BETTER FINANCE
The European Federation of Investors and Financial Services Users
Fédération Européenne des Épargnants et Usagers des Services Financiers

Ref: European Commission Targeted consultation on the functioning of the ESG ratings market in the European Union and on the consideration of ESG factors in credit ratings
Date: 8 June 2022
Link: https://ec.europa.eu/info/consultations/finance-2022-esg-ratings_en

EXECUTIVE SUMMARY

General comment	Among other, sustainability opens an unchartered path of non-financial reporting by issuers and financial product manufacturers. At the same time, a new branch of financial market data has evolved, that of ESG or sustainability ratings, evaluating the compliance or impact instruments have with the said goals. This information is pivotal for the vast majority of individual, non-professional ("retail") investors and it is decisive for the investment decision-making process of a smaller, but important, segment of this non-professional savers. Thus, the transparency and reliability of ESG ratings is key both for the evaluating the risk and discovering the price of financial instruments, as well as for the investment decision of "retail" investors.
Diverging methodologies of ESG ratings	BETTER FINANCE's research reveals diverging methodologies for evaluating compliance with sustainability or ESG criteria, as well as the systems to report such evaluations (rankings, ratings, scores, classes etc). This leads to limited, or lack of, comparability between ESG ratings, which reduce their reliability for "retail" investors. Moreover, the opaque methodologies, and underlying data sources, used to generate the output (ESG or sustainability ratings) further deepens the trustworthiness of this new category of financial market data. EU law must start by requiring adequate disclosures of ESG or sustainability rating methodologies in a simple, clear, and concise language, avoiding jargon, so that individual investors can assess to what a rating refers to and its value. To give an example, ESG ratings based on peer-group evaluations are misleading as they result in the same rating between a company that extracts fossil fuel and one that produces renewable energy. Further, EU law must require harmonisation of methodologies and systems to the extent that comparability (of course, with its limitations) can be achieved.
Need for authorisation of ESG rating providers	ESG or sustainability rating providers execute a service of public interest as it affects both the functioning of financial markets and the behaviour (investment decision) of retail investors. In consequence, the taking up and conduct of business of ESG ratings in the EU should be subject to authorisation and strict transparency, conflict of interest, and investor protection rules.
Need for standardisation of ESG templates	Problems in the reliability of ESG or sustainability ratings start with the raw data output, affecting the entire value chain. In our view, EU law should provide reporting templates for ESG providers so that their mechanism can be more easily scrutinised.

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About BETTER FINANCE

BETTER FINANCE, the European Federation of Investors and Financial Services Users, is the public interest non-governmental organisation advocating and defending the interests of European citizens as financial services users at the European level to lawmakers and the public in order to promote research, information and training on investments, savings and personal finances. It is the one and only European-level organisation solely dedicated to the representation of individual investors, savers and other financial services users.

BETTER FINANCE acts as an independent financial expertise and advocacy centre to the direct benefit of European financial services users. Since the BETTER FINANCE constituency includes individual and small shareholders, fund and retail investors, savers, pension fund participants, life insurance policy holders, borrowers, and other stakeholders who are independent from the financial industry, it has the best interests of all European citizens at heart. As such its activities are supported by the European Union since 2012.

Contents

Note: This is the stylised version of BETTER FINANCE's response to the EU Commission's consultation, drafted and published in the interest of simplicity for our readers, individual and non-professional investors. This document omits all questions to which BETTER FINANCE did not respond.

The formal version of our response, filled through the online platform of the EU Commission, is available on the BETTER FINANCE website.

INTRODUCTORY EXPLANATIONS (for non-professional readers)

BETTER FINANCE's answer to the European Commission (EC) consultation on environmental, social, and governance (ESG) ratings and sustainability factors in credit ratings aims to inform on concerns about the functioning of the ESG ranking market developed by commercial data providers. This agenda pertains to the renewed sustainable finance strategy adopted in July 2021 by the EC, with the objective to deliver "transparent ESG ratings, double materiality in reporting, and a complete Taxonomy".

This consultation, divided in two parts, addresses first the *functioning* of the ESG ratings market, its potential shortcomings, and the need for EU intervention. Second, it aims to inform the Commission on possible shortcomings in relation to the consideration of *sustainability factors* in credit ratings; on disclosures made by Credit Rating Agencies; and on the need for EU intervention.

