credit rating services, this function should be independent of the business lines that are principally responsible for rating various classes of issuers and obligations.									
1.7-3	A CRA should assess whether existing methodologies and models for determining credit ratings of structured products are appropriate when the risk characteristics of the assets underlying a structured product change materially. In cases where the complexity or structure of a new type of structured product or the lack of robust data about the assets underlying the structured product raise serious questions as to whether the CRA can determine a credible credit rating for the security, CRA should refrain from issuing a credit rating.									
1.8	A CRA should structure its rating teams to promote continuity and avoid bias in the rating process.									
1.9	A CRA should ensure that adequate personnel and financial resources are allocated to monitoring and updating its ratings. Except for ratings that clearly indicate they do not entail ongoing surveillance, once a rating is published the CRA should monitor on an ongoing basis and update the rating by: <ul style="list-style-type: none"> a. regularly reviewing the issuer's creditworthiness; b. initiating a review of the status of the rating upon becoming aware of any information that might reasonably be expected to result in a rating action (including termination of a rating), consistent with the applicable rating 									

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	<p>methodology; and,</p> <p>c. updating on a timely basis the rating, as appropriate, based on the results of such review.</p> <p>Subsequent monitoring should incorporate all cumulative experience obtained. Changes in ratings criteria and assumptions should be applied where appropriate to both initial ratings and subsequent ratings.</p>									
1.9-1	If a CRA uses separate analytical teams for determining initial ratings and for subsequent monitoring of structured finance products, each team should have the requisite level of expertise and resources to perform their respective functions in a timely manner.									
1.10	Where a CRA makes its ratings available to the public, the CRA should publicly announce if it discontinues rating an issuer or obligation. Where a CRA's ratings are provided only to its subscribers, the CRA should announce to its subscribers if it discontinues rating an issuer or obligation. In both cases, continuing publications by the CRA of the discontinued rating should indicate the date the rating was last updated and the fact that the rating is no longer being updated.									
1.11	A CRA and its employees should comply with all applicable laws and regulations governing its activities in each jurisdiction in which it operates.									
1.12	A CRA and its employees should deal fairly and honestly with issuers, investors, other market participants, and the public.									
1.13	A CRA's analysts should be held to high standards of integrity, and a CRA should not employ individuals with demonstrably compromised integrity.									
1.14	A CRA and its employees should not, either implicitly or explicitly, give any assurance or guarantee of a particular rating prior to a rating assessment. This does not preclude a CRA from developing prospective assessments used in structured finance and similar transactions.									
1.14-1	A CRA should prohibit its analysts from making proposals or recommendations regarding the design of structured finance products that a CRA rates.									

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1.15	A CRA should institute policies and procedures that clearly specify a person responsible for a CRA's and a CRA's employees' compliance with the provisions of a CRA's code of conduct and with applicable laws and regulations. This person's reporting lines and compensation should be independent of a CRA's rating operations.									
1.16	Upon becoming aware that another employee or entity under common control with the CRA is or has engaged in conduct that is illegal, unethical or contrary to the CRA's code of conduct, a CRA employee should report such information immediately to the individual in charge of compliance or an officer of the CRA, as appropriate, so proper action may be taken. A CRA's employees are not necessarily expected to be experts in the law. Nonetheless, its employees are expected to report the activities that a reasonable person would question. Any CRA officer who receives such a report from a CRA employee is obligated to take appropriate action, as determined by the laws and regulations of the jurisdiction and the rules and guidelines set forth by the CRA. CRA management should prohibit retaliation by other CRA staff or by the CRA itself against any employees who, in good faith, make such reports.									
2.1	A CRA should not forbear or refrain from taking a rating action based on the potential effect (economic, political, or otherwise) of the action on the CRA, an issuer, an investor, or other market participant.									
2.2	A CRA and its analysts should use care and professional judgment to maintain both the substance and appearance of independence and objectivity.									
2.3	The determination of a credit rating should be influenced only by factors relevant to the credit assessment.									
2.4	The credit rating a CRA assigns to an issuer or security should not be affected by the existence of or potential for a business relationship between the CRA (or its affiliates) and the issuer (or its affiliates) or any other party, or the non-existence of such a relationship.									
2.5	A CRA should separate, operationally and legally, its credit rating business and CRA analysts from any other businesses of the									

