



**Re-Define Press Release – CRA
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Please find below **Re-Define's** Comments on the Commissions proposal on Credit rating agencies. All comments are attributable to **Sony Kapoor**, Managing Director of Re-Define an Economic Think Tank.

"The proposal makes some useful suggestions on additional disclosure and oversight but it has failed in the urgent need to promote competition and reduce reliance on ratings"

"The best measure to improve the functioning of the ratings market is to minimise the role they play in financial regulations. On this, the EU has done far too little."

"By far the most urgent step needed to improve ratings is to stimulate competition in the industry." "This can best be done by mandating a minimum of two ratings one of which is randomly allocated amongst all new entrants."

"The requirement to seek more than one rating and publish the fees paid makes a lot of sense in avoiding some of the most egregious abuses prevalent in the ratings industry."

"It's good that common sense has prevailed and the potentially counter productive suggestion for suspending credit ratings is no longer a part of the proposal"

"Any possible attempt by ESMA to 'harmonize' rating methodologies may backfire by discouraging some of the diversity of opinion the industry desperately needs."

"Given how badly ratings agencies messed up in the run up to the financial crisis, regulatory oversight of their ratings methodology is both fair and sensible."

"The introduction of penalties is reasonable in it self but may introduce an excessive conservative bias in the ratings by agencies fearing those penalties."

"A rotation period for agencies is in principle a good idea but in order for this to be useful the EU needs to make sure that there are enough credible competitors."

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