Both credit ratings and ESG ratings are opinions developed in-house and provided by specialised – commercial and private – entities. ESG ratings are used by financial institutions, professional investors and retail ones, and constitute a prominent feature in the advancement of sustainable finance. However, in its current development, there is still confusion in the market about their intended scope and design (i.e., whether they should be oriented in terms of "sustainability risks" or "sustainability footprint"). Highly debated, the EU recently introduced Sustainable Finance Disclosure Regulation (SFRD) which is intended to bring about greater harmonisation of reporting requirements and transparency between labels.

For companies, ESG considerations and sustainability strategies are both factors affecting their attractiveness for investors and tools towards tackling climate change. Those criteria ultimately inform on the impact a company can have on its environment and on the company's policy itself towards achieving them. 'ESG' criteria are often considered as a set of performance indicators to be benchmarked alongside sustainability programs and initiatives that are set to trigger a shift towards a more responsible means of production, climate-friendly initiatives and renewable energy consumption standards.

Therefore, fund managers build "sustainable" or "ESG"-compliant portfolios by selecting companies that meet certain requirements or are rated as such by rating companies, but the extent to which investments are 'really green' when looking at companies remains inefficient and potentially biased. BETTER FINANCE considers "greenwashing" to be the biggest threat to the success of "sustainable finance" and to the already damaged trust of EU citizens in the financial industry as investors and pension savers. This is why we have been urging for a legal framework that builds trust amongst investors, both in terms of market structure and products on offer, as well as towards greenwashing and conflicts of interest in the promotion of certain investments (also via ESG ratings).

Overall, we tend to see rating models compiled by a handful of ESG rating agencies, with different ways of measuring "E", "S" and "G" parameters and related criteria. The conflicting methodologies in use and the aggregation of the main 'environmental', 'social', and 'governance' criteria, are examples of difficulties facing ESG ranking in terms of liability. Certain data providers do not break down all parameters, while others may only display them aggregated – with a risk of favouring some (sub-)factors over others. In addition, "in-house" ESG rating methodologies of main data providers are not transparent (not fully disclosed to the client), while they can also be purchased for resampling by other providers. Therefore, readability, comparability and transparency of ESG ratings remain under scrutiny. For all these reasons, we identify pitfalls to remedy, notably by means of a regulatory framework that should address and specify standards in support of transparent and adequate ESG evaluation.

I. Questions for investors, asset managers, and benchmark administrators

Q1: Do you use ESG ratings?

☒ Yes, very much

☐ Yes, a little

☐ No

Please explain

BETTER FINANCE monitors and undertakes research in sustainable finance to identify areas for improvement and need for regulatory or supervisory intervention. ESG ratings are pivotal for non-professional investors to making informed investment decisions and trust that their investment objectives are met (e.g. to deliver a positive impact, support green transition, etc). As such, BETTER FINANCE researches new market practices in the field, including the new business model of ESG and sustainability ratings, particularly from the point of view of *greenwashing* – given the absence of a clear taxonomy which paves the way for diverging interpretations and creates a risk for investor detriment (particularly mis-selling).

Q2. Which type of ESG ratings do you use (non-exhaustive list – multiple answers possible):

ESG ratings providing an opinion on companies:

☒ ESG ratings providing an opinion on opportunities

☒ ESG ratings providing an opinion on the compliance of companies with frameworks and rules

☒ Exposure to and management of ESG risks

☒ ESG ratings providing an opinion on a company performance towards certain objectives

☒ ESG ratings providing an opinion on the impact of companies on the society and environment

☒ ESG ratings providing an opinion on the ESG profile of the company

ESG ratings providing an opinion on investment funds or other financial products (please specify which financial products):

☒ Investment funds

☐ Others (comment box)

N/A.

Q3. Do you use overall ESG ratings or ratings of individual Environmental, Social or Governance factors?

☒ Overall ESG ratings

☒ Ratings of an individual Environmental, Social and Governance factors

☐ Ratings of specific elements within the Environmental, Social and Governance factors,

☐ Other types

☐ Don't know / no opinion / not applicable

Please explain your answer:

Same as for Q1 – no additional comments.

Q4. Do you buy ESG ratings as a part of a larger package of services?

☐ Yes
☒ No
☐ Don't know / no opinion / not applicable

Q5. If you responded yes to the previous question, do you consider that buying ESG ratings as a part of a larger package would give rise to potential conflicts of interests?

