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Committee of European Securities
Regulators (CESR)
11-13, Avenue de Friedland
75008 Paris

Paris, 7 August 2009

AFG RESPONSE TO CESR'S CONSULTATION ON CRA'S CENTRAL REPOSITORY

Dear all,

The Association Française de la Gestion financière (AFG)¹ welcomes CESR's consultation on the central repository for Credit Rating Agencies.

The creation of a central repository to gather and provide to the public CRAs' information is a meaningful step within the framework of the recently adopted CRAs' Regulation. It will definitely help to enhance transparency in this area as well a certain level of consistency and comparability of CRAs' output.

¹ The Association Française de la Gestion financière (AFG)¹ represents the France-based investment management industry, both for collective and discretionary individual portfolio managements.

Our members include 409 management companies. They are entrepreneurial or belong to French or foreign banking or insurance groups.

AFG members are managing 2400 billion euros in the field of investment management, making in particular the French industry *the leader in Europe in terms of financial management location* for collective investments (with nearly 1400 billion euros managed from France, i.e. 21% of all EU investment funds assets under management), wherever the funds are domiciled in the EU, *and second at worldwide level after the US*. In the field of collective investment, our industry includes – beside UCITS – the employee savings schemes and products such as regulated hedge funds/funds of hedge funds as well as a significant part of private equity funds and real estate funds. AFG is of course an active member of the European Fund and Asset Management Association (EFAMA) and of the European Federation for Retirement Provision (EFRP). AFG is also an active member of the International Investment Funds Association (IIFA).

AFG massively supports this initiative as a central repository has a part to play in the necessary CRAs' risk appraisal organisation process. Indeed, access to unbiased information and statistics fosters investors' knowledge and power versus the CRAs. Moreover, in the recent financial market turmoil, the objective assessment of issuers and/or securities by CRAs leading to the set-up of ratings was questioned as it appeared that there were very few upgrades as compared to the width of downgrades...

Many studies have identified the existence of "inflated" credit ratings in the period before the turmoil due to the supposed issuers' "rating shopping", especially in the case of complex recently-issued securities².

AFG believes the central repository should aim to gather progressively as much information as possible from the CRAs to uphold transparency and help to upgrade the process of assessment of issuers/securities and their consequent ratings for the future.

If you need any further information, please don't hesitate to contact myself at +33.1.44.94.94.29 (p.bollon@afg.asso.fr) or Stéphane Janin, at +33.1.44.94.94.04 (s.janin@afg.asso.fr) or Adina Gurau Audibert, at +33.1.44.94.94.31 (a.gurau.audibert@afg.asso.fr).

Sincerely Yours,
Pierre Bollon

² See for instance:

- Skreta, Vasiliki and Laura Veldkamp, New York University, Stern School of Business, "*Ratings Shopping and Asset Complexity: A Theory of Ratings Inflation*" - Journal of Monetary Economics, Volume 56, Issue 5, July 2009, Pages 696-699

- Bolton, Patrick, Freixas, Xavier and Shapiro, Joel David, "*The Credit Ratings Game*" - EFA 2009 Bergen Meetings Paper. Available at SSRN: <http://ssrn.com/abstract=1342986>