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30<sup>th</sup> November 2005

Dear Sirs

**CEBS Supplementary note to Consultation Paper on ECAIs' recognition**

The Trade Associations (BBA/LIBA/ISDA) welcome the opportunity to comment on the proposed framework for the mapping of credit assessments of securitisation positions and Collective Investments Undertakings (CIUs). With regard to the latter, we support the responses submitted by IMMFA and IMA.

We believe that the criteria of objectivity and consistency of the Capital Requirements Directive are sufficiently addressed by the combination of quantitative and qualitative factors listed in the proposed framework for securitisation market segment. We would, therefore, suggest that further and separate guidance on the mapping of these market segments should be limited.

We also take this opportunity to re-iterate from our joint response to CP07 the following points in relation to the mapping process.

Our members continue to support that the mapping of the credit assessments for the above market segments should be carried out within the framework of the joint assessment process, urging national regulators not to impose additional requirements. Rather than ensuring appropriate level of consistency and administrative efficiency, this could lead to a delay in mapping decisions and provide a competitive disadvantage.

Firms fully support the proposal for a joint mapping process for ECAIs operating across jurisdictions. We strongly support the use of the Basel mapping methodology, that is its published general credit quality steps, to ensure international comparability and limit any global market distortions, given the worldwide nature of these market segments.

We provide responses to the specific question on Appendix I. Please feel free to contact either Simon Hills([simon.hills@bba.org.uk](mailto:simon.hills@bba.org.uk)) or Katharine Seal([Katharine.seak@liba.org.uk](mailto:Katharine.seak@liba.org.uk)) or Ed Duncan([eduncan@isda.org.uk](mailto:eduncan@isda.org.uk)) if you would like to discuss further our comments.

Yours faithfully,

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## **Annex 1 – Questions**

- 1. Does the proposed framework appropriately address the objectives of consistency and objectivity stated in the Capital Requirements Directive?**

We support the use of an appropriate combination of quantitative and qualitative factors in the framework to satisfy the objectivity and consistency criteria stated in the Capital Requirements Directive.

However, regarding consistency, as stated in our response to CP07, we re-iterate our support of the proposal for joint mapping process emphasising that ratings from the same ECAI are given the equivalent mappings in each Member State, thereby helping to ensure level playing field.

In addition, given the global nature of this market segment, our members would strongly urge that the mapping process is aligned with the published general credit quality steps outlined in Basel for international consistency and limiting global market distortions.

- 2. Are the listed indicative quantitative and qualitative factors appropriate to carry out the mapping of the securitisation position credit assessments? What additional factors would be worth considering?**

We agree with the indicative quantitative and qualitative factors for mapping, in particular how market participants view published credit assessments of different ECAIs.

However, we would suggest that the mapping is based on common relevant factors across ECAIs .

- 3. What are your views on the proposed approach to the credit assessments of Collective Investment Undertakings?**

We support the comments made in the responses submitted by IMMFA and IMA on CIUs. We agree with the proposal for not creating a separate mapping approach of CIU assessments.