

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934

Release No. 76261 / October 26, 2015

ADMINISTRATIVE PROCEEDING

File No. 3-16922

In the Matter of

DBRS, Inc.

Respondent.

**ORDER INSTITUTING ADMINISTRATIVE
AND CEASE-AND-DESIST PROCEEDINGS,
PURSUANT TO SECTIONS 15E(d) AND 21C
OF THE SECURITIES EXCHANGE ACT OF
1934, MAKING FINDINGS, AND IMPOSING
REMEDIAL SANCTIONS AND A CEASE-
AND-DESIST ORDER**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Sections 15E(d) and 21C of the Securities Exchange Act of 1934 (the “Exchange Act”) against DBRS, Inc. (“DBRS” or “Respondent”).

II.

In anticipation of the institution of these proceedings, DBRS has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over it and the subject matter of these proceedings, which are admitted, DBRS consents to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings, Pursuant to Sections 15E(d) and 21C of the Exchange Act, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (“Order”), as set forth below.

III.

On the basis of this Order and DBRS's Offer, the Commission finds¹ that:

SUMMARY

1. DBRS is a nationally recognized statistical rating organization ("NRSRO") that provides initial credit ratings and conducts ratings surveillance of, among other securities, U.S. residential mortgage backed securities ("RMBS") and re-securitized real estate mortgage investment conduits ("Re-REMICs"). DBRS filed with the Commission annual certifications of its NRSRO application which stated, in part, that the firm would update its rating methodologies as necessary, and publicly disclose certain changes.

2. DBRS represented in its published April 2009 U.S. RMBS Surveillance Methodology ("2009 Surveillance Methodology") that DBRS would monitor each of its outstanding RMBS and Re-REMIC credit ratings by conducting a three-step quantitative analysis that utilized certain assumptions concerning the performance of the collateral for those securities. DBRS represented that "[a]s part of the surveillance process, each outstanding rating is reviewed by a rating committee on a monthly basis or more frequently, as circumstances warrant."² The 2009 Surveillance Methodology further represented that certain of the assumptions DBRS used to surveil its RMBS and Re-REMIC ratings would be updated to reflect market trends and that any changes to the assumptions would be disclosed on the firm's website before they were used.

3. DBRS's actual surveillance of its outstanding RMBS and Re-REMIC ratings materially differed from the process described in the 2009 Surveillance Methodology. First, DBRS did not perform all three steps of the disclosed quantitative analysis monthly. For RMBS transactions, DBRS performed only the first step, reviewing monthly remittance or performance data to identify underperforming loan pools, on a monthly basis. DBRS reviewed Re-REMIC transactions far less frequently due to their complexity and DBRS's lack of surveillance resources necessary to analyze Re-REMIC performance. DBRS performed the second and third steps of the quantitative analysis—deriving expected losses and running cash flow analyses—only when a surveillance rating committee would be convened, which was not monthly. DBRS did not have adequate staffing and technological resources to conduct monthly the second and third surveillance steps for each outstanding rating as called for in the surveillance methodology.

4. DBRS did not present each outstanding RMBS and Re-REMIC rating to a surveillance committee on a monthly basis as represented in the methodology. When DBRS convened a surveillance committee, it only reviewed a limited subset of all of DBRS's RMBS and Re-REMIC ratings outstanding at the time, not all ratings as described in the 2009 methodology.

¹ The findings herein are made pursuant to Respondent's Offer and are not binding on any other person or entity in this or any other proceeding.

² DBRS convenes rating committees to determine ratings on newly issued securities as well as to monitor the firm's outstanding ratings on those securities. A committee convened to review outstanding ratings is referred to herein as a "surveillance committee."

5. A few months after it published the 2009 Surveillance Methodology, DBRS updated many of the loss severity assumptions, which were DBRS's estimates of the severity of loss in the event of borrowers defaulting on the mortgage loans that served as the collateral for the RMBS and Re-REMIC securities. DBRS made the loss severity assumptions more conservative to reflect the deterioration of the housing market at the time. Some of the changes to the loss severity assumptions resulted in material changes to certain ratings implied by DBRS's quantitative analysis. DBRS did not disclose publicly, as it represented in the methodology, the material updates to its surveillance assumptions until January 2011, after Staff from the SEC's Office of Compliance Inspections and Examinations raised the lack of disclosure of those updates with the firm.

