

# Flawed credit-rating analysis

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**Moody's is being disingenuous in its attempt to forestall closer EU oversight of credit-rating agencies.**

We represent thousands of European investors and consumers who, as holders of unpaid sovereign bonds (many of which are still listed on European regulated exchanges), have suffered injury from credit-rating agencies that have assigned sovereign ratings to several states after conducting a flawed analysis of data which they knew, or constructively knew, to be false and fraudulent.

We do not support the European Commission's suggested measure that credit-rating agencies should give sovereigns three days' notice prior to publication of a rating ("Rating agency hits out at plan for regulation", 13-19 January).

This is the only point on which we agree with Moody's.

We urgently call for the introduction of a stringent liability regime for rating agencies at an EU level. We view as disingenuous Moody's claim, as reported by the Financial Times, that "a special liability regime for CRAs at EU level" is "unnecessary" and that "rules already introduced provide adequate safeguards".

As we underlined in our response to the Commission's consultation paper, rating agencies retain full latitude to reject information and data from third parties; they can do this even when the information is factual, verifiable and unequivocally relevant to their published rating methodologies. We have direct experience of the fact that rating agencies have, in our view, recently abused this latitude.

Consideration given by the legislator to an incriminated party's advice on the opportunity of introducing new legislative measures designed to prevent that party from committing additional wrongdoings strikes us as an unusual approach. We believe an injured party's views should at the very least be given equivalent consideration and that is what we are striving for in Brussels.

From :

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