PSR RATING

Comments and Replies of PSR RATING Germany on the Consultation Paper:

Regulatory technical standard on the information to be provided to ESMA by a CRA in its application for registration and certification and for the assessment of its systemic importance

(Reference: ESMA/2011/302)

1 Management summary and general commentary on Consultation paper

(1) PSR RATING is a registered CRA according to the Regulation No. 1060/2009 since May 2011. As one of the smaller CRAs in the EU, the rating agency is very much focused on the regulator's intentions how to execute the regulation by considering business models of CRAs in smaller dimensions.

(2) The content of the consultation paper shows the gained experience of the regulator during the first registration of CRAs. In an objective view towards this document, it appears well-structured and clearly focused in the required information, especially compared to the Guidance.

(3) The fine-tuning concept will assist the regulator to execute the supervision by setting new standards in the communication of information. On the other hand, these new standards will again raise the administrative cost of the registered CRA, since information provided in the past possibly has to be changed to a new format. Since the regulation in general allows smaller CRA certain exceptions to enter the market, the recent consultation paper may imply that smaller agencies are not in focus or even are not welcomed in this important economic sector.

(4) PSR RATING questions some of the defined benefits: A higher quality of ratings through fine-tuning, as mentioned in the consultation paper, would indicate that the standards set by the regulation and its guidance were inappropriate until presence. In our view, the standards in Regulation No. 1060/2009 fully cover the needed level of quality in a European rating sector. Also the benefit of an enhancement in investor protection may lead to the opinion, that CRAs which have already been registered still have a lack of quality that may impact negatively the decision making processes of investors. We do not agree with this position. However, referring to subitem (3) in this document, the benefit of facilitating the entry into the market from this point of view seems to be appropriate.

2 Specific Replies on raised questions

Q1: The content set out in Annex IX of the draft RTS seems appropriate.

Q2/Q3: PSR RATING gathers this information as a part of the recruitment procedure to ensure the creditability of its staff including management positions. Since this information is declared classified under German law, it will need further definitions to disclose this information. Alternatively, the CRA may ensure the regulator that this information has been reviewed at installation of the management.

Q4: Since agreements are usually signed on the basis of national law and judicial language, the proposal to disclose outsourcing contracts are limited in its function for the regulator. However, we see no negative impact in this issue for the CRA.

Q5: The transparency of the owner structure is absolute mandatory to enforce regulation. This is especially important in a group structure the CRA is integrated. We fully support the approach of ESMA in this issue.

Q6: Full agreement in this approach.

Q7: Since PSR RATING is an EU-based CRA, certification is not in focus.

Q8: As the number of employees of PSR RATING is very much limited, the statistical approach in general does not fit small-sized CRAs. However, it is important to identify possible COIs and treats to a CRA`s structure coming out of personnel over-reliance or related issues. From this more objective point of view, the approach seems adequate.

PSR RATING

PSR RATING GmbH

Reutlinger Straße 10

72072 Tuebingen

Germany

Phone: +49 7071 94355-0 · Fax: +49 7071 94355-55

www.psr-rating.com · info@psr-rating.com

Thomas Morgenstern, Managing Director

Phone: +49 7071 943 55 11 · mobile: +49 178 8888 871

www.psr-rating.com · morgenstern@psr-rating.com

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