6. DBRS did not amend its NRSRO application promptly to disclose that it had materially updated the loss severity assumptions that it used for surveillance. It also did not disclose that it did not surveil monthly its RMBS and Re-REMIC ratings as represented in its 2009 Surveillance Methodology.

7. In its 2010, 2011, and 2012 NRSRO Annual Certifications (the "Annual Certifications"), DBRS generally described its ratings and surveillance methodologies and referred the public to the methodologies posted on its website for a more detailed description of the initial ratings and surveillance processes. DBRS, in describing its U.S. RMBS surveillance methodology, did not disclose that it did not surveil its outstanding RMBS and Re-REMIC ratings according to the 2009 Surveillance Methodology and that it had materially updated the loss severity assumptions used in the 2009 Surveillance Methodology.

8. DBRS did not maintain adequate financial and managerial resources to surveil its outstanding RMBS and Re-REMIC ratings according to its 2009 Surveillance Methodology.

9. Lastly, in July and August 2010, DBRS downgraded 1,413 RMBS ratings, but did not make and retain a record of the rationale for material differences between ratings implied by the firm's quantitative model and the rating issued for 147 of those ratings downgrades.

RESPONDENT

10. DBRS, Inc. is a Delaware corporation headquartered in New York, New York and has been registered with the Commission as an NRSRO since 2007.

FACTS

11. DBRS publishes methodologies that describe the process by which it conducts surveillance of its outstanding U.S. RMBS ratings. In August 2008, DBRS published its U.S. RMBS Surveillance Methodology ("2008 Surveillance Methodology" and collectively with the 2009 Surveillance Methodology, the "2008 and 2009 Surveillance Methodologies"). In April 2009, DBRS revised that methodology and announced the updated 2009 Surveillance Methodology in a press release and posted it on the firm's website. DBRS management helped

draft and review the 2008 and 2009 Surveillance Methodologies and also approved the use and publication of the methodologies.

12. DBRS represented in the 2009 Surveillance Methodology that “each outstanding rating is reviewed by a rating committee on a monthly basis or more frequently, as circumstances warrant.” That language, however, did not accurately reflect DBRS’s surveillance practices.

13. The 2009 Surveillance Methodology represented that analysts would surveil each of DBRS’s outstanding RMBS and Re-REMIC ratings by following a three-step quantitative analysis that utilized certain performance assumptions. The 2009 Surveillance Methodology represented that the quantitative analysis for each of the firm’s RMBS and Re-REMIC ratings would then be reviewed by a surveillance committee monthly, or more frequently if circumstances warranted. The surveillance process also encompassed a review of qualitative factors.

14. The 2009 Surveillance Methodology further stated that certain of the assumptions that DBRS used to surveil its RMBS and Re-REMIC ratings would be updated to reflect market trends and that any changes to the assumptions would be disclosed on the firm’s website prior to implementation.

15. While the 2009 Surveillance Methodology was in effect, DBRS did not surveil its outstanding RMBS and Re-REMIC ratings according to that methodology. DBRS did not apply the three-step quantitative process to each outstanding RMBS and Re-REMIC rating on a monthly basis, as represented.

16. Between April 2009 and February 2011, DBRS employed only one analyst who was principally responsible for the majority of surveillance tasks for the firm’s outstanding RMBS and Re-REMIC ratings, which numbered over 5,000. For most of DBRS’s outstanding RMBS ratings, the surveillance analyst reviewed the RMBS pool performance information monthly. While the analyst flagged under-performing RMBS pools for further review, the additional analytical steps were not completed until the analyst’s supervisors decided to convene a surveillance committee, which in many cases was months later.

17. The DBRS surveillance analyst did not perform an analysis of the individually-rated RMBS tranches within the pools on a monthly basis. Such an analysis required DBRS to run cash flows on the individually-rated tranches. The cash flows were prepared only for the surveillance committee meetings, which did not occur monthly. From April 13, 2009, when DBRS published the 2009 Surveillance Methodology, until January 26, 2012, DBRS convened ten surveillance committee meetings to review outstanding RMBS and Re-REMIC ratings.

18. DBRS did not monitor the performance of Re-REMICs on a monthly basis due to the lack of adequate staffing and technological resources at DBRS to surveil them. The DBRS surveillance analyst tasked with surveilling outstanding Re-REMIC ratings lacked the experience and expertise necessary to adequately do so and the firm did not have in place computer systems to help with Re-REMIC surveillance. Thus, the DBRS surveillance analyst only surveilled Re-REMIC ratings when his/her supervisors or personnel from DBRS’s rating group suggested that he/she monitor certain vintages and types.

