

**Credit rating agencies: - extracts from the Joint debate**

Type: [News](#) Reference: [89839](#) Duration: [00:04:09](#) Lieu: [Strasbourg, France - European Parliament](#)  
End production: [15/01/2013](#) First transmission: [15/01/2013](#)

Assessments by credit rating agencies wield an enormous influence over countries' borrowing costs, but how reliable are they? MEPs have discussed and will vote on new and tougher rules to make the agencies more transparent and reliable. The proposed legislation aims to reduce investors' over-reliance on external credit ratings of sovereign debt, address conflicts of interest in agency activities and increase transparency and competition in the sector.



Only the original language version is authentic and it prevails in the event of its differing from the translated versions.

TIME	DESCRIPTION	DURATION
00:00:00	Title	00:00:05
00:00:05	Exterior shot of the EP, Strasbourg	00:00:05
00:00:10	SOUNDBITE (Italian) Leonardo DOMENICI (S&D, IT), Rapporteur: "We are making progress with this new regulation, not just but also on sovereign debt rating thanks to the contribution of the European Parliament. Setting out a time-table for so call unsolicited ratings of sovereign debt, having a ban on ratings which could influence policies carried out by governments, more transparency and more responsibility when it comes to the methodologies used for ratings and in particular the launching of a journey towards having an EU approach on the reliability of credit of European nations; so, the idea of a European public agency for sovereign debt assessment".	00:00:54
00:01:04	SOUNDBITE (Italian) Leonardo DOMENICI (S&D, IT), Rapporteur: "We need to achieve goals which we've set in the regulation, which along with other provisions which we've talked about and we will talk about again in this House, are aimed at reforming markets and to bring in a financial system that is more transparent, more responsible and more democratic".	00:00:20

00:01:24	<p>SOUNDBITE (English) Lucinda CREIGHTON, Minister of State for European Affairs, on behalf of the Council:</p> <p>"There will be a reduction in the role CRAs (Credit Rating Agencies) play in sovereign risk ratings. Unsolicited sovereign ratings will have to be issued in accordance with the calendar adopted three times a year. In order to ensure better investment protection we have agreed on a minimum European standard so that, where there have been cases of intentional or negligent infringement of the law by CRAs investors will be entitled to compensation for damages if investment decisions have been negatively influenced as a result".</p>	00:00:36
00:02:00	<p>SOUNDBITE (English) Lucinda CREIGHTON, Minister of State for European Affairs, on behalf of the Council:</p> <p>"Competition will be increased in a market which has to date being dominated by a small number of very large CRAs. This will require us to test the regime of mandatory rotation of agencies, initially only affecting a limited range of instruments but with the possibility of extending these to cover a wider range of instruments in due course. Transparency regarding structured finance instruments will increase".</p>	00:00:30
00:02:30	<p>SOUNDBITE (French) Michel BARNIER, Commissioner:</p> <p>"The new framework that you will be approving will reduce and in the long term remove overreliance on external ratings. In practice, financial institutions will not be able to trust exclusively and at time blindly CRAs for their investment decisions. They will be obliged to review their internal rules to remove the automatic links to ratings where their effects may be mechanical in nature".</p>	00:00:33
00:03:03	<p>SOUNDBITE (French) Michel BARNIER, Commissioner:</p> <p>"Rating agencies will be held liable for any mistakes, which I think is the minimum we can expect. Where there is gross negligence or intentional infringement of the legislation. I think that's a major leap forward for investor protection and issuer protection. That will make CRAs more liable for their actions."</p>	00:00:24
00:03:27	<p>SOUNDBITE (German) Wolf KLINZ (ALDE, DE): "The main problem, the main shortcoming at the moment is the lack of competition; we have a structure of oligopoly which is not really acceptable. Unfortunately we haven't managed to make sure that a European rating agency could be established on the basis of a foundation. I don't want a public one, cause that wouldn't be objective; I would like to see a rating agency in the form of a foundation. Unfortunately today we haven't achieved to mobilise broad range of capitals to do that, I hope that will come along in the future".</p>	00:00:33

00:04:00	Cutaways (3 shots)	00:00:09
00:04:09	END	00:00:00

**Audiovisual Services**  
European Commission  
[ec.europa.eu/avservices](http://ec.europa.eu/avservices)

[Conditions of use](#)