Question for written answer E-006367/2016
to the Commission
Rule 130
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Subject: Rating agencies and regulation

The impact of the assessments made by rating agencies is not uncontroversial: often risks are not assessed correctly, assessments may be self-fulfilling prophecies and in general a focus on the USA is perceptible. Yet rating agencies play a decisive role in assessing banks, insurers and investment companies in Europe, so that these businesses have to design their portfolios in the way that agencies effectively dictate.

1. What is the Commission's evaluation of the problem of misallocation due to the ratings assigned by rating agencies, particularly bearing in mind that it is known from practice that market prices react three times as strongly to negative changes in rankings as they do to positive ones?

2. The case of Portugal demonstrates the fragility of the system: a single rating agency – namely the one which did not assign Portuguese securities junk status – had the power to decide whether there would be a crash on the bond market, because in that case the ECB would no longer be able to purchase Portuguese government bonds. What view does the Commission take of the corset created by the rating agencies, which European regulators – in contrast to their American counterparts – voluntarily accept?

3. Although the significance of ratings in regulation ought to be reduced, it has been further increased since 2013. This applies to Solvency II, CRD IV, Basel III capitalisation requirements or the proposals on STS collateralisation. Will the Commission take measures to emancipate itself from ratings where regulatory aspects are concerned which run the risk of limiting market liquidity and causing a new crisis?