Individual, non-professional investors generally do not buy licences, or otherwise access, to commercial data providers, nor for ESG ratings, especially since the websites of large players on the market provide free (but limited) access. However, based on our research, as is the case for other types of ratings in the financial industry, the ESG branch can create the risk of conflicts of interests.

Q6. What are you using ESG ratings for?

Please select as many answers as you like

☐ as a starting point for internal analysis
☒ as one of many sources of information that influence the investment decisions
☐ to meet regulatory or reporting requirements
☒ as a decisive input into an investment decision
☐ as a reference in financial contracts and collaterals
☐ for risk management purposes
☐ other(s)

Please explain your answer:

Individual, non-professional investors use ESG ratings to undertake preliminary research for investment opportunities ("DIY" investors who use execution-only services) or to verify the holdings in their portfolios or of the recommended investments (for advised services and packaged products).

In certain cases, ESG ratings form a decisive input for the investment decision of "retail" savers.

Q7. As a benchmark administrator, how do you take into account ESG ratings for the construction of a benchmark and/or in disclosures around a benchmark?

N/A for BETTER FINANCE.

Do you refer to ESG ratings in any public documents or materials?

☒ Yes
☐ No
☐ Don't know / no opinion / not applicable

Q8. What do you value and need most in ESG ratings?

Please select as many answers as you like

☒ transparency in data sourcing and methodologies
☒ timeliness, accuracy and reliability of ESG ratings
☐ final score of individual factors

☒ aggregated score of all factors

☐ rating report explaining the final score or aggregated score

☐ specific information, please explain

☒ data accompanying rating

☐ other aspects

Please explain your answer:

BETTER FINANCE's research shows that ESG rating methodologies are biased towards awarding most companies high rankings (or otherwise scores, ratings, points, depending on the methodology). For example, one ESG rating provider analyses and qualifies the ESG rating of companies in comparison with their peer group, divided by specific sectors of activity. This leads to situations which natural resources extracting companies or tobacco manufacturers can receive the same ESG rating as a renewable energy company (in its respective peer group).

Transparency of methodology is key for the aggregated score, as BETTER FINANCE research suggests that some providers apply different weightings to the individual dimension score (E, S, or G) based on the specific sector, thus artificially inflating the overall ESG score.

The main culprit is that these methodologies are not public and are protected as commercial know-how, so independent research into biases of ESG rating providers falls short of clear conclusions (more in the area of empirical findings).

At the same time, the data behind the ESG rating is also critical: based on the principle of "*garbage in, garbage out*", if base / raw data are corrupted, then the entire data value chain will be corrupted as well and will lead to misleading ESG ratings.

Q9. To what degree do you consider the ESG ratings market to be competitive and allows for choice of ESG rating providers at reasonable costs?

4

(1 = not competitive, 10 = very competitive)

Please explain your answer:

Although simple research would point to a highly competitive and significantly diverse market for ESG or sustainability rating providers, the reality is that the playing field is concentrated and divided among a few global providers. Our conclusion is based on several empirical findings:

- First, many smaller ESG rating providers use data from the large players – who have the resources to research, quantify, and aggregate data – and either repackage and resell the data or otherwise apply a new element to create a distinct, sometimes new, rating;
- Second, most disclosures (in our research) for "retail" investors refer or use a handful of key, global players in ESG ratings, rendering smaller providers obsolete for the mass retail market;
- Last, the diversity of ESG ratings (scales, scores, rankings, etc.) and their methodologies make most of these financial market data products incomparable with one another, thus creating smaller markets for ESG ratings where, usually, there is an oligopoly or monopoly.

II. Questions for all respondents

Q10. Do you consider that the market of ESG ratings will continue to grow?

☒ Yes
☐ No
☐ No opinion

If you responded 'yes' to the previous question, to what extent do you expect the following factors to be decisive, on a scale from 1 (not at all) to 10 (very much)?

- Growth in demand from investors in ratings of companies for their investmentdecisions
  9
- Growth in demand from companies in ratings including on rating future strategies
  9
- Further standardisation of information disclosed by companies and other marketparticipants
  9
- Other

If you responded 'other' to the previous question, please specify the other reasons you see for this market to continue to grow

Click or tap here to enter text.

Q11. Are you considering to use more ESG ratings in the future?

