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European Securities and
Markets Authority (ESMA)
11-13 avenue de Friedland, 75008
Paris, France

cc: Hellenic Capital Markets
Kolokotroni 1 & Stadiou, 105 62, Athens, Greece

Athens, 20th October 2011

Subject: *ICAP Group's response to ESMA's consultation paper on RTS on the presentation of the information that credit rating agencies 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.*

Dear Sirs,

ICAP Group welcomes the opportunity to provide feedback on ESMA's draft RTS on the presentation of the credit rating agencies' information in accordance with Article 11(2). It should be stated that ICAP has completed the development and testing phases of the reporting infrastructure and has already sent to CEREPEP the historical credit rating data. ICAP participation in this consultation paper aims to identify certain issues that were discovered during the implementation process.

Q1: Do you think that the chosen structure of the Regulatory Technical Standards is appropriate? In particular, what is your view on the balance of provisions set out in the text of the Regulatory Technical Standard and the annexes?

Q2: Do you think that the level of detail of the Regulatory Technical Standards is appropriate?

Q1 & Q2: The structure of the RTS is focused on raw data requirements and overlooks the key purpose of the CEREPEP which is the computation of aggregated statistics. ICAP believes that the underlying formulas employed to derive the aggregated statistics should be communicated to CRAs both for promoting transparency and for identifying hidden shortcomings of the proposed standard definitions.

Focusing further on the latter, ICAP has observed that the field default (no. 12) has implications on the computation of cumulative statistics i.e. there are occasions that a default event may occur without necessarily leading to a rating withdrawal (payment delays are not always leading to bankruptcies or liquidations).

For example, assume that a company is characterized in a period t as defaulter while maintaining a rating, and characterized again as defaulters in a subsequent period e.g in $t+2$. In this case the cumulative default rates could potential take values over 100%.

The above example highlights the need for disclosure to the CRAs the computational formulas used by CEREP in an attempt to identify similar shortcomings and minimize the time and effort in testing.

Q3: Do you think that ESMA did cover all relevant items?

ICAP believes that the rating and qualitative data fields, as well as the cancellation fields, are exhaustive for the purpose of CEREP.

Q4: Is it possible that a credit rating agency does not know the 'Responsible CRA unique identifier'? See field 23 in Table 1 of Annex 2 to the Regulatory Technical Standards.

Credit rating agency may not know the 'Responsible CRA unique identifier' which is defined as the CRA's BIC code. In this case ESMA should provide guidance to new CRAs on the steps needed to follow for the issuance of BIC directly through SWIFT.

We are at your disposal for any further clarifications.

Yours Sincerely,

Leonidas Kotsaftis

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