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| 13 July 2016 |

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| Reply form for the Consultation Paper on Guidelines on validation and review of Credit Rating Agencies’ methodologies |
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| Date: 13 July 2016 |

Responding to this paper

The European Securities and Markets Authority (ESMA) invites responses to the specific questions listed in the Consultation Paper on Guidelines on validation and review of Credit Rating Agencies’ methodologies (GCRA), published on the ESMA website.

*Instructions*

Please note that, in order to facilitate the analysis of the responses, you are requested to use this file to send your response to ESMA so as to allow us to process it properly. Therefore, ESMA will only be able to consider responses which follow the instructions described below:

* use this form and send your responses in Word format (pdf documents will not be considered except for annexes);
* do not remove the tags of type <ESMA\_QUESTION\_CP\_GCRA\_1> - i.e. the response to one question has to be framed by the 2 tags corresponding to the question; and
* if you do not have a response to a question, do not delete it and leave the text “TYPE YOUR TEXT HERE” between the tags.

Responses are most helpful:

* if they respond to the question stated;
* contain a clear rationale, including on any related costs and benefits; and
* describe any alternatives that ESMA should consider

**Naming protocol**

In order to facilitate the handling of stakeholders’ responses, please save your document using the following format:

ESMA\_CP\_GCRA\_NAMEOFCOMPANY\_NAMEOFDOCUMENT.

E.g. if the respondent were XXXX, the name of the reply form would be:

ESMA\_CP\_GCRA\_XXXX\_REPLYFORM or

ESMA\_CP\_GCRA\_XXXX\_ANNEX1

***Deadline***

Responses must reach us by **22 August 2016.**

All contributions should be submitted online at [www.esma.europa.eu](http://www.esma.europa.eu) under the heading ‘Your input/Consultations’.

***Publication of responses***

All contributions received will be published following the end of the consultation period, unless otherwise requested. **Please clearly indicate by ticking the appropriate checkbox in the website submission form if you do not wish your contribution to be publicly disclosed. A standard confidentiality statement in an email message will not be treated as a request for non-disclosure.** Note also that a confidential response may be requested from us in accordance with ESMA’s rules on access to documents. We may consult you if we receive such a request. Any decision we make is reviewable by ESMA’s Board of Appeal and the European Ombudsman.

***Data protection***

Information on data protection can be found at [www.esma.europa.eu](http://www.esma.europa.eu) under the headings ‘Legal notice’ and ‘Data protection’.

# Introduction

Please make your introductory comments below, if any:

<ESMA\_COMMENT\_CP\_GCRA\_1>

TYPE YOUR TEXT HERE

< ESMA\_COMMENT\_CP\_GCRA\_1>

1. Has ESMA captured all related costs and benefits in its analysis under Annex II?

<ESMA\_QUESTION\_CP\_GCRA\_1>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_GCRA\_1>

1. Do you agree that it is appropriate to set out certain measures as ones that ESMA “typically expects”? If not, please explain why.

<ESMA\_QUESTION\_CP\_GCRA\_2>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_GCRA\_2>

1. Where a CRA diverges from measures ESMA typically expects to be used, do you agree that it should document its rationale and explain how it meets the regulatory requirements? If not, please explain why.

<ESMA\_QUESTION\_CP\_GCRA\_3>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_GCRA\_3>

1. Do you agree that where a CRA does not use the CAP curve, the ROC curve should be added as an alternative measure that ESMA should typically expect? If not, please explain why.

<ESMA\_QUESTION\_CP\_GCRA\_4>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_GCRA\_4>

1. Do you agree that ESMA should include a reference to qualitative measures under potential complementary measures? If not, please explain why.

<ESMA\_QUESTION\_CP\_GCRA\_5>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_GCRA\_5>

1. Do you agree that the Population / System Stability Index is more appropriate as a complementary measure? If not, please explain why.

<ESMA\_QUESTION\_CP\_GCRA\_6>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_GCRA\_6>

1. Do you agree that where a CRA chooses to use data enhancement techniques it should be subject to verifying data quality and safeguarding the characteristics of the rated population, including its default rate? If not, please explain why.

<ESMA\_QUESTION\_CP\_GCRA\_7>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_GCRA\_7>

1. Do you agree that a CRA needs to adopt a consistent approach in setting thresholds for both qualitative and quantitative validation techniques? If not, please explain why.

<ESMA\_QUESTION\_CP\_GCRA\_8>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_GCRA\_8>