

POLICY STATEMENT TO REGULATION 25-101 RESPECTING DESIGNATED RATING ORGANIZATIONS**PART 1 INTRODUCTION****Introduction**

Regulation 25-101 respecting Designated Rating Organizations (the Regulation) creates a securities regulatory framework for credit rating organizations. This Policy Statement states the views of the Canadian securities regulatory authorities on various matters related to the Regulation.

Scope

Nothing in the Regulation is to be interpreted as regulating the content of a credit rating or the methodology a credit rating organization uses to determine a credit rating.

PART 2 DESIGNATION OF RATING ORGANIZATIONS**Section 3 Application requirements and additional information**

Section 3 of the Regulation sets out the documents that must be provided in connection with an application for designation. To properly assess an application, securities regulators may request further information, documentation, and access to records. Failure to comply with such a request may result in the application being delayed or refused.

PART 3 CODE OF CONDUCT**Deviations from the IOSCO Code**

Although a designated rating organization's code of conduct may deviate from the provisions of the IOSCO Code, section 7 of the Regulation provides that a code of conduct must also specify that a designated rating organization must not waive provisions of its code of conduct. The purpose of section 7 is to ensure that the behaviour and conduct publicly articulated in a code of conduct actually reflects the behaviour and conduct within a designated rating organization.

PART 4 ADDITIONAL MINIMUM REQUIREMENTS**Section 8 Conflict of Interest**

The prohibited conflicts listed in section 8 of the Regulation are not intended to be exhaustive, or to supersede a designated rating organization's obligation to ensure compliance with its code of conduct, which must address the various conflict of interest provisions referred to in the IOSCO Code.