Question for written answer E-008640/2015
to the Commission
Rule 130
Siegfried Mureşan (PPE)

Subject: Role of credit rating agencies within the Capital Markets Union

According to the Basel III framework, banks have to ensure that they have top quality capital equivalent to 7 % of their risk-weighted assets. This is a significant increase from the Basel II framework, which required only 2.5 % of set-aside risk-weighted assets.

It has been argued in the past that reliance on the Big Three credit rating agencies (CRAs) - Moody's Investors Service, Fitch and Standard & Poor's - may be problematic, partly because they are funded by the companies they rate, but also because of their risk-modelling techniques, which are good at quantifying risk but not at predicting uncertainty - generally a difficult mission. For instance, the Basel framework has always been in favour of government debt and was tragically wrong about it in the past.

By increasing the percentage of capital of risk-weighted assets, Basel III puts more responsibility in the hands of the CRAs.

1. In the context of the Capital Markets Union, what would be the role of CRAs in giving credit ratings for SMEs?

2. How far will the credit ratings given to sovereigns impact on the relationships between market players?

3. How will the Basel III provisions play within the framework of the Capital Markets Union?