



Fédération Bancaire Européenne  
European Banking Federation  
*Le Secrétaire Général*

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**E-mail**

Mr. José María Roldán  
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Brussels, 30 November 2005

**Subject: Supplementary Note (CP07a) to the Consultation on the Recognition of External Credit Assessment Institutions**

Dear Mr. Roldán,

The European Banking Federation (FBE)<sup>1</sup> welcomes CEBS' supplementary note to its consultation on the recognition of External Credit Assessment Institutions (ECAIs). We find the approach set out in the paper broadly appropriate as regards the treatment of both securitisation and Collective Investment Undertakings (CIUs). We welcome in particular the emphasis that CEBS places on the role of market participants in assessing the reliability of data.

We agree that at this stage, no "benchmark" for default rate comparison should be created in view of the major difficulties involved in this initiative. We furthermore support CEBS' view that the "cohort" approach is likely to be more meaningful for the purposes of mapping securitisation assessments than an analysis based on original ratings.

Notwithstanding the above, and while we overall believe that the proposed combination of quantitative and qualitative factors adequately addresses the goals of objectivity and

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<sup>1</sup> Set up in 1960, the European Banking Federation (FBE) is the voice of the European banking sector. It represents the interests of over 4,500 European banks, large and small, with total assets of more than €20,000 billion and over 2.3 million employees.

consistency, we would suggest considering the type of underlying assets as an additional qualitative feature.

Also we believe that for CIUs, a simple “look-through” approach would over-estimate the actual level of risk. Some ECAs’ credit assessments therefore reflect the effects of internal diversification.

We remain at your disposal for any questions you may have.

Yours sincerely,



Guido RAVOET

Secretary General