



COMMENTS AND REPLIES OF PSR RATING GERMANY ON THE CONSULTATION PAPER:

ESMA'S DRAFT REGULATORY TECHNICAL STANDARDS ON THE CONTENT AND FORMAT OF RATINGS DATA PERIODIC REPORTING TO BE SUBMITTED FROM CRAS (REFERENCE: ESMA/2011/305)

October 21st, 2011

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1 MANAGEMENT SUMMARY AND GENERAL COMMENTARY ON THE CONSULTATION PAPER

- (1) PSR RATING is a registered CRA according to the Regulation No. 1060/2009 since May 2011. As one of the smaller CRA 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 draft RTS shows a high standardization in the reporting structure. This will reduce the costs and time for the regulator to execute supervision and will raise effectiveness of the regulator, which is welcomed by all parties.
- (3) In regard to the content, we refer to the individual commentary on raised questions in the consultation paper. PSR RATING focused its replies on commentaries where we see additional aspects to mention.
- (4) In reference to the consultation paper on ESMA's draft Regulatory Technical Standards on the presentation of the information that CRAs shall disclose in accordance with Article 11(2) and point 1 of Part II of Section E of Annex I to Regulation (EC) No. 1060/2009 (Reference: ESMA/2011/304) PSR RATING see the high need in bringing these two reporting standards together. The advantage of standardization will be consumed by the costs at the CRAs to fulfill two very similar reporting structures.
- (5) The business model of smaller CRAs has not been taken into account in regard to the reporting periods. A monthly reporting generates costs with no corresponding benefit to regulation, quality of supervision or the CRA's work. We highly point out to change the reporting period for smaller CRAs to a half-year period, at least to a quarter reporting.
- (6) We still see the reporting issue to the regulator as a major financial task, since the costs to install the reporting of 500 ratings per period will be the same as the reporting of 50 or 10 ratings. That causes great disadvantages to smaller CRAs in respect to competition and revenues, especially when they are acting group-independent, where group funding is not possible.

2 SPECIFIC REPLIES ON RAISED QUESTIONS

Q5/Q6: We do not agree with the reporting principles in regard to the monthly reporting, referring I.(5) of this document.

Q14: On the present perspective we see a reporting of 20 to 50 actions per month. According to the business plans it will strongly raise in 2012.

Q15/Q18: The influence of the reporting standards will bare installation costs as well as periodical costs, as mentioned in the consultation paper. Man power, IT and process costs will be the strongest input factors to this issue.

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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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