19. From April 2009 to February 2011, when DBRS's surveillance analyst left the firm, he/she was unable to complete the entire three-step surveillance process for each of the firm's outstanding RMBS and Re-REMIC ratings each month. The analyst regularly raised his/her concerns about the lack of sufficient resources to conduct adequate surveillance with his/her supervisor. The supervisor, in turn, conveyed those concerns to the firm's senior management which did not initially authorize the hiring of additional personnel for RMBS and Re-REMIC surveillance.

20. As early as February 2011, DBRS's executive committee was made aware that DBRS was not surveilling its outstanding RMBS and Re-REMIC ratings according to its 2009 Surveillance Methodology. However, DBRS did not publicly disclose to investors at that time that it was not surveilling its outstanding ratings according to that methodology, which was in effect until January 2012, when DBRS published a new surveillance methodology;³ nor did DBRS take action to surveil each outstanding RMBS and Re-REMIC rating according to the 2009 Surveillance Methodology.

21. On a monthly basis, DBRS published a Performance Analytic Report ("PAR") that contained the monthly remittance information for the collateral pools of the RMBS within which DBRS rated certain tranches. Until May 2010, the PAR reproduced DBRS's current credit rating for tranches within those RMBS that the firm rated. Based on the 2009 Surveillance Methodology and the monthly PARs (until May 2010), investors could reasonably have believed that DBRS had conducted the monthly surveillance as represented in the methodology, and that the ratings indicated in the PAR were the result of that analysis and a review by a surveillance committee. However, the PARs that contained ratings only restated DBRS's outstanding ratings, which were the result of the initial rating or a surveillance committee decision at some point in the past, not the product of a monthly surveillance committee review as described in the 2009 Surveillance Methodology.

22. In July 2009, DBRS updated almost all of the loss severity assumptions for the mortgage pool types and vintages that served as collateral for the RMBS and Re-REMIC securities the firm rated. Some of the loss severity assumptions changes had a material impact on a significant number of the cash flow results for RMBS tranches that DBRS rated. The following is a chart showing the loss severity assumptions published in the April 2009 Surveillance Methodology and DBRS's July 2009 updates to those assumptions:

³ In January 2012, DBRS published a new surveillance methodology. That methodology stated, in part, that DBRS would present outstanding RMBS and Re-REMIC ratings to a surveillance committee at least annually.

DBRS Loss Severity Assumptions													
	April 2009						July 2009						
Vintage	Sub-prime	Alt-A	Prime	HELOC	Option ARM	Second Lien	Sub-prime	Alt-A	Prime	HELOC	Option ARM	Second Lien	
2008	55%	50%	45%	100%	65%	100%	70%	55%	50%	100%	60%	100%	
2007	60%	55%	50%	100%	70%	100%	75%	60%	55%	100%	65%	100%	
2006	55%	50%	45%	100%	65%	100%	75%	60%	50%	100%	65%	100%	
2005	45%	45%	35%	100%	55%	100%	70%	55%	45%	100%	60%	100%	
2004	45%	45%	30%	100%	55%	100%	65%	55%	45%	100%	55%	100%	
2003 & earlier	40%	40%	25%	100%	50%	100%	60%	50%	40%	100%	55%	100%	
<=2002	40%	40%	25%	100%	50%	100%	55%	45%	35%	100%	55%	100%	
Second Lien	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	

23. Despite the representation contained in the 2009 Surveillance Methodology that any “updates to assumptions will be disclosed on the DBRS website prior to implementation,” DBRS did not disclose the loss severity assumption updates because the surveillance group was not familiar with the aforementioned representation in that methodology. Further, DBRS’s compliance department did not review the firm’s Surveillance Methodology to determine whether the firm was adhering to that methodology.

24. The 2009 instructions to Form NRSRO stated that “An Applicant/NRSRO may provide in Exhibit 2 the location on its Web site where additional information about the procedures and methodologies is located.” Pursuant to those instructions, DBRS stated at least four times in the Exhibits 2 to the Annual Certifications that its methodologies were located on its website.

25. In the Exhibits 2 to the Annual Certifications, DBRS also represented that its methodologies were reviewed and updated, as necessary, on a regular basis. DBRS further represented that it would advise the public of certain changes to its methodologies. DBRS made that representation in the Annual Certifications even though it had already materially changed the 2009 Surveillance Methodology when it updated the loss severity assumptions in July 2009 and even though it did not conduct monthly surveillance committee meetings as described in that methodology.

