

October 31, 2012

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

and

**In the Matter of
the Process for Designation of Credit Rating Organizations in Multiple
Jurisdictions**

and

**In the Matter of
DBRS Limited
(the Filer or DBRS Canada)**

DESIGNATION ORDER

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 the Filer be designated as a Designated Rating Organization (the **Designation Order**), as contemplated by National Instrument 25-101 *Designated Rating Organizations* (**NI 25-101**). The principal regulator in the Jurisdiction has also received an application from the Filer for a decision under the Legislation exempting the Filer from certain provisions of NI 25-101 and is issuing such decision concurrently.

Under the Process for Designation of Credit Rating Organizations in Multiple Jurisdictions (for a passport application):

- (a) the Ontario Securities Commission (the **Commission**) is the principal regulator (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:

The Filer

1. The Filer is a corporation governed by the *Business Corporations Act* (Ontario) with its registered and principal offices located in Toronto, Ontario.
2. The Filer provides credit rating opinions to a broad range of financial institutions, corporate entities, government bodies and various structured finance product groups in North America, Europe, Australasia and South America.
3. Affiliates of DBRS Canada are incorporated in the United States of America (US) and in the European Union (EU) as follows:
 - (a) DBRS, Inc. (**DBRS US**), an affiliate of DBRS Canada, is a corporation existing under the laws of Delaware. DBRS US is registered with the SEC as a nationally recognized statistical rating organization (**NRSRO**), and DBRS Canada is a credit rating affiliate (as that term is defined in SEC Form NRSRO) of DBRS US;
 - (b) DBRS Ratings Limited (**DBRS UK**), an affiliate of DBRS, is a company incorporated in England and Wales and is a registered credit rating agency in the EU. As DBRS UK is not an NRSRO credit rating affiliate, it is not included in the Filer's Form NRSRO.

DBRS US and DBRS UK are hereinafter collectively referred to as the **Affiliates**.

4. The Filer is privately owned and operated and is not a reporting issuer. Currently, the Filer, together with the Affiliates, rates more than 1,000 different companies and single-purpose vehicles that issue commercial paper, term debt and preferred shares in the global capital markets.

5. The Filer has established a board of directors (the **Board**) for each of DBRS Canada, DBRS U.S. and DBRS UK. In addition to two DBRS executive management directors, each Board includes two non-executive independent directors. At least two members of the Board (including one independent member) have in-depth knowledge and experience at a senior level regarding the markets for securitized products.
6. On April 20, 2012, NI 25-101 came into force in the Jurisdiction and in each Passport Jurisdiction, except Saskatchewan where NI 25-101 came into force on August 15, 2012.
7. In light of the provisions of NI 25-101, the Filer concluded that it needed to amend and implement its *Business Code of Conduct for the DBRS Group of Companies* (the “**Business Code**”) and revise its policies, procedures and internal controls (collectively, the **Policies**), where necessary, in order to be compliant in all material respects with NI 25-101.

The April 30th Designation Order

8. The Commission granted a designation order on April 30, 2012 (the **April 30th Designation Order**), which designated the Filer as a Designated Rating Organization and exempted the Filer from the application of NI 25-101 for a specific term, provided that:
 - (a) the Filer is in compliance in all material respects with U.S. federal securities law applicable to NRSROs and their credit rating affiliates; and
 - (b) the Filer files with the Commission copies of all documents the NRSRO is required to provide under the 1934 Act, at the same time as, or as soon as practicable after, the NRSRO provides those documents to the SEC, subject in all cases to satisfactory resolution prior to filing of any issues regarding confidentiality of materials filed with the SEC on a confidential basis.
9. The April 30th Designation Order also provided a transition period to allow the Filer to review and amend, if necessary, its Business Code and Policies in order to be compliant in all material respects with NI 25-101.
10. The April 30th Designation Order will terminate on the earlier of (i) the date of the coming into force of any designation order or ruling under the securities legislation of any jurisdiction of Canada that amends the April

30th Designation Order or provides an alternate designation order pursuant to NI 25-101, and (ii) October 31, 2012.

11. The Filer is in compliance in all material respects with the April 30th Designation Order.

The Filer's Compliance with NI 25-101

12. Upon being designated, the Filer will adopt and implement an amended Business Code which reflects adherence to the International Organization of Securities Commissions Code of Conduct Fundamentals for Credit Rating Agencies (the **IOSCO Code**) and which has been revised to satisfy the requirements of NI 25-101.
13. The Filer has also implemented a range of globally applicable Policies that are designed to achieve the objectives set out in the IOSCO Code and/or satisfy regulatory requirements that the Filer implements globally.
14. The Filer has established the Board to assume the responsibility for performing the functions prescribed by Part 3 of NI 25-101 and sections 2.22 through 2.25 of Appendix A of NI 25-101.
15. The Filer has appointed a designated compliance officer to fulfill the functions prescribed by Part 5 of NI 25-101.
16. Upon being designated, the Filer will also adopt and implement additional Policies (the **Additional Policies**), as necessary, in order to, in part, satisfy the requirements of NI 25-101.
17. The Business Code, the Policies and the Additional Policies are consistent in all material respects with the objectives of NI 25-101 and will enable the Filer to:
 - (a) accommodate the global nature of the Filer's operations;
 - (b) ensure the objectivity and integrity of its credit ratings and the transparency of its operations; and
 - (c) meet specific jurisdictional requirements, in addition to those which are reflected in the Business Code.
18. 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 the Affiliates operate.

19. Upon being designated as a Designated Rating Organization, the Filer will be subject to the requirements set out in the Legislation and the securities legislation in each of the Passport Jurisdictions.

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 Filer is designated as a Designated Rating Organization under the Legislation; and
- (b) each of DBRS US and DBRS UK are designated as DRO affiliates.

Ontario Securities Commission

Ontario Securities Commission