October 31, 2012

In the Matter of
the Securities Legislation of
Ontario
(the Jurisdiction)

and

In the Matter of
the Process for Exemptive Relief Applications in Multiple Jurisdictions

and

In the Matter of
Fitch, Inc.
(the Filer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the Legislation) that:

(a) pursuant to the confidentiality provisions of the Legislation (being subsection 140(2) of the Securities Act (Ontario)),

(i) the information referred to in Item 13 of Form 25-101F1 Designated Rating Organization Application and Annual Filing (Form 25-101F1) be held in confidence (and therefore not available to the public for inspection) for an indefinite period, to the extent permitted by law;

(ii) the information referred to in Item 14 of Form 25-101F1 be held in confidence (and therefore not available to the public for inspection) for an indefinite period, to the extent permitted by law; and

(iii) the information referred to in Item 15 of Form 25-101F1 be held in confidence (and therefore not available to the public for inspection) for an indefinite period, to the extent permitted by law;

(collectively, the Confidentiality Relief); and

(b) pursuant to section 15 of National Instrument 25-101 Designated Rating Organizations (NI 25-101), the Filer be exempted from the requirement in section 11 of NI 25-101, provided that the Filer complies with the procedures set out in
the Fitch Code (as defined below) and described at paragraph 25 of this Decision Document (the Code of Conduct Relief).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a passport application):

(a) the Ontario Securities Commission (the Principal Regulator) is the principal regulator for this application; and

(b) the Filer has provided notice that Section 4.7(1) of Multilateral Instrument 11-102 Passport System (MI 11-102) is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Manitoba, Québec, Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland and Labrador, the Northwest Territories, Yukon and Nunavut (the Passport Jurisdictions).

Interpretation

Terms defined in National Instrument 14-101 Definitions, MI 11-102 or NI 25-101 have the same meanings in this decision, unless otherwise defined herein.

Representations

This decision is based on the following facts represented by the Filer:

1. The Filer is a Delaware corporation with its registered office at 2711 Centerville Road, Suite 400, Wilmington, County of New Castle, State of Delaware and its principal office located at One State Street Plaza, New York, NY, USA.

2. The Filer provides credit rating opinions, research and risk analysis to a broad range of financial institutions, corporate entities, government bodies and various structured finance product groups in North America, Europe, Africa, Australasia and South America.

3. The Filer is a wholly-owned subsidiary of Fitch Group, Inc., a Delaware corporation that is owned 50% each by Fimalac S.A. and Hearst Corporation.

4. The Filer is a Nationally Recognized Statistical Rating Organization (NRSRO) regulated by the SEC, which includes related global offices that issue ratings under the Fitch Ratings global brand. Currently, the Filer, together with its affiliates, rates more than 325,000 different companies and single-purpose vehicles that issue commercial paper, term debt and preferred shares in the global capital markets.

5. As more fully described in its application for designation as a designated rating organization (DRO) and the Designation Order referred to in paragraph 6 hereof, the Filer is in compliance in all material respects with NI 25-101 and the securities legislation applicable to credit rating organizations in each jurisdiction.
in Canada and in any other jurisdiction in which the Filer or its credit rating affiliates operate.

6. In a concurrent decision, the Principal Regulator designated the Filer as a DRO under the Legislation.

The Confidentiality Relief

7. Subsection 14(1) of NI 25-101 requires a DRO to file a completed Form 25-101F1 no later than 90 days after the end of its most recently completed financial year.

8. Item 13 of Form 25-101F1 requires a DRO to disclose information, as applicable, regarding the applicant’s aggregate revenue for the most recently completed financial year including: revenue from determining and maintaining credit ratings, revenue from subscribers, revenue from granting licenses or rights to publish credit ratings, and revenue from all other services and products offered by the DRO. Item 13 of Form 25-101 also provides that the financial information on the revenue of the DRO be divided into fees from credit rating and non-credit rating activities (the Item 13 Information).