26. DBRS also did not state in its Annual Certifications that it did not conduct surveillance of its outstanding RMBS and Re-REMIC ratings in accordance with the 2009 Surveillance Methodology and that it had updated the loss severity assumptions, and, therefore, the 2009 Surveillance Methodology that it posted on its website was materially inaccurate.

27. DBRS’s quantitative model was a substantial component of its rating process. In July and August 2010, DBRS downgraded 1,413 RMBS ratings and 147 of those ratings were materially different from the ratings implied by DBRS’s quantitative model. However, DBRS did not make and retain a record of the rationale for the material differences between the credit rating implied by DBRS’s quantitative model and the final credit rating issued.

VIOLATIONS

28. Section 15E(d) of the Exchange Act provides that the Commission shall, by order, censure, place limitations on, suspend, or revoke the registration of any NRSRO if the Commission finds that such action is necessary for the protection of investors and in the public interest and that the NRSRO has, among other things, “fail[ed] to maintain adequate financial and managerial resources to consistently produce credit ratings with integrity” (Section 15E(d)(1)(E)).

29. Pursuant to Sections 15E(a)(1)(A) and (a)(1)(B)(ii) of the Exchange Act, a credit rating agency that elects to be treated as an NRSRO “shall furnish to the Commission an application for registration, in such form as the Commission shall require” containing among other information, “the procedures and methodologies that [the NRSRO] uses in determining credit ratings.”

30. By failing to amend its application, DBRS violated Section 15E(b)(1) of the Exchange Act and Rule 17g-1(e) thereunder, which require NRSROs to promptly amend such application “if any information or document provided therein becomes materially inaccurate.”

31. By making material misstatements and omissions in its Annual Certifications, DBRS violated Section 15E(b)(2) of the Exchange Act and Rule 17g-1(f) thereunder, which require NRSROs, “not later than 90 days after the end of each calendar year,” to file with the Commission an amendment to its registration “certifying that the information and documents in the application for registration . . . continue to be accurate” and list “any material change that occurred to such information or documents during the previous calendar year.”

32. As a result of the conduct described above, DBRS violated Section 15E(c)(3)(A) of the Exchange Act, which requires NRSROs to “establish, maintain, enforce, and document an effective internal control structure governing the implementation of and adherence to policies, procedures, and methodologies for determining credit ratings.”

33. As a result of the conduct described above, DBRS violated Section 15E(d)(1)(E) of the Exchange Act by failing to “maintain adequate financial and managerial resources to consistently produce credit ratings with integrity.”

34. As a result of the conduct described above, DBRS violated Section 17(a) of the Exchange Act and Rule 17g-2(a)(2)(iii) thereunder, which require NRSROs to make and retain “a record of the rationale for any material difference between the credit rating implied by” a quantitative model and the final credit rating issued for ratings of a security or money market instrument issued by an asset pool or as part of any asset-backed securities transaction, if the model was a substantial component in the process for determining the credit rating.

UNDERTAKINGS

DBRS has undertaken to:

35. DBRS, within thirty (30) days after the entry of this Order, will retain the services of an independent consultant (the “Independent Consultant”) that is not unacceptable to the staff of the U.S. Securities and Exchange Commission’s Division of Enforcement and Office of Credit Ratings (“Staff”). The Independent Consultant’s compensation and expenses shall be borne exclusively by DBRS. Before DBRS retains the Independent Consultant, it will provide to the Staff a copy of the engagement letter detailing the Independent Consultant’s responsibilities, which shall include the audit and reviews that the Independent Consultant shall make as described in this Order, together with an opportunity for the Staff to review the engagement letter and provide comments.

36. DBRS shall require that the Independent Consultant perform the following duties: (1) complete an audit of DBRS’s U.S. RMBS⁴ and U.S. asset-backed securities (“ABS”) rating methodologies and models that the Staff will identify to DBRS and the Independent Consultant (these methodologies and models referenced are collectively referred to herein as the “Audit Sample”), to determine whether the firm is issuing and surveilling ratings in accordance with the current versions of those methodologies and models, except that, with regard to the U.S. RMBS rating methodologies and models, the audit shall include all versions of the methodologies and models in effect on January 1, 2013 or subsequently; and (2) conduct a review and make recommendations to DBRS concerning the findings of the Independent Consultant’s audit and (i) the firm’s internal controls with respect to the approval and publication of rating methodologies, including surveillance and models, as well as adherence to those methodologies and models; (ii) its staffing levels with respect to U.S. RMBS and U.S. ABS; (iii) its documentation of its rating activities including the development and revision of methodologies and models for U.S. RMBS ratings and surveillance; (iv) its document retention policy and practices; and (v) its compliance program.

