



16th April, 2010

Via E-Mail

Secretariat of the Basel Committee on Banking Supervision
Bank for International Settlements
CH-4002 Basel, Switzerland

Re: Consultative Document “Strengthening the resilience of the banking sector”

Dear Sir/Madam,

Rating and Investment Information, Inc. (“R&I”) appreciates the opportunity to comment on the Basel Committee on Banking Supervision’s (the “Committee”) Consultative Document “Strengthening the resilience of the banking sector”.

Paragraph 196 states that;

2. Eligibility criteria

- ***International access/Transparency:*** The individual assessments, *the key elements underlining the assessments and whether the issuer participated in the assessment process* should be *publicly available on a non-selective basis, unless they are private assessments provided only to the issuer*. In addition, the general *procedures, methodologies and assumptions for arriving at assessments* used by the ECAI should be publicly available.

In practice, credit ratings which are not disclosed to the public (the “private ratings”) are usually used for private debt offerings. The issuer or the arranger obtains credit ratings for private debt offerings and shows such private ratings to a limited number of investors considering to purchase such private debt securities. If the public disclosure requirement is exempted only for “private assessments provided only to the issuer”, such private debt offerings mechanism would not work at all.

Article 3.4 of the IOSCO code of conduct states that “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, ***”. However, the proposed language of the eligibility criteria above does not limit the scope of the disclosure requirement to “publicly issued securities, or public issuers themselves”, therefore would apply to private offerings as well.

In addition, the principle of the IOSCO code of conduct is “comply or explain”, as is clearly stated in its Article 4.1. Therefore deviations are allowed, where necessary for a credit rating agency, so long as it explains the reasons for the deviation and alternative measures to effectively achieve the objectives of the provisions of the IOSCO code of conduct. However, the ECAI eligibility criteria are mandatory, and are applied to all the credit rating agencies seeking to be recognized as ECAIs without exception. The proposed language would effectively forbid credit rating agencies seeking to be recognized as ECAIs to assign credit ratings to private debt offerings.

Therefore, R&I respectfully requests that the Committee amend the proposed criteria so that the exemption apply to “private assessments provided to the issuer and others”, or the disclosure requirement only apply to “publicly issued securities, or public issuers themselves”.

Please do not hesitate to contact me (htanaka@r-i.co.jp) or Mr. Masahiro Kambe (mkambe@r-i.co.jp) with any questions you might have.

Thank you.

Sincerely yours,



Hidetaka Tanaka
Senior Executive Managing Director
Rating and Investment Information, Inc.