

Directie Financiële Markten

Mr. Charlie McCreevy  
European Commissioner for Internal Market and Services  
European Commission  
B-1049 Brussels  
Belgium

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Uw brief (Kenmerk)

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Onderwerp  
Comments of the Netherlands on CRA's

Dear Mr. McCreevy,

I would like to inform you of the Dutch position on the two recent consultation documents pertaining to Credit Rating Agencies (CRAs).

I appreciate your proposal to improve regulation on CRAs and in particular welcome those measures that aim at preventing conflicts of interest and increasing transparency. As you might know, the Netherlands emphasise the better regulation principles and working from a clear evidence base.

Unfortunately, in this case a thorough regulatory impact assessment was lacking which makes it difficult for us to judge the proposal. In my view, it is desirable that a full quantitative and qualitative cost-benefit analysis is undertaken before presenting a final proposal. More generally, we should avoid rushing headlong into new legislation and setting up a supervisory structure that affects both the industry and the economy as a whole for a long time to come. In the current situation, ensuring quality should take precedence over meeting a self-imposed deadline.

I also note that the proposed approach risks creating duplication with existing legislation and supervision. In this regard, it might be good to clarify in what areas the proposed legislation deviates from e.g. the IOSCO-Code, CEBS-guidelines and US-legislation. Regarding the proposed supervision structure, it seems necessary to further work out the two proposed options. In addition, in our view a third option of centralising authorisation and supervision in CESR/ CEBS should be analysed. Although I recognise that fully concentrating authorisation

and supervision of CRAs at the European level might be ambitious at this point in time, it would still be preferable to include this option in the discussion. While it might in the end turn out not to be desirable at this moment, it could still be a supervision structure that would make sense in the future and hereby affect the decision between the two proposed options.

While these issues are of particular concern, I understand that there already has been extensive communication with DG Market on the proposed legislation. Commissioner Kroes has been informed of our specific concerns pertaining to competition and entry into the CRA market. I trust that these comments will contribute to further improving the draft regulation.

In conclusion, I would like to express my support for finding the most efficient and effective way to improve regulation of the credit rating market in order to remove one of the several root causes behind the financial crisis. I would be most grateful if the Commission could add a comprehensive impact assessment and a cost-benefit analysis of the proposal, which can only enhance the quality of discussion and may in the end contribute to a speedy positive conclusion. I remain at your disposal for further information and cooperation.

Yours sincerely,

Wouter Bos  
Minister of Finance of the Netherlands

Encl. 1. Letter to Commissioner Kroes