

Date: April 8th, 2010

To
Committee of European Banking Supervisors
Via email: cp37@c-eps.org

Reference: Consultation Paper No. 37
“CEBS draft revised guidelines on the recognition of ECAs”

With reference to the on-going consultation process no. 37 regarding the review of the CEBS’ Guidelines on the recognition of External Credit Assessment Institutions, we would like hereby to provide the views of our Association on the proposed changes.

First of all, we would like to express our strong support for the provisions relating to the exemption of Credit Rating Agencies (“CRA”) registered under the EU Regulation to provide the technical information on the “Methodology” section of the Common Basis Application Pack. This exemption will significantly reduce the administrative burden, especially for smaller European agencies, and therefore have a positive impact in the plurality of ratings available to supervised institutions.

For the same reasons we also welcome the provision stated in paragraph 128 of the Revised Guidelines, according to which Registered CRAs’ fulfilment of transparency and disclosure of individual credit assessment criteria can be assumed by the competent authority.

With reference to the revised “market credibility and acceptance” criterion and more precisely the 5 years minimum active period for each segment a CRA is applying (paragraphs 117, 120 and 121 of CP37), we strongly recommend that the assessment of “quality, consistency and robustness” of ratings to be used for prudential purposes should privilege qualitative criteria rather than minimum time-based thresholds on agencies’ experience. For instance, the Basel Committee and Financial Stability Board focus on other aspects rather than minimum active period for agencies while referring to the use and quality of ratings.

Despite the potential exemption for agencies that may count on “large” databases, this provision might establish market entry barriers for new players, thereby reducing the plurality of ratings available to supervised institutions. Moreover, we think that this provision might leave room for interpretation, or potentially lead to undesired effects, for example in the case of a new CRA which takes shape after a merger or a spin-off, and which might easily demonstrate longer experience than actual “active period” as stand-alone entity.



Finally, please allow us the opportunity to express our strong support regarding the envisaged new supervisory framework in Europe from 2011 onwards, which assigns more competences to the European Authorities. Given the cross-sectoral aspects relating to Credit Ratings, we especially welcome provisions regarding the exchange of views between the different Authorities. Given that the registration process under the EU Regulation regarding Credit Rating Agencies is currently foreseen for the period June 7th, 2010 to September 7th, 2010, we encourage this exchange of views upfront to the official set up of the new European supervisory framework.

Kind regards

Thomas Missong
President

Matej Lah
Secretary

About EACRA

The European Association of Credit Rating Agencies was recently established and registered under the laws in France. One of the objectives of EACRA is to act as an interlocutor between the members and relevant stakeholders.

Our corporate Members currently include:

Axesor from Spain
Assekurata from Germany
Credit Rating from Ukraine
JCR Eurasia from Turkey
PSR from Germany.

In addition, we are in close contact with nearly all rating agencies in Europe. Our members have very different business models while assigning ratings. All are deeply rooted in their markets, enjoy a high market share and a good reputation with local investors.