



The new European regulation on Credit Rating Agencies. March 2010

The Regulation of the European Parliament and the European Council on Credit Rating Agencies (CRAs), issued on 16 September 2009, establishes, for the first time in Europe, a specific regulation on these Agencies and imposes an obligatory register system and supervision on them.

This Regulation requires the inclusion in a register of any CRA which wants to offer, or continue offering, their services in Europe so that their ratings can be used in Europe with regulatory purposes. The registration process will be opened from 7 June to 7 September 2010 and applied to EU CRAs as well as non EU CRA.

The new legislation confers on those national authorities, where where the CRAs have their headquarters, the register and supervision of them. However, the Regulation also gives the colleges of supervisors a significant role when a CRA has several branches in the EU. The main task of these colleges is coordinating the relevant issues on CRAs.

In addition the competent authorities will gain more capacities in order to become more effective: to have access to any document from the CRA; require any information from the CRAs personnel; make in-situ inspections, etc. Furthermore, the national authorities will be able to impose several measures on the CRAs if the latter do not fulfil the obligations established in the regulation (e.g. withdraw them from the register; temporal suspensions, etc.)

It seems that, under the new European supervisory architecture, there is an agreement on giving the registration and supervisory competences to the new European Authorities, at least on pan-European CRAs. Then it is possible that the supervisory model design in the current CRA regulation will be replaced by a single supervisor at European level.

The Regulation includes a group of requirements on the CRA with the aim of promoting an adequate management of conflict of interest, an increase in the transparency of the CRAs activities, their methodologies, the quality of the ratings, and better skilled personnel and procedures.

If you are interested in the documents you can click on:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:302:0001:0031:ES:PDF>

<http://www.cesr.eu/popup2.php?id=6195>

The CESR advice to the EU on CRAs is in the following link:

Consultation paper - Guidance on Registration Process, Functioning of Colleges, Mediation Protocol, Information set out in Annex II, Information set for the application for Certification and for the assessment of CRAs systemic importance

<http://www.cesr.eu/popup2.php?id=6142>

Feedback statement - CESR's consultation on CRAs Central Repository

<http://www.cesr.eu/popup2.php?id=6143>