

21 July 2009

BY ELECTRONIC MAIL AND POST

Mr Carlo Comporti
Secretary General
The Committee of European Securities Regulators
11-13 avenue de Friedland
75008 Paris
France

Re: Call for Evidence: Fact Finding Exercise of the Use in the European Union of Ratings Issued by Third Countries CRAs, dated 3 July 2009

Dear Mr Comporti:

We are writing in response to the invitation of the Committee of European Securities Regulators ("CESR") to all interested parties to submit views with respect to the above referenced Call for Evidence, which was itself published in the context of the request to CESR from the EU Commission to provide technical advice on the equivalence between certain third country legal and supervisory frameworks and the EU Regulatory regime for credit rating agencies (the "Regulation"). Our response consists of the following observation.

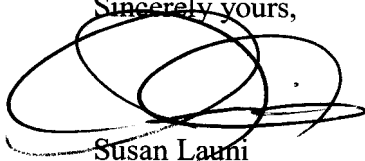
As CESR is aware, the Regulation provides for two means by which ratings issued outside the EU can be used for regulatory purposes by regulated entities in the EU. The first is endorsement. This process enables rating agencies established in the EU and registered under the Regulation to endorse credit ratings issued in third countries, provided certain conditions are met. One of those conditions is that the EU rating agency must verify that "the conduct of credit rating activities by the third country credit rating agency resulting in the issuance of the credit rating to be endorsed fulfils the requirements which are **at least as stringent as** the requirements set out in Articles 5 to 10" (emphasis added). The second method is equivalence. In this case, ratings of entities established, or financial instruments issued, outside the EU by an agency established outside the EU may be used (as specified above), again, provided certain conditions are met. One of those conditions is that the EU Commission has determined that any such rating agency must "comply with legally binding requirements which are equivalent to the requirements resulting from this Regulation"; part of the EU Commission's determination is based on the condition that any such rating agency is "subject to legally binding rules which are **equivalent to** those set out in Articles 5 to 10 and Annex I of this Regulation" (emphasis added).

We appreciate the EU's desire to allow the use of ratings issued outside the EU, and agree with these two methods for fulfilling that desire. However, we are concerned that different phrases – highlighted in bold above – are used in the two methods to describe what should be the same thing. We believe the application of each method should be done so as not to favour one method over another. Specifically, whether a rating is allowed to be used through endorsement (i.e.,

verification that, regardless of the applicable requirements, the ratings were in fact produced in accordance with requirements “at least as stringent as” those specified in the Regulation) or through equivalence (i.e., a determination by the EU Commission that the relevant requirements in the third country are “equivalent to” those specified in the Regulation), the applicable requirements for the ratings should be the same. This will ensure a level playing field for all rating agencies.

Thank you for the opportunity to comment on this aspect of the implementation of the Regulation. Please call me at your convenience at +44 20 7682 7470 with any questions that you have or to discuss this matter further.

Sincerely yours,

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke at the bottom.

Susan Launi
Senior European Counsel
Fitch Ratings Ltd.