

To

European Commission

Submitted via "Have your say" website

Date: March 7th, 2025

Reference: Call for evidence regarding the "Savings and Investments Union"

Dear Sirs,

With reference to this call for evidence dated 3 February 2025, we are pleased to contribute the views of our association representing ESMA registered Credit Rating Agencies.

While the Draghi and Letta reports as well as the ESMA conference on "Shaping the future of EU capital markets" held on 5 February 2025 contain a lot of food for thoughts and proposals relative to the envisaged Savings and Investments Union, we noticed that credit ratings are cited usually only in the context of securitisations. We instead believe that credit ratings could act as a key enabler of this important project in order to overcome numerous obstacles:

- Fragmentation of the capital market: credit ratings are supervised by ESMA on an EU wide basis and can be used for regulatory purpose by a high number of investors across the EU;
- transparency: credit rating agencies contribute to more transparency in the market by providing extensive rating reports on the entities assessed;
- comparability: credit rating agencies uses defined rating scales across market segments and geographies thereby allowing the comparability of numerous investment opportunities;
- risk assessment: credit rating agencies task is to provide an opinion on the credit risk of an entity or its bond. Credit ratings may therefore be helpful in a risk-return analysis;
- liquidity: given that credit ratings signal credit risks to investors, the credit ratings drive liquidity in rated assets;
- long term investor: credit ratings can already be used by long term investors such as insurance companies, institutions for occupational retirement provision or investment firms;

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Page **1**

- combining public and private funding: credit ratings cover both of these funding sources (and combinations of these).

Given that the legislative and regulatory framework on Credit Rating Agencies in the EU is now well established, we call on your institution and all Member States to consider using credit rating in all aspects of the Savings and Investments Union. Additionally, we hereby allow ourselves to propose the following measures:

- Increase financial literacy of retail investors to cover credit ratings: our Members and our Association stand ready to support any initiatives covering credit ratings. We believe that retail investors should gain, amongst others, insight into the meaning of credit ratings symbols, which are associated with specific probabilities of default over time.
- Modify the references to credit ratings in investment mandates to make these generic to cover all ESMA registered or certified rating agencies. By doing so, retail investors and institutional investors could invest into assets currently rated only by European rating agencies.
- Provide incentives to issuers to request a rating of their entity or their issuance. This will increase funding opportunities for the issuer but also contribute to more transparency and comparability in the market.

We thank you for the opportunity to comment and stand ready to provide any additional information you may require.