37. DBRS shall require the Independent Consultant, within one hundred eighty (180) days after the entry of this Order, to submit a written and dated report of its findings (the “Report”) to DBRS’s board of directors and senior management and the Staff. DBRS shall require that the Report include a description of the review performed, the names of the individuals who performed the review, the results of the audit of the Audit Sample, as well as the Independent Consultant’s conclusions and recommendations concerning (i) the firm’s internal controls with respect to the approval and publication of rating methodologies, including surveillance and models, as well as adherence to those methodologies and models; (ii) its staffing levels with respect to U.S. RMBS and U.S. ABS; (iii) its documentation of its rating activities including the development and revision of methodologies and models for U.S. RMBS ratings and surveillance; (iv) its document retention policy and practices; and (v) its compliance program. DBRS shall have a reasonable opportunity to comment on the Independent Consultant’s review and proposed report prior to its submission to the Staff, including a reasonable opportunity to comment on any and all conclusions

⁴ “RMBS” as used in these Undertakings includes both RMBS and Re-REMICs.

and recommendations. In addition, DBRS may request that the Independent Consultant seek confidential treatment from the Commission to the extent that the report concerns proprietary commercial and financial information of DBRS.

38. DBRS shall adopt all recommendations contained in the Report within sixty (60) days of the date of the Report; provided, however, that within forty-five (45) days after the date of the Report, DBRS shall in writing advise the Independent Consultant and the Staff of any recommendations that it considers to be unduly burdensome, impractical, or inappropriate (“Disputed Recommendations”). DBRS need not adopt any Disputed Recommendations at that time but shall propose in writing to the Independent Consultant, with a copy sent to the Staff, an alternative policy, procedure, or system designed to achieve the same objective or purpose.

39. DBRS and the Independent Consultant shall attempt in good faith to reach an agreement with respect to any Disputed Recommendations within sixty (60) days after the date of the Report. Within fifteen (15) days after the conclusion of the discussion and evaluation between DBRS and the Independent Consultant, the Independent Consultant shall inform DBRS and the Staff in writing of the Independent Consultant’s final determination concerning any Disputed Recommendations. Unless otherwise agreed with the Staff, DBRS shall abide by the determinations of the Independent Consultant, and the final agreement between DBRS and the Independent Consultant or final determination of the Independent Consultant concerning such Disputed Recommendations shall be documented in a Supplemental Report. Within sixty (60) days after final agreement between DBRS and the Independent Consultant or final determination of the Independent Consultant (in each case as to all Disputed Recommendations), whichever occurs first, unless otherwise agreed with the Staff, DBRS shall adopt and implement all of the recommendations in the Supplemental Report that the Independent Consultant deems appropriate.

40. Within sixty (60) days of DBRS’s adoption of all of the recommendations in the Report and the Supplemental Report that the Independent Consultant deems appropriate, as determined pursuant to the procedures set forth herein, DBRS shall certify in writing to the Independent Consultant and the Staff that it has adopted and implemented all of the Independent Consultant’s recommendations in the Report and the Supplemental Report. This certification(s) from DBRS to the Staff shall be made under penalty of perjury. Within fourteen (14) days after DBRS submits its certification to the Independent Consultant and the Staff, the Independent Consultant shall begin conducting a review as it deems appropriate to verify that DBRS has appropriately implemented the recommendations in the Report and the Supplemental Report. The Independent Consultant shall, within forty-five (45) days after DBRS submits its certification to the Independent Consultant and the Staff, confirm to the Staff that DBRS has adopted and implemented all of the Independent Consultant’s recommendations in the Report and the Supplemental Report. Unless otherwise directed by the Staff, all Reports and Supplemental Reports, certifications, and other documents required to be provided to the Staff shall be sent to Rita Bolger, Assistant Director, Office of Credit Ratings, Securities and Exchange Commission, Brookfield Place, 200 Vesey Street, Suite 400, New York, NY 10281-1022, and Gerald W. Hodgkins, Associate Director, Division of Enforcement, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-6561-A, or such other address as the Staff may provide.

