

The Association of Corporate Treasurers

Comments in response to
CESR 'The role of credit rating agencies in structured finance'
Consultation Paper
February 2008

March 2008

The Association of Corporate Treasurers (ACT)

The ACT is a professional body for those working in corporate treasury, risk and corporate finance. Further information is provided at the end of these comments and on our website www.treasurers.org.

Contact details are also at the end of these comments.

We have canvassed the opinion of our members through our Policy and Technical Committee.

General

We appreciate the opportunity to contribute to this consultation. The ACT has previously responded to the 'Questionnaire regarding the rating of structured finance instruments' issued by CESR in August 2007. We suggested then that there may be a case for the Agencies to clarify externally that the [structured finance] methodology used is different to that for corporate securities.

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Response

The ACT is pleased that CESR is clear in distinguishing between the approach of the Agencies as to corporate / sovereign ratings compared with structured finance ratings. We note that other market participants have reinforced this distinction. We would strongly recommend that this distinction is maintained through any eventual recommendations CESR might make.

It is our view that the corporate ratings model serves issuers, investors and intermediaries equally well. We would be greatly concerned if any changes to the IOSCO Code of Conduct were proposed which added material costs, either direct or in management resource, to the relationship between the Agencies and corporate issuers.

The Association of Corporate Treasurers

The ACT is the international body for finance professionals working in treasury, risk and corporate finance. Through the ACT we come together as practitioners, technical experts and educators in a range of disciplines that underpin the financial security and prosperity of an organisation.

The ACT defines and promotes best practice in treasury and makes representations to government, regulators and standard setters.

We are also the world's leading examining body for treasury, providing benchmark qualifications and continuing development through training, conferences, publications, including *The Treasurer* magazine and the annual *Treasurer's Handbook*, and online.

Our 3,600 members work widely in companies of all sizes throughout industry, commerce and professional service firms.

Further information is available on our website (below).

Our policy with regards to policy and technical matters is available at <http://www.treasurers.org/technical/resources/manifestoMay2007.pdf>.

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