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| Response Form to the Consultation Paper |
| Guidelines on Internal Controls for CRAs |

**Responding to this paper**

ESMA invites comments on all matters in this consultation paper and in particular on the specific questions summarised in Annex I. Comments are most helpful if they:

* respond to the question stated;
* indicate the specific question to which the comment relates;
* contain a clear rationale; and
* describe any alternatives ESMA should consider.

ESMA will consider all comments received by **16/03/2020.**

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

**Instructions**

In order to facilitate analysis of responses to the Consultation Paper, respondents are requested to follow the below steps when preparing and submitting their response:

1. Insert your responses to the questions in the Consultation Paper in the present response form.
2. Please do not remove tags of the type <ESMA\_QUESTION\_ICG\_1>. Your response to each question has to be framed by the two tags corresponding to the question.
3. If you do not wish to respond to a given question, please do not delete it but simply leave the text “TYPE YOUR TEXT HERE” between the tags.
4. When you have drafted your response, name your response form according to the following convention: ESMA\_ICG\_nameofrespondent\_RESPONSEFORM. For example, for a respondent named ABCD, the response form would be entitled ESMA\_ICG\_ABCD\_RESPONSEFORM.
5. Upload the form containing your responses, in Word format, to ESMA’s website ([www.esma.europa.eu](http://www.esma.europa.eu) under the heading “Your input – Open consultations” 🡪 “Consultation on Position limits and position management in commodities derivatives”).

**Publication of responses**

All contributions received will be published following the close of the consultation, unless you request otherwise. Please clearly and prominently indicate in your submission any part you do not wish to be publically disclosed. A standard confidentiality statement in an email message will not be treated as a request for non-disclosure. 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 not to disclose the response 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 heading [Legal Notice](http://www.esma.europa.eu/legal-notice).

**Who should read this paper**

This document will be of interest to asset managers managing retail funds and their trade associations, as well as institutional and retail investors investing into such funds and their associations.

**General information about respondent**

|  |  |
| --- | --- |
| Name of the company / organisation | EU |
| Activity | Choose an item. |
| Are you representing an association? | ☐ |
| Country/Region | EU member nation |

**Introduction**

***Please make your introductory comments below, if any***

<ESMA\_COMMENT\_ICG>

CRA regulation is necessary and the premise of a single financial credit rating market that fit for the EU core values.

<ESMA\_COMMENT\_ICG>

**Questions**

1. : Do you have any comments on the proposed Guidelines under the section on IC Framework? In providing your comments please refer to the general principle, component and/or characteristic that you are commenting on.

<ESMA\_QUESTION\_ICG\_1>

Only article 13 should be deleted. The reason is that once CRA regulation is made out, notified and enforced, if the financial activity or activities are not regulated against the foresaid regulation, it’s lawful. When any revising is necessarily needed, the CRA regulation should be updated timely. <ESMA\_QUESTION\_ICG\_1>

1. : Are there any other comments you wish to raise on this section?

<ESMA\_QUESTION\_ICG\_2>

The CRA’s board should develop a basic credit management for the CRAs as per the relevant laws and regulations, including the record of in accordance with basic credit standard requirements for all EU personal and/or market entities.

<ESMA\_QUESTION\_ICG\_2>

1. : Do you have any comments on the proposed Guidelines under this section? In providing your comments please refer to the general principle, component and/or characteristic that you are commenting on.

<ESMA\_QUESTION\_ICG\_3>

In the aspect of article 37 of the component proposed in this section, I suggest the establishment of report and responsibility duties for EU regulation compliance as legal representatives of CRAs. <ESMA\_QUESTION\_ICG\_3>

1. : Are there any other comments you wish to raise on this section?

<ESMA\_QUESTION\_ICG\_4>

I suggest ESMA’s guidelines on internal governance for EU financial securities should be also used as the reference point, including the investment limitations as the reference of credit rating by CRAs.

<ESMA\_QUESTION\_ICG\_4>

1. : Do you agree with the cost benefit analysis as it has been described?

<ESMA\_QUESTION\_ICG\_5>

I agree with the cost benefit analysis described. The costs can be two-fold.

<ESMA\_QUESTION\_ICG\_5>

1. : Do you have any comments on the proportionality for smaller CRAs provided in the Guidelines?

<ESMA\_QUESTION\_ICG\_6>

<ESMA\_QUESTION\_ICG\_6>

**None.**