☒ Yes, to a large degree
☐ Yes, to some degree
☐ No
☐ No opinion

If you responded 'yes' to the previous question, please explain why

In light of the motivation "retail" investors have to use from the outset ESG ratings (see Q1 above) and the growing preference for sustainable investments, it is most probable that ESG ratings will be used more in the future.

If you responded 'no' to the previous question, please explain why

N/A

Q12. Do you mostly use ESG ratings from bigger or larger market players?

☐ Exclusively from large market players
☒ Mostly from larger market players
☐ Mixed
☐ Mostly from smaller market players
☐ Exclusively from smaller market players
☐ Not applicable

Q13. If you use mostly or exclusively ratings from large ESG rating providers, what are the main reasons for this?

Widespread / common use by financial services providers, issuers, or product manufacturers in commercial communication materials and regulatory reporting (disclosures).

Q14. Do you consider there is a sufficient offer of ESG ratings from providers located in the European Union?

☐ Yes
☐ No
☒ No opinion

If you responded 'yes' to the previous question, please explain why

N/A

If you responded 'no' to the previous question, please explain why

N/A

Q15. Finally, do you use other types of ESG assessment tools than ESG ratings (e.g. controversy screening, rankings, qualitative assessments, etc.)?

☒ Yes
☐ No

If you responded 'yes' to the previous question, how important are these tools in relation to the implementation of your investment strategies and engagement policies?
These tools serve different informational needs for non-professional investors, particularly the more experienced ones. Thus, they are very welcome for the savvy investors.

Q16. Do you believe that due diligences carried out by users of ESG research are sufficient to ensure an acceptable level of quality?

☐ Yes
☒ No

If you replied 'no' to the previous question, would you see merit in refining the current definition of research under Directive 2014/65/EU[1] ?
No, we disagree. BETTER FINANCE rejects the shift of responsibility onto users in general and to investors, especially regarding aspects of due diligence in the complex and non-transparent methodologies as applied by ESG rating agencies (see Q9).

Specifically, as defined in Directive 2014/65/EU, we deem the definition of 'research' non-specific as part of 'other forms of general recommendation relating to transactions in financial instruments' as per section B relating to Ancillary Services. Refining its scope should be done to ensure adequate market research in terms of identification and supervision and limitations (as defined in the specific RTS

[1] OJ L 173, 12.6.2014, p. 349–496, https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32014L0065

provisions of Delegated Regulation (EU) 2021/1833) where prevention of conflicts of interest should be central.

Finally, since there is no specific regulation for ESG rating agencies, BETTER FINANCE suggests filling this gap starting with due diligence obligations to provide neutral, objective and competent ratings promoting comparability (transparency of methodologies) and by also ensuring the absence of conflict of interest, rather than relying on (national) civil law liability in case of dispute.

In the end, it is the duty of service providers – here included ESG rating agencies – to undertake due diligence and aim for high quality output, not that of users to scrutinise products to which they do not have the knowledge, nor access to data, to do so. Particularly in financial markets, given that ESG and sustainability integration has become common to most financial instruments and products, due diligence of rating providers is becoming a duty of public interest towards the frictionless functioning of the market.

Moreover, we do share ESMA's view that developing a common legal definition for an ESG rating is crucial.

Q17. Do you further believe that ESG research products have reached a sufficient level of maturity and comparability to allow users to fully understand the products they use?

No, given that sustainability and ESG factoring – including reporting and disclosures (taxonomy) – are a growing field and still incomplete, we cannot say that ESG research products have reached maturity.
The adoption of a more transparent and standardised approach to ESG rating market practices and methodologies will condition ESG market maturity. Those provisions of making providers accountable to foster comparability of results in ESG rankings is a central element and prerequisite to enable users to conduct any due diligence research.

II.1. Functioning of the ESG ratings market

Q18. How do you consider that the market of ESG ratings is functioning today?

☐ Well
☒ Not well
Please explain

See Q17.

Q18. To what degree do you consider that the following shortcomings / problems exist in the ESG ratings market, on a scale of from 1 to 10 (1- very little, 10 – important)?

- Lack of transparency on the operations of the providers
  10
- Lack of transparency on the methodologies used by the providers
  10
- Lack of clear explanation of what individual ESG ratings measure
  10
- Lack of common definition of ESG ratings
  10
- Variety of terminologies used for the same products
  9
- Lack of comparability between the products offered

10

- Lack of reliability of the ratings
  10
- Potential conflicts of interests
  9
- Lack of supervision and enforcement over the functioning of this market
  10
- Other

If you responded 'other' to the previous question, please explain which ones:

N/A

Q19. What do you think of the quality of the ratings offered on a scale from 1 (very poor) to 10 (very good)?

