President,
Honourable Members,

Since this is the first occasion at which I have had the honour to address the plenary session of this Parliament, allow me to say how much I am looking forward to working with you over the next six months. I am confident that through good cooperation and a spirit of trust and confidence Council and Parliament can deliver the results which Europe's citizens expect from their institutions.

This afternoon's debate concerns the agreement reached on the Credit Ratings Agency package. And let me from the outset express our sincere thanks to the rapporteur Mr. Domenici and the shadow rapporteurs for the
excellent work which they have put into this file. I would also like to thank Sharon Bowles as Chair of the ECON Committee, as well as pay tribute to my Cypriot colleagues who also worked hard to bring this dossier to a successful conclusion in November last year.

This legislative package will be another step towards better regulation of the financial services industry. Credit ratings agencies are a very specific sector, and this set of amendments to the existing European legislative framework is an important development, especially in the current circumstances.

It is also a logical continuation of the work carried out in 2011, when the Credit Ratings Regulation was first amended in order to bring the Credit Ratings Agencies under the supervision of the European Securities and Markets Authority.

The agreement reached towards the end of last year contains a number of important elements:

- Firstly, there will be a reduction in the role CRAs play in sovereign risk ratings. Unsolicited sovereign ratings will have to be issued in accordance with a calendar and up to three times a year.

- In order to ensure better investor protection, we have agreed on a minimum European standard, so that where there have been cases of intentional or negligent infringement of the law by CRAs, investors will be entitled to compensation for damages if investment decisions have been negatively influenced as a result.
• Competition will be increased in a market which has to date been dominated by a small number of very large CRAs. This will require us to test the regime of mandatory rotation of agencies - initially only affecting a limited range of instruments, but with the possibility of extending these to cover a wider range of instruments in due course.

• Transparency regarding structured finance instruments will increase. For example, issuers will be required to engage at least two different credit rating agencies to rate such instruments. Furthermore there will be greater disclosure of information about underlying assets. This should increase the number of unsolicited ratings and so increase competition.

• Where there is a risk of conflict of interest, disclosure rules on shareholdings will be enhanced. The size of direct and indirect shareholdings in CRAs will be limited.

• We all know that the "issuer pays" model has some flaws, and that relationships between the shareholders of credit rating agencies and the rated entities risk creating conflicts of interest. This was not adequately addressed under the existing rules; we have therefore agreed to strengthen the independence of CRAs.

• We have also reduced excessive reliance on credit ratings in the markets. We have agreed on safeguards that will prevent financial institutions from relying solely or too mechanically on credit ratings when they take investment decisions.
The work on reducing over-reliance on credit ratings in the European law will continue. The Council considers that this new regulation constitutes a serious step in that direction and in the development of a wider range of alternatives to credit ratings. We are also convinced that we are making good progress in achieving greater competition in the credit ratings sector over the medium term.

President,
Honourable Members,

In our view, the text agreed towards the end of last year constitutes a very good balance. It is the product of hard work by all concerned, and an excellent level of cooperation between our two institutions. I commend the outcome to this House, and very much hope that it will secure strong support when you vote tomorrow.

I thank you for your attention.