

### ADMINISTRATIVE OR SUPERVISORY BOARD

**Fourth** “The credit rating agency shall have an administrative or supervisory board. Its senior management shall ensure that: **(a) credit rating activities are independent, including from all political and economic influences or constraints; (b) conflicts of interest are properly identified, managed and disclosed;** (c) the credit rating agency complies with the remaining requirements of this Regulation.”  
*CRA regulation – Annex 1, Section A, par. 1*

### INTERNAL CONTROL FUNCTION

**Third** “A credit rating agency shall have sound administrative and accounting procedures, internal control mechanisms, effective procedures for risk assessment, and effective control and safeguard arrangements for information processing systems. **Those internal control mechanisms shall be designed to secure compliance with decisions and procedures at all levels of the credit rating agency.**”  
*CRA regulation – Annex 1, Section A, par. 4*

### COMPLIANCE FUNCTION

**Second** “A credit rating agency shall establish and maintain a permanent and effective compliance function department **(compliance function) which operates independently.**”

*CRA regulation – Annex 1, Section A, par. 5*

### REVIEW FUNCTION

“A credit rating agency shall establish a review function responsible for periodically reviewing its methodologies, models and key rating assumptions, [...] **That review function shall be independent of the business lines which are responsible for credit rating activities** and report to the members of the administrative or supervisory board”

*CRA regulation – Annex 1, Section A, par. 9*

### CREDIT RATING ACTIVITIES

**First** “A credit rating agency shall take all necessary steps to ensure that the issuing of a **credit rating or a rating outlook is not affected by any existing or potential conflicts of interest** or business relationship involving the credit rating agency”

*CRA regulation – Title II, Article 6*

**From analysts to boards, every level plays a role in protecting the independence and objectivity of credit ratings under the EU CRA Regulation.**

### Disclaimer

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