5

Please explain why:

The quality of ESG ratings is a topic with no good or bad answers – theoretically speaking – given that there is no consensus (regulatory or market standard) on the evaluation basis. A developing field with no guidelines, any and all ESG ratings can be considered appropriate at the moment. However, taking into account the preference of non-professional investors towards sustainable investments, and the necessity of stable, long-term "retail" funding to achieve E, S, and G goals, regulators must accommodate the information capabilities and needs of this sector.

This translates into the fact that "retail" investors should not be expected to research and acquire specialised insight into the complex market of ESG ratings first in order to discriminate "noise" from quality information. Instead, the information made available by providers who exhibit (or should inspire) such authority should be of high quality in order to ensure that the investment decision making process of "retail" investors is not corrupted. Moreover, given the continuously low lack of trust or reliability of "retail" savers into capital markets and financial institutions, it is all the more important to closely regulate and supervise this financial market data products. As rightly pointed out in ESMA's letter to the EC the fact that companies from highly polluting industries can get high environmental scores from some ESG rating providers can result in investor confusion and further undermine trust in sustainable finance products.

If you responded 'very poor' or 'poor' to the previous question, wo what degree do you consider that this affect your trust in the products that are offered, on a scale from 1 (no affect) to 10 (affects very much)?

N/A

Please explain why

N/A

Q19. Do you consider that there are any significant biases with the methodology used by the providers?

☒ Yes
☐ No

☐ No opinion

If you responded yes to the previous question, please specify the biases

☐ Biases based on the size of the company rated
☐ Biases based on the location of the company
☒ Other biases

If you responded 'other biases' to the previous question, please explain which ones

-

Q20. Do you think the current level of correlation between ratings assessing the same sustainability aspects is adequate?

☐ Yes
☒ No
☐ No opinion

Q21. To what degree do you consider that a low level of correlation between various types of ESG ratings can cause problems for your business and investment decision, as an investor or a rated company, on a scale from 1 (no problem) to 10 (significant problem)?

BETTER FINANCE preliminary research (based on 2020 data) shows a very small degree of correlation between ESG ratings on the same financial instrument. Such a statistical finding points to the incomparability of ESG ratings and, inherently, the pseudo-monopoly all providers have on each individual rating given that there is virtually no competition. Concerning the investment decision process of "retail" investors, this situation only causes detriment as it is reducing reliability of ESG ratings.

Q22. How much do you consider each of the following to be an issue, on a scale from 1 (no issue) to 10 (very significant issue)

☒ There is a lack of transparency on the methodology and objectives of therespective ratings - 10
☒ The providers do not communicate and disclose the relevant underlyinginformation - 10
☒ The providers use very different methodologies - 10
☒ ESG ratings have different objectives (they assess different sustainability aspects) - 8
☐ Other issue(s)
Click or tap here to enter text.

If you responded 'other issue' in the previous question, please explain which one(s)

Click or tap here to enter text.

Q23. Do you consider that a variety of types of ESG ratings (assessing different sustainability aspects) is a positive or negative feature of the market?

☐ Rather positive
☒ Rather negative

Please explain why:
BETTER FINANCE supports standardisation and harmonisation of ESG ratings in the interest of simplicity, fairness, and transparency but is not opposed to competitive solutions and a sufficiently wide variety of solutions proposed to the market.

Q24. To what degree do you consider this market to be prone to potential conflicts of interests on a scale from 1 (very little) to 10 (very much)?

10

If you responded 'yes' to the previous question, where do you see the main risks? (multiple choice)

☒ Where providers both assess companies and offer paid advisory services
☒ Where providers charge companies to see their own reports
☐ In the absence of separation of sales and analytical teams
☒ With the ownership system of some providers, where the parent company may exert undue pressure or influence on the research and recommendations that a ratings provider offers
☒ In the lack of public disclosure of the management of potential conflicts ofinterest
☐ Other conflict(s) of interest

Q25. To what degree do you consider that the ESG ratings market as it operates today allows for smaller providers to enter the market on a scale from 1 to 10 (1- hard to enter, 10 – easy to enter)?