9. In the United States, Exhibit 12 to Form NRSRO requires NRSROs to provide “[i]nformation regarding revenues for the fiscal or calendar year ending immediately before the date of the initial application.” Such information is provided for subsequent years pursuant to SEC Rule 17g-3(a)(3) under the Securities Exchange Act of 1934 (1934 Act). However, NRSROs are permitted to provide this information confidentially. Likewise, Regulation (EC) No 1060/2009 of the European Parliament and of the Council, of 16 September 2009, on credit rating agencies (the EU Regulation) provides that such information must be provided annually to the European Securities and Markets Authority (ESMA) but need not be disclosed publicly.

10. Item 14 of Form 25-101F1 requires a DRO to disclose “a list of the largest users of credit rating services of the applicant by the amount of net revenue earned by the applicant attributable to the user during the most recently completed financial year”. It also requires the 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” (the Item 14 Information).

11. In the United States, Exhibit 10 to Form NRSRO requires NRSROs to provide “[a] list of the largest users of credit rating services by the amount of net revenue earned from the user during the fiscal year ending immediately before the date of the initial application”. Such information is provided for subsequent years pursuant to SEC Rule 17g-3(a)(5) under the 1934 Act. However, NRSROs are
permitted to provide this information confidentially. Likewise, the EU Regulation provides that such information must be provided annually to ESMA and to the credit rating organization’s home regulator but need not be disclosed publicly.

12. Public disclosure of the Item 13 Information and/or the Item 14 Information would make that information available to the Filer’s analysts. The Filer believes that confidential treatment of the Item 13 Information and/or Item 14 Information helps to shield this information from the Filer’s analysts, thereby bolstering independence in the rating process by insulating the Filer’s analysts from commercial influences. In addition, some of the Item 13 Information and/or Item 14 Information is competitively sensitive information of the Filer.

13. Item 15 of Form 25-101F1 requires a DRO to attach a copy of the audited financial statements of the applicant, which must include a statement of financial position, a statement of comprehensive income, and a statement of changes in equity, for each of the three most recently completed financial years (the Item 15 Information and, collectively with the Item 13 Information and the Item 14 Information, the Sensitive Information).

14. In the United States, Exhibit 11 to Form NRSRO requires NRSROs to provide “[a]udited financial statements for each of the three fiscal calendar years ending immediately before the date of the initial application.” Such information is provided for subsequent years pursuant to SEC Rule 17g-3(a)(1) under the 1934 Act. However, NRSROs are permitted to provide this information confidentially. The EU Regulation does not have a similar requirement to provide such information on a yearly basis.

15. The Filer is a privately held company that does not publicly issue audited financial statements.

16. Consistent with the requirements applicable to NRSROs under the 1934 Act and the EU Regulation, the Filer proposes to file the Sensitive Information on a confidential basis with the Principal Regulator.

17. Section (4) of the Instructions to Form 25-101F1 provides that an applicant may apply to the securities regulatory authority to hold in confidence portions of Form 25-101F1 which disclose intimate financial, personal or other information.

18. The Sensitive Information constitutes intimate financial, personal or other information related to the credit rating activities of the Filer that is not otherwise publicly available.

19. The Filer believes that none of the Sensitive Information, either individually or in the aggregate, is necessary to understand the remaining information provided in Form 25-101F1.
20. The Filer believes that: (i) the negative implications to the Filer, issuers or an investors relying on a credit rating were the Sensitive Information to be made public outweigh the desirability of adhering to the principle that material filed with the Principal Regulator be available to the public for inspection, and (ii) the disclosure of the Sensitive Information is not necessary in the public interest.

21. The Filer believes that Sensitive Information is not material to an analyst, an issuer or an investor relying on a credit rating and, therefore, there is no prejudice or harm to the public as a result of the Sensitive Information remaining private.

**The Code of Conduct Relief**

22. The Filer has adopted and implemented the Fitch Code of Conduct (the *Fitch Code*), which is designed to be substantially aligned with the International Organization of Securities Commissions Code of Conduct Fundamentals for Credit Rating Agencies and includes provisions adopted to satisfy the requirements of NI 25-101.

