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**Comments from The Danish Shareholders Association to CESR's technical advice to the European Commission on possible measures concerning credit rating agencies. CESR/04-612b.**

The Danish Shareholders Association is the organisation representing private shareholders in Denmark.

The Danish Shareholders Association finds the consultation paper on CESR's technical advice to the European Commission on possible measures concerning credit rating agencies an interesting paper with a fine discussion related especially to the professional participants in the market.

We like to urge CESR to look at the credit rating agencies with the eyes of the private investor when considering the need or not for introducing legislation or other measures at a European level.

The private investor has only a weak conception of "the market" and "the professional players". Credit ratings and the role of credit rating agencies is a mystery to most private investors.

It is of paramount importance for the private investor that authorities do an effort to shed light on how the market works and the roles of the different players.

In relation to credit rating and credit rating agencies, the private investor needs:

- General information on the purpose of credit rating
- General information on what credit rating is
- Certainty that credit rating is trustworthy
- Understandable information about how a private investor can or cannot use credit rating (can investment decisions be based on credit rating? Can an investor who based his decision on investing in the shares of a highly rated company get compensation from the credit rating agency if the shares lose their value?)
- Certainty that if credit rating agencies have access to inside information from issuers the information will not be misused by the agencies or other players
- Certainty that information on the credit rating will not be information privy to players who could act in an abusive way (this goes for the rating as well as for the information about an imminent rating and possible change of rating)

- Information about the use of credit ratings as triggers in private financial contracts if it is of importance to an investor
- Disclosure of financial links between credit rating agencies and other players in the market (e.g. issuers, banks, other investment firms)
- Information about possible conflicts of interest between credit rating agencies and other players in the market.

Yours sincerely  
Danish Shareholders Association

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