Role and methods of rating agencies

2003/2081(INI) - 27/01/2004

The committee adopted the own-initiative report by Giorgos KATIFORIS (PES, GR) on the role and methods of rating agencies, whose operations have largely been unregulated up to now. MEPs asked the EU competition authorities to examine whether an oligopoly has arisen within the ratings industry. They also asked the Commission to present, by July 2005, an assessment of whether any new EU legislation is required for the sector. Any provisions adopted should, they said, be consistent with the conditions relating to the recognition of rating agencies laid down in the draft directive on the capital adequacy of banks and securities firms (Basle II). The committee decisively rejected "any attempt at regulatory intervention into the substance of the opinions expressed by the agencies, by means of their ratings and other statements, regarding the creditworthiness of the debtors that they assess, or the timing of publication of such ratings". It stressed the need for total freedom of expression and for the agencies' independence from political and business influence. The committee drew attention to the critical appraisal of the activities of rating agencies undertaken by the US authorities. It called on the Commission and CESR to maintain close contact with those authorities on the conduct and outcome of their investigations and to inform Parliament of any regulatory developments decided on in the United States. Lastly, the report called for ratings agencies which take greater account than the existing agencies of the specific characteristics and needs of small businesses to be promoted in Europe.