

date: November 16<sup>th</sup>, 2011**EACRA calls for more proportionate approach in regulating credit rating agencies**

Today the European Commission has unveiled its long-awaited proposal on Credit Rating Agencies (CRAs). This proposal is the third round of legislation on CRAs since 2008 and has to be seen within the current context of the sovereign debt crisis. Whereas an objective of the proposal is to increase competition in the rating market, this proposal does not take into account the variety of business models of the currently 15 registered CRAs (with some registrations still pending and several players assessing the opportunity/benefit of registering) and focuses primarily on the global aspect of ratings. European CRAs have a special focus on European corporates and cover a wide range of SME - for these companies, the rating is first a local issue, then an European topic and sometimes a global one.

Is it still worth registering under this regulation? The general approach where... (1) registered CRAs are subject to increased oversight, extensive administrative burdens, limitations on business activities and serious civil liability and (2) at the same time, discouraging the use of ratings by regulators, supervisory authorities and financial investors, makes the rating business only affordable to existing very large players.. In addition, several players providing comparable services to ratings are not registered at all. Registered CRAs are not only competing between each other but also with this wide range of unregulated players. We therefore call on a more balanced approach in the regulation in order to allow a gradual market entry with increased oversight and requirements for systemic agencies.

Unfortunately, this proposal does not tackle all topics relating to CRAs as some are postponed to a later stage via reports and further proposals. This unstable legislative framework strongly inhibits further investments by CRAs into new activities and sectors required in order to change the market structure in the medium-term.

**About EACRA**

The European Association of Credit Rating Agencies ("EACRA"), registered in Paris, was established in November 2009. The Members of the Association currently originate from 8 European countries and include the following companies:

- **Assekurata Assekuranz Rating-Agentur** is the first independent German rating agency that has specialized on the quality evaluation of insurance companies
- **Axesor**: Leading independent provider of information and marketing services in Spain. Provides comprehensive information and an indication of solvency on all registered Spanish companies.
- **BCRA** assigns credit ratings to the leading Bulgarian insurance and pension companies, banks, corporates, municipalities
- **Cerved Group**: Italian Credit Rating Agency recognized ECAI by Bank of Italy
- **Credit Rating**: covers corporate, financial institutions and municipalities in Ukraine

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- **CRIF:** Global company specializing in the development and management of credit reporting, business information and decision support systems. CRIF provides also unsolicited ratings to Italian companies, from SMEs to large-scale companies
- **Informa D&B** is the Marketing, Financial and Business Information leading company in Spain, offering currently more than 3.7 million online ratings on Spanish companies
- **Informa D&B** is the Marketing, Financial and Business Information leading company in Portugal, offering currently more than 820K online ratings on Portuguese companies
- **JCR Eurasia:** is Japan Credit Rating affiliated company in Turkey and covers all market segments.
- **National Rating Agency (NRA)** is one of the leading independent rating agencies in Russia. As of today National Rating Agency has assigned ratings to over 750 leading Russian and international companies.
- **PSR RATING**, based in Germany, focuses on solicited corporate ratings and the development of valid rating systems
- **RusRating** is a credit rating agency based in Moscow, with sister agencies in Armenia and Kazakhstan. It is accredited with the Ministry of Finance of the Russian Federation.

The Members of the Association have very different business models while assigning ratings. All are deeply rooted with their respective markets; enjoy a high market share and a good reputation with local investors

## Further information

Please visit our website [www.eacra.fr](http://www.eacra.fr) for more information about our activities (eg responses to public consultations). Don't hesitate to contact Mr. Thomas Missong, EACRA President ([office@eacra.fr](mailto:office@eacra.fr)) or any of our members:

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