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CEBS Committee of
European Banking Supervisors
Attn. Mrs. Laetitia Mouquot
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GROSSBRITANNIEN

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Datum	Unser Zeichen	Durchwahl
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Consultation Paper on the recognition of External Credit Assessment Institutions

Dear Laetitia Mouquot,
dear Members of the Committee,

as follows we like to give you our brief comments on the Consultation Paper on the recognition of External Credit Assessment Institutions.

Creditreform Rating AG is an External Credit Assessment Institution founded in August 2000. Creditreform Rating is a fully owned daughter firm of Creditreform Group, the leading supplier of business reports, credit information as well as debt management services and systems in Europe. Creditreform employs more than 3700 people and has more than 160.000 customers in Europe.

Creditreform Rating provides external ratings and credit assessments (special purpose ratings) of structured credit programs and bonds. In the year 2005 our turnover will amount to 3.5 Mio €. With more than 200.000 files we own the biggest independent data base of financial reports of German firms outside the banking sector. Statistically based risk analyses and quantitative rating models are products and tools we developed.

In general we support the proposed recognition process and the items of the consultation paper of June 29th. But some points we like to take into further discussion or consultation.

Ein Unternehmen der Creditreform Gruppe

Amtsgericht Neuss, HRB 10522
Sparkasse Neuss (BLZ 305 500 00) Konto 80127053
Commerzbank AG Düsseldorf (BLZ 300 400 00) Konto 7503717
Steuernr.: 125/5702/1657

Vorstand Dr. Michael Munsch
Aufsichtsratsvorsitzender Dr. Franz Schoser

Comment on question 1:

We envisage the proposed recognition process as very useful. We support the simplification application process in more than member state. But the committee should take into consideration that the basis of relevant information and data varies in different countries. An ECAI may be well furnished with quantitative benchmark data in just some of the countries it asks for recognition. If the qualitative factors of the rating process in general are sufficient for recognition this should fit for all countries the ECAI will supply ratings.

The recognition process should not only be started under the condition of potential accommodation of a bank. There is a strong and increasing demand for external ratings in markets outside banks. The financial management of firms more and more becomes professionalized. External credit assessments will be increasingly used to approve customers and key-suppliers. The market demands for a supervision of ECAIs.

Comment on question 2:

We support the proposed joint assessment process.

Comment on question 3:

In general we support the proposed recognition criteria. We recommend the committee should take into consideration that different rating methodologies have to take place for different types of companies and financing. Especially the rating of small firms requires special expertise and data.

Comment on question 4:

CEBS should make more clear what amount of quantitative historical data are necessary to apply for recognition.

Comment on question 5:

We support the proposed joint assessment process for the mapping of credit assessments.

Comment on question 6:

Due to problems of consistent measurement of credit losses instead of probabilities of default we propose not to use losses.

We would appreciate to discuss further proceedings with the members of the committee.

Yours sincerely,

Dr. Michael Munsch