

For Immediate Release

March 29, 2018

**Canadian securities regulators publish amendments relating to designated rating organizations**

**Toronto** – The Canadian Securities Administrators (CSA) today published final rule amendments and policy changes relating to designated rating organizations (DROs) and credit ratings of DROs.

The amendments relate to an application by Kroll Bond Rating Agency, Inc. (Kroll) for designation as a DRO. The CSA has amended National Instrument 44-101 *Short Form Prospectus Distributions* and National Instrument 44-102 *Shelf Distributions* to recognize the credit ratings of Kroll, but only for the purposes of the alternative eligibility criteria for issuers of asset-backed securities to file a short-form prospectus or shelf prospectus, respectively. The amendments also address other matters. Provided all necessary Ministerial approvals are obtained, the amendments will be in effect on June 12, 2018.

Subject to confirmation and completion of certain matters, staff expect that Kroll will be designated as a DRO for purposes of the alternative eligibility criteria when the amendments come into effect.

The notice of amendments also provides an update on proposed amendments to National Instrument 25-101 *Designated Rating Organizations* (NI 25-101) that were published for comment on July 6, 2017. The proposed amendments to NI 25-101 were meant to reflect new European Union (EU) requirements for credit rating organizations, to ensure the EU continued to recognize the Canadian regime for DROs as “equivalent” for regulatory purposes after these new requirements go into effect on June 1, 2018. Subsequently, the European Securities and Markets Authority (ESMA) published final guidance in November 2017 which indicates that since the existing DROs in Canada are only relying on the EU “endorsement” regime, the CSA does not have to finalize the amendments to NI 25-101 before the EU equivalency deadline of June 1, 2018. The CSA has asked ESMA for a formal decision on this matter.

Consequently, the CSA is still considering the comments received during the comment period and plans to delay the amendments to NI 25-101 until a later date in 2018. Those amendments to NI 25-101 would be required in order for the Canadian regime for DROs to be recognized within the EU “equivalence/certification” regime.

The notice of amendments can be found on CSA [members’ websites](#).

The CSA, the council of the securities regulators of Canada’s provinces and territories, co-ordinates and harmonizes regulation for the Canadian capital markets.

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