



To : Mr. Fabrice Demarigny
Secretary General of CESR
E-mail: secretariat@europefesco.org

Athens : 27/8/2004

Subject: Call for evidence on Credit Ratings Agencies

Dear Sirs,

In response to CESR's call for evidence dated July 28, 2004 we are in the pleasant position to submit to you a short profile of our company, ICAP SA, along with some comments on the subject in hand.

ICAP SA was established in 1964 and constitutes the largest Business Information and Consulting firm in Greece with a prominent shareholder's structure and European orientation.

Major shareholders of ICAP include private and public credit institutions such as ALPHA BANK and COMMERCIAL BANK, as well as the French export credit insurance and financial data provider, COFACE GROUP.

ICAP has been very active in the fields of business information and credit risk services, thus gaining the reputation and respect of a Central Credit Register as well as a Credit Assessment Agency in Greece. ICAP's unique proprietary database contains financial and commercial information on more than 300,000 Greek companies, whereas a wide range of services and products is offered to institutions, organizations and companies of the domestic and international market.

Moreover, ICAP's financial studies of Greek companies and economic activity sectors are widely accepted by Hellenic and International Organizations, such as the Hellenic Ministry of Finance, the Central Bank of Greece, the IMF and the OECD.

It is our belief that besides Credit Rating Agencies, Credit Assessment Agencies should also be included in the CESR's technical advice to the European Commission, specifically under the subject "Transparency of rating agencies' methodologies".

This proposal is based on the fact that both in European Union and in Greece, the overwhelming majority of companies are small-medium size enterprises. These companies are not rated by Credit Rating Agencies (solicited ratings), due to either their



size, or the substantial cost included. However, Credit Assessment Agencies provide ratings for a significant number of SMEs in the form of unsolicited ratings.

Investors, potential collaborating companies, credit institutions and credit insurance companies, receive estimations on SMEs financial status and corporate profile, through credit ratings and business reports provided by Credit Assessment Agencies.

Additionally, in light of Capital Adequacy Directive and New Basel Capital Accord compliance and regulatory requirements, Credit Assessment Agencies provide a wide range of services, products, know-how and technical expertise to Financial Services Institutions in developing credit risk management systems.

The credibility of the several methodologies developed by Credit Assessment Agencies and utilized by Financial Services Institutions in formulating capital allocation models, constitutes a major concern in estimating credit risk capital requirements. On top of that, the accuracy and validity of the outcomes is likely to pose a threat on the competitiveness and viability of these institutions.

Based on the above, it becomes apparent that the role of Credit Assessment Agencies becomes particularly significant. Therefore, it is our proposal CESR to include Credit Assessment Agencies in its technical advice.

In the event that CESR believes that the aforementioned evidence constitutes a matter of consultation we would be more than willing to come up again with additional evidence and information.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Yannis Efremidis'.

Yannis Efremidis

Division Director
Business Information Services
ICAP DATABANK