No opinion -_In the current environment, any provider can penetrate the market and provide this service.

Q26. What barriers do you see for smaller providers?

Most probably lack of resources for research and data availability, coupled with market standards to use large, renowned providers.

II.2 EU intervention

In light of the current situation and recent developments of the ESG ratings markets, and the potential issues affecting it, this section aims to gather stakeholder views on the need and type of a possible intervention at EU level.

III.2.1. Need for an EU intervention

Q29. Taking into account your responses to the previous sections, do you consider that there is a need for an intervention at EU level to remedy the issues identified on the ESG rating market?

☒ Yes
☐ No
☐ No opinion

Please explain why:
Coordinated action at EU level is the best (optimal) way forward. In this sense, BETTER FINANCE reminds of its position on the choice of legal instruments, namely our strong preference for Regulations over Directives and maximum harmonisation in order to ensure a level playing field between local markets and eliminate gold plating or regulatory arbitrage. The current situation with no regulatory framework on ESG ratings leads to increased risks of greenwashing, capital misallocation and products mis-selling. In this context, BETTER FINANCE supports ESMA's call from 29th January 2022 for a legislative action on ESG ratings. BETTER FINANCE welcomed ESMA offering to support possible future supervisory responsibilities in this area.

If you responded yes to the previous question, what type of intervention would you consider necessary?

☐ Non-regulatory intervention (e.g. guidelines, code of conduct)
☒ Legislative intervention

If you responded yes to the previous question, what do you consider should be the prime focus of the intervention? (multiple choice)

☐ Improving transparency on the operations of the providers,
☒ Improving transparency on the methodology used by the providers,
☒ Improving the reliability and comparability of ratings,
☒ Clarifying what is meant by and captured by ESG ratings, to differentiate from other tools and services,
☒ Clarifying objectives of different types of ESG ratings,
☒ Improving transparency on the fees charged by the providers,
☒ Avoiding potential conflicts of interests,
☐ Providing some supervision on the operations of these providers,
☐ Other measures (please specify).

For each of the points you selected in the previous question, please explain what solutions and options you would consider appropriate

Click or tap here to enter text.

If you responded 'other' to the previous question, please specify the other elements the intervention should focus on

Click or tap here to enter text.

Q30. Do you consider that the providers should be subject to an authorisation or registration system in order to offer their services in the EU?

☒ Yes
☐ No

☐ No opinion

Please explain why :
Yes, given the public interest that the service of ESG rating serves, providers should be subject to authorisation and strict conduct of business rules.

Q31. Do you consider that the providers should be subject to an authorisation or registration system in order to provide ESG ratings on EU companies or non-EU companies' financial instruments listed in the EU even if they offer services to global or non-EU investors?

☒ Yes
☐ No
☐ No opinion

Please explain why:
Same rationale as for Q30.

Q32. Do you consider that there should be some minimum disclosure requirements in relation to methodologies used by ESG rating providers?

☒ Yes
☐ No
☐ No opinion

Please explain why :
Yes, ESG rating providers should disclose – in simple, clear, and not misleading language, avoiding jargon – the methodology and principles employed in the data sourcing and evaluation process.

Q33. Do you consider that the providers should be using standardised templates for disclosing information on their methodology?

☒ Yes
☐ No
☐ No opinion

Please explain why:
See answer for Q23 – we support standardisation of the ESG rating process, including disclosure templates.

Q34. Do you consider that the rules should be tailored to the size of the provider and hence have smaller providers subject to a lighter regime?

☐ Yes
☐ No
☒ No opinion

If you responded yes to the previous question, please specify what metric you consider should be used to differentiate between providers:
☐ Total revenue
☐ Revenue from ESG ratings
☐ Number of employees
☐ Other metric(s)

☐ in the case of providers located outside the EU and not providing services to EU investors but rating EU companies/financial instruments – percentage of EU companies/financial products rated

If you responded 'other metric(s)' please explain which one(s):
N/A

Q35. Should the providers located outside of the EU, not providing services to the EU investors but providing ratings of the European companies/financial products be subject to a lighter regime?

☐ Yes
☐ No
☒ No opinion

If you responded yes to the previous question, please specify what metric you consider should be used to differentiate between providers:
☐ Percentage of EU companies/financial products rated
☐ Other metric(s)

If you responded 'other metric(s)' please explain which one(s):
N/A