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	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.									
2.6	A CRA should adopt written internal procedures and mechanisms to (1) identify, and (2) eliminate, or manage and disclose, as appropriate, any actual or potential conflicts of interest that may influence the opinions and analyses a CRA makes or the judgment and analyses of the individuals a CRA employs who have an influence on ratings decisions. A CRA's code of conduct should also state that the CRA will disclose such conflict avoidance and management measures.									
2.7	A CRA's disclosures of actual and potential conflicts of interest should be complete, timely, clear, concise, specific and prominent.									
2.8	<p>A CRA should disclose the general nature of its compensation arrangements with rated entities.</p> <p>a. Where a CRA receives from a rated entity compensation unrelated to its ratings service, such as compensation for consulting services, a CRA should disclose the proportion such non-rating fees constitute against the fees the CRA receives from the entity for ratings services.</p> <p>b. A CRA should disclose if it receives 10 percent or more of its annual revenue from a single issuer, originator, arranger, client or subscriber (including any affiliates of that issuer, originator, arranger, client or subscriber).</p> <p>c. CRAs as an industry should encourage structured finance issuers and originators of structured finance products to publicly disclose all relevant information regarding these products so that investors and other CRAs can conduct their own analyses independently of the CRA contracted by the issuers and/or</p>									

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	originators to provide a rating. CRAs should disclose in their rating announcements whether the issuer of a structured finance product has informed it that it is publicly disclosing all relevant information about the product being rated or if the information remains non-public.									
2.9	A CRA and its employees should not engage in any securities or derivatives trading presenting conflicts of interest with the CRA's rating activities.									
2.10	In instances where rated entities (e.g., governments) have, or are simultaneously pursuing, oversight functions related to the CRA, the CRA should use different employees to conduct its rating actions than those employees involved in its oversight issues.									
2.11	Reporting lines for CRA employees and their compensation arrangements should be structured to eliminate or effectively manage actual and potential conflicts of interest. a. A CRA's code of conduct should also state that a CRA analyst will not be compensated or evaluated on the basis of the amount of revenue that the CRA derives from issuers that the analyst rates or with which the analyst regularly interacts. b. A CRA should conduct formal and periodic reviews of compensation policies and practices for CRA analysts and other employees who participate in or who might otherwise have an effect on the rating process to ensure that these policies and practices do not compromise the objectivity of the CRA's rating process.									
2.12	A CRA should not have employees who are directly involved in the rating process initiate, or participate in, discussions regarding fees or payments with any entity they rate.									
2.13	No CRA employee should participate in or otherwise influence the determination of the CRA's rating of any particular entity or obligation if the employee: a. Owns securities or derivatives of the rated entity, other than holdings in diversified collective investment schemes;									

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	<p>b. Owns securities or derivatives of any entity related to a rated entity, the ownership of which may cause or may be perceived as causing a conflict of interest, other than holdings in diversified collective investment schemes;</p> <p>c. Has had a recent employment or other significant business relationship with the rated entity that may cause or may be perceived as causing a conflict of interest;</p> <p>d. Has an immediate relation (i.e., a spouse, partner, parent, child, or sibling) who currently works for the rated entity; or</p> <p>e. Has, or had, any other relationship with the rated entity or any related entity thereof that may cause or may be perceived as causing a conflict of interest.</p>									
2.14	A CRA's analysts and anyone involved in the rating process (or their spouse, partner or minor children) should not buy or sell or engage in any transaction in any security or derivative based on a security issued, guaranteed, or otherwise supported by any entity within such analyst's area of primary analytical responsibility, other than holdings in diversified collective investment schemes.									
2.15	CRA employees should be prohibited from soliciting money, gifts or favors from anyone with whom the CRA does business and should be prohibited from accepting gifts offered in the form of cash or any gifts exceeding a minimal monetary value.									
2.16	Any CRA analyst who becomes involved in any personal relationship that creates the potential for any real or apparent conflict of interest (including, for example, any personal relationship with an employee of a rated entity or agent of such entity within his or her area of analytic responsibility), should be required to disclose such relationship to the appropriate manager or officer of the CRA, as determined by the CRA's compliance policies.									
2.17	A CRA should establish policies and procedures for reviewing the past work of analysts that leave the employ of the CRA and join an issuer the CRA analyst has been involved in rating, or a financial firm with which the CRA analyst has had significant dealings as part of his or her duties at the									