41. DBRS shall cooperate fully with the Independent Consultant and shall provide the Independent Consultant with access to such of its files, books, records, and personnel as are reasonably requested by the Independent Consultant for review.

42. DBRS shall require the Independent Consultant to enter into an agreement that provides for the period of engagement and for a period of two (2) years from completion of the engagement, the Independent Consultant shall not enter into any employment, consultant, attorney-client, auditing or other professional relationship with DBRS, or any of its present or former affiliates, directors, officers, employees, or agents acting in their capacity as such. The agreement will also provide that the Independent Consultant will require that any firm with which the Independent Consultant is affiliated or of which the Independent Consultant is a member, and any person engaged to assist the Independent Consultant in the performance of the Independent Consultant's duties under this Order shall not, without prior written consent of the Staff, enter into any employment, consultant, attorney-client, auditing or other professional relationship with DBRS, or any of its present or former affiliates, directors, officers, employees, or agents acting in their capacity as such for the period of the engagement and for a period of two (2) years after the engagements.

43. To ensure the independence of the Independent Consultant, DBRS: (1) shall not have the authority to terminate the Independent Consultant or substitute another independent consultant for the initial Independent Consultant without the prior written approval of the Staff; and (2) shall compensate the Independent Consultant and persons engaged to assist the Independent Consultant for services rendered pursuant to this Order at their reasonable and customary rates.

44. Within 180 days of the entry of this Order, or as otherwise agreed to with the Commission's Office of Credit Ratings, DBRS shall adopt, implement, maintain and document policies, procedures, practices and internal controls that address the recommendations and issues identified in the September 10, 2014 summary letter concerning the completed 2014 Section 15E Examination of DBRS conducted by the Commission's Office of Credit Ratings ("2014 DBRS Exam").

45. DBRS shall submit a report, approved and signed under penalty of perjury by the President and the Designated Compliance Officer of DBRS, to Rita Bolger, Assistant Director, Office of Credit Ratings, Securities and Exchange Commission, Brookfield Place, 200 Vesey Street, Suite 400, New York, NY 10281-1022, and Gerald W. Hodgkins, Associate Director, Division of Enforcement, Securities and Exchange Commission, 100 F Street, N.E., Mailstop 6561-A, Washington, DC 20549, which details the new policies, procedures, practices, and internal controls adopted, and the actions taken to implement, maintain, and document the new policies, procedures, practices, and internal controls that address the recommendations and issues identified in the 2014 Exam no later than sixty (60) days after the completion of the undertakings described in paragraph forty-four (44) above. The Staff may make reasonable requests for further evidence of compliance and DBRS agrees to provide such evidence.

46. DBRS shall preserve for a period of not less than six (6) years from the end of the fiscal year last used, the first two years in an easily accessible place, any record of its compliance with the undertakings set forth herein.

47. For good cause shown, the Staff may extend any of the procedural dates relating to the undertakings. Deadlines for procedural dates shall be counted in calendar days, except that if the last day falls on a weekend or federal holiday, the next business day shall be considered to be the last day.

IV.

In view of the foregoing, the Commission deems it appropriate, in the public interest, and for the protection of investors to impose the sanctions agreed to in DBRS's Offer.

Accordingly, pursuant to Sections 15E(d) and 21C of the Exchange Act, it is hereby ORDERED that:

A. DBRS cease and desist from committing or causing any violations and any future violations of Sections 15E(b)(1), 15E(b)(2), 15E(c)(3)(A), 15E(d)(1)(E), and 17(a) of the Exchange Act and Exchange Act Rules 17g-1(e), 17g-1(f), and 17g-2(a)(2)(iii) thereunder.

B. DBRS is hereby censured.

C. DBRS shall, within 30 days of the entry of this Order, pay disgorgement which represents profits gained as a result of the conduct described herein of \$2,742,000 and prejudgment interest of \$147,482, and a civil money penalty in the amount of \$2,925,000 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600 and/or 31 U.S.C. § 3717. Payment must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying DBRS as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Gerald W. Hodgkins, Associate Director, Division of Enforcement, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549-6561-A.

D. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondent agrees that in any Related Investor Action, it shall not argue that it is entitled to, nor shall it benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that it shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

E. Respondent shall comply with the undertakings enumerated in paragraphs 35-47 above.

By the Commission.

Brent J. Fields
Secretary