23. The Filer has also appointed a compliance officer (the *Chief Compliance Officer*) to fulfill the functions set forth in NI 25-101, including monitoring and assessing compliance by the Filer and its DRO employees with the Fitch Code and the Legislation.

24. Section 11 of NI 25-101 provides that a DRO’s code of conduct must specify that a DRO must not waive provisions of its code of conduct.

25. Section 1.1 of the Fitch Code provides as follows:

“Itch Inc. and each of Fitch Inc.’s subsidiaries including Fitch Ratings Ltd. that issue ratings under the trade name of Fitch Ratings (together “Fitch”) is committed to providing the world’s securities markets with objective, timely, independent and forward-looking credit opinions. Fitch is dedicated to several core principles — objectivity, independence, integrity and transparency. Investor confidence in Fitch’s ratings and research is difficult to win, and easy to lose, and Fitch’s continued success is dependent on that confidence.

Fitch expects all of its employees to act in accordance with the highest standards of personal and professional integrity in all aspects of their activities and to comply with all applicable laws, rules and regulations, and all policies and procedures adopted by Fitch, that govern the conduct of Fitch employees. Each employee is personally responsible for maintaining the highest levels of integrity to preserve the trust and confidence of global investors.
Throughout its history, Fitch has established and implemented policies, procedures and internal controls to ensure the objectivity and integrity of its ratings. Fitch’s Code of Conduct, set forth below (the “Code”), summarizes Fitch’s existing policies and procedures. Any of Fitch’s Chief Executive Officer, Fitch’s President, or any one of his/her respective designees shall be able to interpret this Code and any related policies and procedures and shall be able to approve in writing any exceptions to this Code or any of the related policies and procedures. Notice of all such exceptions shall be provided to the Chief Compliance Officer or his/her designee prior to or at the time the exception is approved.”

26. The Fitch Code, as well as the policies, procedures and internal controls, is consistent in all material respects with the objectives of NI 25-101 and enables the Filer to:

(a) accommodate the global nature of the Filer’s operations;

(b) implement high level principles that govern the conduct of the Filer’s credit rating activities and underlying regulatory requirements in the jurisdictions where the Filer conducts credit rating activities.; and

(c) maintain and enforce globally consistent policies, procedures and internal controls that meet specific jurisdictional requirements, in addition to those which are reflected in the Fitch Code.

27. The Chief Compliance Officer annually reviews and assesses the efficacy of the implementation and enforcement of the Fitch Code.

28. The reporting line of the Chief Compliance Officer is independent of the Filer’s credit rating activities. The Chief Compliance Officer, while serving in such capacity, may not participate in any of the following:

(a) the development of credit ratings, methodologies or models;

(b) the establishment of compensation levels, other than for DRO employees reporting directly to the Chief Compliance Officer.

29. Within 90 days of its most recently completed financial year end, the Filer will deliver on a confidential basis to the Principal Regulator a report outlining any written waiver granted under section 1.1 of the Fitch Code, including a description of the nature of the request and the relevant facts supporting the request.

**Decision**

The Principal Regulator is satisfied that this decision meets the test set out in the Legislation for the Principal Regulator to make this decision.
The decision of the Principal Regulator under the Legislation is that:

(a) the Confidentiality Relief is granted provided that the Sensitive Information, which may be calculated at a global level for the Filer as a whole, is provided to the Principal Regulator on a confidential basis concurrently with the filing of Form 25-101F1 by the Filer; and

(b) the Code of Conduct Relief is granted provided that:

   (i) the Filer complies with the procedures regarding waivers set out in the Fitch Code and described at paragraph 25 of this Decision Document; and

   (ii) the Filer complies with paragraph 29 of this Decision Document.

With respect to the Confidentiality Relief:

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| Ontario Securities Commission | Ontario Securities Commission |
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With respect to the Code of Conduct Relief:

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| Shannon O’Hearn |
| Manager, Corporate Finance |
| Ontario Securities Commission |
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