



Date: 5 November 2007

Ref: CESR/07-728

PRESS RELEASE

**CESR's Timetable to fulfil the European Commission's request to review
the role of Credit Rating Agencies**

Following the European Commission's additional request for CESR to review several aspects of the rating process regarding structured finance instruments (Ref. CESR/07-608), CESR has reviewed its work plan and issues here further information on additional elements that will be covered, and the timetable for its work.

Following the market turmoil experienced over the summer and the European Commission's additional requests for further information, CESR will gather additional data in this year's report and provide its views about the following areas of the structured finance market:

- Transparency of Credit Rating Agencies (CRAs) rating methodologies;
- Human resources allocated to rating and monitoring;
- Periodic monitoring of the ratings and timeliness of rating actions;
- Potential conflicts of interest (i.e. remuneration structures of CRAs).

Furthermore, CESR intends to gather the views from Committee of European Banking Supervisors (CEBS) on the role of CRAs within the context of the Basel II framework and of the US Securities and Exchange Commission (SEC) on the main issues raised in relation to the structured finance sector. In addition, CESR will co-operate closely with European Securities Markets Experts Group (ESME), IOSCO and the Committee on the Global Financial System (CGFS), which are also analysing the role of CRAs in the structured finance market.

Following this analysis, CESR will provide in its report some conclusions regarding whether the self regulatory approach is still satisfactory or whether, given the new circumstances, it would be more appropriate to advise the European Commission on the need to move towards some kind of regulation in this area.

As planned and envisaged in CESR's existing work plan, the CESR Task Force held separate hearings on the 4th and 5th of October with the 4 CRAs. During these sessions, the CRAs provided CESR with updated information on their codes of conduct, discussed the Commission's new request including their views on the sub-prime crisis and particularly on how they intended to address any possible shortcomings in this market. These findings will be included in CESR final report in mid-May 2008.

To meet the European Commission's deadline, CESR has set the following timetable:

October 2007 - January 2008	Preparation of consultation paper.
Mid February - End March 2008	Consultation period and possible hearings with market participants.
April 2008	Assessment of responses to consultation and preparation of the final report.
Mid May 2008	Submission to the European Commission of the final report and publication on CESR's website.

CESR would like to highlight that the European Commission's new request, whilst maintaining the initial deadline of CESR work, has substantially modified the extent and complexity of the work assigned to CESR. As a result, CESR will have to work under heavy time constraints. To ensure that market participants' views are duly considered in this process, CESR would like to encourage all interested market participants to actively participate in the consultation process planned for February and March with thorough and timely responses.



Notes for editors

1. Following a request by the European Commission for CESR to assess the treatment of Credit Rating Agencies (CRAs), CESR proposed a voluntary framework to monitor the application of the IOSCO Code by CRAs which was launched in December 2005.
2. Subsequently, the European Commission published a Communication on 9 January 2006, where it expressed its intention to request CESR to report, on an annual basis, on the assessment of CRAs compliance of the IOSCO Code of conduct.
3. Moody's, Standard and Poors', Fitch Ratings and DBRS Limited are the CRAs that have currently chosen to adhere to the voluntary framework.
4. In summary, this framework includes three elements: (i) an annual letter from each CRA to be sent to CESR, and made public, outlining how it had complied with the IOSCO Code and indicating any deviations from the Code; (ii) an annual meeting between CESR and the CRAs to discuss any issues related to implementation of the IOSCO Code; and (iii) CRAs would provide an explanation to the national CESR member where any substantial incident occur with a particular issuer in its market.
5. Following the Commission's first request in June 2006, CESR provided in its first report (Ref. CESR/06-545) published on 4 January an analysis of the codes of the four CRAs that have chosen to adhere to the voluntary framework in relation to the IOSCO Code.
6. In CESR's progress report of 15 May 2007 (Ref. CESR/07-304), CESR indicated that as part of its regular review it would look particularly into the areas of non-compliance that were highlighted in its first review (such as the quality of the rating process, conflicts of interest), and would analyse any modifications in the provisions of the CRA codes that have been introduced since the first review.
7. In June 2007, as part of the second review and following a letter from the European Commission received 7 May 2007, CESR launched a questionnaire regarding the Rating of Structured Finance Instruments. This call for evidence closed on 10 September. The responses are available on CESR's website under 'consultations'/'past consultations and responses'.
8. In September 2007, CESR received a letter from the European Commission requesting CESR to undertake further analysis in relation to several aspects of the rating process regarding structure finance instruments (CESR 07/608).
9. CESR is an independent Committee of European Securities Regulators. The role of the Committee is to:
 - Improve co-ordination among securities regulators;
 - Act as an advisory group to assist the EU Commission, in particular in its preparation of draft implementing measures in the field of securities;
 - Work to ensure more consistent and timely day to day implementation of community legislation in the Member States.
10. The Committee was established under the terms of the European Commission's decision of 6 June 2001 (2001/1501/EC). It is one of the two committees envisaged in the Final Report of the Group of Wise Men on the regulation of European securities markets. Baron Alexandre Lamfalussy chaired this group. The report itself was endorsed by the European Council and the European Parliament. The relevant documents are available on the CESR website.



11. Each Member State of the European Union has one member in the Committee. The members are nominated by the Member States and are the heads of the national public authorities competent in the field of securities. The European Commission has nominated the Director General of the DG Market, as its representative. Furthermore, the securities authorities of Norway and Iceland are also represented at a senior level.

12. For further information please contact:

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