

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

Ref. 10-4057

18 June 2010

Dear Mr. Comporti,

Re: CESR Consultation papers on Credit Rating Agencies

In reference to CESR's Consultation Paper on "Guidance on the Enforcement Practices and Activities to be Conducted under Article 21.3(a) of the Regulation (Ref: CESR/10-536)", we note that the consultation prescribes the information requests and interaction with CRAs by the CESR members. These do not warrant additional comments with one exception.

EFAMA strongly suggests that the competent home state authority as part of the enforcement practice should expressly review and get information also on the ancillary activities of each registered CRA. The consultation lacks this aspect as it focuses entirely on the meetings and the collection of operational data for the purpose of evaluating the credit rating activities of a CRA.

In spite of efforts to the contrary, EU law and regulation continues to require the use of CRA ratings in a number of situations. The provision of rating requirements in regulation establishes effectively a CRA oligopoly and sometimes even a monopoly. A case at point are the large CRAs which are currently accepted as ECAI under the Capital Requirements Directive. Credit institutions and other users of ECAI ratings are in practice required to subscribe to all ECAI rating data delivery services in order to be able to fulfill the CRD requirements in their client or regulatory reporting.

CESR Members should be aware of the possibility for CRAs to "use" their privileged position. The price increase for ratings data delivery contracts in 2008/9 demonstrates how CRAs can leverage their position to benefit their ancillary business activities.

On the second Consultation paper "Guidance on Common Standards for Assessment of Compliance of Credit Rating Methodologies with the Requirements set out in Article 8(3) (Ref: CESR/10-537)", EFAMA welcomes the comprehensive guidance and offers no detailed comments on the proposal.

We remain at your complete disposal for any clarification.

Best regards,

A handwritten signature in black ink, appearing to read 'P. De Proft', with a stylized flourish extending to the right.

Peter De Proft
Director General