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	CRA.									
3.1	A CRA should distribute in a timely manner its ratings decisions regarding the entities and securities it rates.									
3.2	A CRA should publicly disclose its policies for distributing ratings, reports and updates.									
3.3	A CRA should indicate with each of its ratings when the rating was last updated. Each rating announcement should also indicate the principal methodology or methodology version that was used in determining the rating and where a description of that methodology can be found. Where the rating is based on more than one methodology, or where a review of only the principal methodology might cause investors to overlook other important aspects of the rating, the CRA should explain this fact in the ratings announcement, and indicate where a discussion of how the different methodologies and other important aspects factored into the rating decision.									
3.4	Except for "private ratings" provided only to the issuer, the CRA should disclose to the public, on a non-selective basis and free of charge, any rating regarding publicly issued securities, or public issuers themselves, as well as any subsequent decisions to discontinue such a rating, if the rating action is based in whole or in part on material non-public information.									
3.5	<p>A CRA should publish sufficient information about its procedures, methodologies and assumptions (including financial statement adjustments that deviate materially from those contained in the issuer's published financial statements and a description of the rating committee process, if applicable) so that outside parties can understand how a rating was arrived at by the CRA. This information will include (but not be limited to) the meaning of each rating category and the definition of default or recovery, and the time horizon the CRA used when making a rating decision.</p> <p>a. Where a CRA rates a structured finance product, it should provide investors and/or subscribers (depending on the CRA's business model) with sufficient information about its loss and cash-flow analysis so that an investor allowed to</p>									

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	<p>invest in the product can understand the basis for the CRA's rating. A CRA should also disclose the degree to which it analyzes how sensitive a rating of a structured finance product is to changes in the CRA's underlying rating assumptions.</p> <p>b. A CRA should differentiate ratings of structured finance products from traditional corporate bond ratings, preferably through a different rating symbology. A CRA should also disclose how this differentiation functions. A CRA should clearly define a given rating symbol and apply it in a consistent manner for all types of securities to which that symbol is assigned.</p> <p>c. A CRA should assist investors in developing a greater understanding of what a credit rating is, and the limits to which credit ratings can be put to use vis-à-vis a particular type of financial product that the CRA rates. A CRA should clearly indicate the attributes and limitations of each credit opinion, and the limits to which the CRA verifies information provided to it by the issuer or originator of a rated security.</p>									
3.6	When issuing or revising a rating, the CRA should explain in its press releases and reports the key elements underlying the rating opinion.									
3.7	Where feasible and appropriate, prior to issuing or revising a rating, the CRA should inform the issuer of the critical information and principal considerations upon which a rating will be based and afford the issuer an opportunity to clarify any likely factual misperceptions or other matters that the CRA would wish to be made aware of in order to produce an accurate rating. A CRA will duly evaluate the response. Where in particular circumstances the CRA has not informed the issuer prior to issuing or revising a rating, the CRA should inform the issuer as soon as practical thereafter and, generally, should explain the reason for the delay.									
3.8	In order to promote transparency and to enable the market to best judge the performance of the ratings, the CRA, where possible, should publish sufficient information about the historical default rates of CRA									

