



Decide with Confidence

August 20, 2010

By Mail and fax: (852) 2501 0375
Licensing Department
Securities and Futures Commission
8/F Chater House
8 Connaught Road Central
Hong Kong

RE: Comments on Consultation Paper Concerning the
Regulatory Oversight of Credit Rating Agencies

To Whom It May Concern:

Dun & Bradstreet Hong Kong (D&BHK) is a commercial credit reference (or reporting) agency that operates in Hong Kong. We are a part of The Dun & Bradstreet Corporation, the world's largest commercial credit reporting company with information on over 160 million companies worldwide. We respectfully submit the following comments on the Consultation Paper Concerning the Regulatory Oversight of Credit Rating Agencies (the "Consultation Paper").

We understand that the objectives of this regulatory initiative are not intended to cover the activities of consumer or commercial credit reference (or reporting) agencies, and we believe that the exclusions found in the draft definition of "providing credit rating services" largely describe the work that we, as a commercial credit reporting company, do. We do, however, have a concern that the definition of "credit ratings," which refers, in part, to "opinions, expressed using a defined ranking system, primarily regarding the creditworthiness of . . . a person other than an individual. . . ." could be construed to unintentionally cover those aspects of our business in which we provide capital and credit ratings (essentially composite scores that measures the relative size of businesses and how they generally pays their bills) or scores that predict future trade delinquency or business failure. Accordingly, we would like to propose two modest changes to the draft definitions found in Appendix A of the Consultation Paper that, if made, would clearly differentiate what we do from what is done by credit rating agencies. Those changes can be found on Appendix 1 to this letter.

Thank you in advance for your courtesies and we remain available to assist you in any way possible as you complete your development of these regulations.



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Attachment 1

**Suggested Changes to the Draft Definitions
for Inclusion in Part 2 of Schedule 5 of the SFO**

“credit ratings” means opinions, expressed using a defined ranking system, primarily regarding the creditworthiness of a person other than an individual with respect to:

- (a)
debt securities; or
an agreement to provide credit;

“debt securities” means debenture stock, loan stock, debentures, bonds, notes, indexed bonds, convertible debt securities, bonds with warrants, non-interest bearing debt securities, preferred securities and other securities or instruments acknowledging, evidencing or creating indebtedness;

“providing credit rating services” means preparing credit ratings for:

- (a) dissemination to the public, whether in Hong Kong or elsewhere, or with a reasonable expectation that they will be so disseminated; or
- (b) distribution by subscription, whether in Hong Kong or elsewhere, or with a reasonable expectation that they will be so distributed,

but does not include-

- (i) preparing, pursuant to an individual order, a credit rating which is exclusively prepared for, and provided to, the person who placed the order and which is neither intended for dissemination to the public or distribution by subscription, whether in Hong Kong or elsewhere, nor reasonably expected to be so disseminated or distributed;
- (ii) gathering, collating, analyzing or distributing information concerning the credit history or creditworthiness of commercial enterprises; or
- (iii) the preparation, dissemination or distribution of credit ratings by any such person or class of persons as [the Commission / the Financial Secretary] may specify by notice published in the Gazette;