



To:
ESMA European Securities and Markets Authority
103, rue de Grenelle
75007, Paris
France

Athens, 20th February 2012

Subject: *ICAP Group's response to ESMA's consultation paper on the Guidelines and Recommendations on the scope of the CRA Regulation*

Dear Sirs,

ICAP Group welcomes the opportunity to provide feedback on ESMA's recommendations on the scope of the CRA Regulation. Please find below our responses.

Q1. Do you agree with the approach set out above on the obligation to register?

We consider very positively that ESMA creates also a new status for the recognition of non EU organizations or joint ventures that distribute credit ratings in the EU for non-regulatory purposes.

Q2. What may be alternative/additional criteria to require registration and certification?

As per our feedback in Q1, non EU organizations or joint ventures that distribute credit ratings, regardless the type, in EU for non regulatory purposes, independent of that being their primary business activity or not, should be also required to be recognized/ certified.

Q3. Do you agree with the explanation of credit ratings provided in this document?

In order to avoid market confusion, the term "Credit Rating" should be used in EU only by registered or certified CRAs.

Q4. Do you believe that the intervention of rating analysts in the assessment of the relevant information is the key element to distinguish credit ratings from credit scorings?

ICAP agrees with the importance of Analysts' assessment, but credit rating distinction from credit scoring should not be limited to the Qualitative analysis. Procedures, equally important, such as the Lead Analyst review, the Rating Committee sitting, the Internal Review and Compliance Functions' operations should not be considered in isolation since they support collectively the integrity, the transparency, the objectivity, the good governance and the independence of the credit rating assessments.

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Q5. Do you agree with the explanation of private ratings provided?

The agreement signed between the organization and the client should include in its terms of use binding clauses on the private or public use of the product.

Q6. Do you agree with the approach taken in the text above regarding the establishment of branches of registered CRAs outside the Union?

In order to avoid market perplexities, such as unfair competition, conflicts of interest and transparency issues during the non EU credit rating activities supervision, ESMA should achieve efficient collaboration with the respective local competent authorities and take all necessary measures to ensure equivalent supervision to the EU counterparts.

Q7. Do you agree that CRAs should demonstrate that there is an objective reason to conduct certain credit rating activities in branches established outside the Union?

ICAP considers sufficient the CRA to declare to ESMA its non EU branch establishment planning details, such as the credit rating and the ancillary activities that will be performed in this branch, the organizational structure, governance, compliance activities and the recognition from the local competent authority. Unless ESMA has reasons to believe that the non-EU branch will be established in order to circumvent the requirements of the CRA Regulation we do not consider any further requirement from ESMA to be needed.

Q8. Do you agree that ESMA's capacity to deliver effective supervision would be impaired where CRAs conducted entirely or prevalently important operational functions, and in particular credit rating activities, in branches out-side the EU?

In order to achieve equivalent supervision, ESMA should increase accordingly its resources as the number of registered and certified CRAs increases. ESMA's risks would be reduced if the registered in EU parent company assumed accountability for supervising branches' credit rating activities, ancillary activities and their operations that ensure compliance with the Regulation. However as pointed in Q7 a close cooperation and a memorandum of understanding between ESMA and local authorities will enhance supervision and governance activities.

Q9. Do you agree with the disclosure best practices indicated above and with their remit?

ESMA should define ratings and scores publicly distributed independently of the website domain location.

Q10. Do you agree that credit scoring firms and export credit agencies that distribute their products to the public in EU should consider ESMA's suggested disclosures that such scores or ratings are not issued in accordance with the CRA Regulation?

The suggested disclosures should apply to all types of assessments that are not following the CRA Regulation.



Q11. Do you agree with ESMA recommendations that the credit scoring firms and export credit agencies retain full responsibility for the disclosure indicated above when their scores or ratings are distributed to the public in the EU via agreement with third parties?

ICAP agrees with ESMA's view.

Q12. Do you agree that ESMA should take action to prevent any entity from abusively distributing credit ratings in the EU?

ESMA should consider also non-certified CRAs to be prevented from abusively distributing credit ratings in EU.

We are at your disposal for any further clarifications.

Yours Sincerely,
Leonidas Kotsaftis

Executive Director
Credit Risk Services Division