		S	Jurisdiction(s)/ Citation(s) (Same or similar)	C	Jurisdiction(s)/ Citation(s) (In conflict)	R	A	O	T	
	rating categories and whether the default rates of these categories have changed over time, so that interested parties can understand the historical performance of each category and if and how rating categories have changed, and be able to draw quality comparisons among ratings given by different CRAs. If the nature of the rating or other circumstances make a historical default rate inappropriate, statistically invalid, or otherwise likely to mislead the users of the rating, the CRA should explain this. This information should include verifiable, quantifiable historical information about the performance of its rating opinions, organized and structured, and, where possible, standardized in such a way to assist investors in drawing performance comparisons between different CRAs.									
3.9	For each rating, the CRA should disclose whether the issuer participated in the rating process. Each rating not initiated at the request of the issuer should be identified as such. A CRA should also disclose its policies and procedures regarding unsolicited ratings.									
3.10	Because users of credit ratings rely on an existing awareness of CRA methodologies, practices, procedures and processes, the CRA should fully and publicly disclose any material modification to its methodologies and significant practices, procedures, and processes. Where feasible and appropriate, disclosure of such material modifications should be made prior to their going into effect. A CRA should carefully consider the various uses of credit ratings before modifying its methodologies, practices, procedures and processes.									
3.11	A CRA should adopt procedures and mechanisms to protect the confidential nature of information shared with them by issuers under the terms of a confidentiality agreement or otherwise under a mutual understanding that the information is shared confidentially. Unless otherwise permitted by the confidentiality agreement and consistent with applicable laws or regulations, the CRA and its employees should not disclose confidential information in press releases, through research conferences, to future employers, or in conversations with investors, other issuers,									

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	other persons, or otherwise.									
3.12	A CRA should use confidential information only for purposes related to its rating activities or otherwise in accordance with any confidentiality agreements with the issuer.									
3.13	CRA employees should take all reasonable measures to protect all property and records belonging to or in possession of the CRA from fraud, theft or misuse.									
3.14	CRA employees should be prohibited from engaging in transactions in securities when they possess confidential information concerning the issuer of such security.									
3.15	In preservation of confidential information, CRA employees should familiarize themselves with the internal securities trading policies maintained by their employer, and periodically certify their compliance as required by such policies.									
3.16	CRA employees should not selectively disclose any non-public information about rating opinions or possible future rating actions of the CRA, except to the issuer or its designated agents.									
3.17	CRA employees should not share confidential information entrusted to the CRA with employees of any affiliated entities that are not CRAs. CRA employees should not share confidential information within the CRA except on an "as needed" basis.									
3.18	CRA employees should not use or share confidential information for the purpose of trading securities, or for any other purpose except the conduct of the CRA's business.									
4.1	A CRA should disclose to the public its code of conduct and describe how the provisions of its code of conduct fully implement the provisions of the IOSCO Principles Regarding the Activities of Credit Rating Agencies and the IOSCO Code of Conduct Fundamentals for Credit Rating Agencies. If a CRA's code of conduct deviates from the IOSCO provisions, the CRA should explain where and why these deviations exist, and how any deviations nonetheless achieve the objectives contained in the IOSCO provisions. A CRA should also describe generally how it intends to enforce its code of conduct and should disclose on a timely basis any changes to its code of conduct or how it is implemented and									

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	enforced.									
4.2	A CRA should establish a function within its organization charged with communicating with market participants and the public about any questions, concerns or complaints that the CRA may receive. The objective of this function should be to help ensure that the CRA's officers and management are informed of those issues that the CRA's officers and management would want to be made aware of when setting the organization's policies.									
4.3	A CRA should publish in a prominent position on its home webpage links to (1) the CRA's code of conduct; (2) a description of the methodologies it uses; and (3) information about the CRA's historic performance data.									
	Provide any additional comments on how the IOSCO Code should be revised, including, for example, the format of the code.	Additional Comments:								

-End-