



EFFAS THE EUROPEAN FEDERATION OF FINANCIAL ANALYSTS SOCIETIES

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To President of the European Council Mr. van Rompuy
To President of the European Commission Mr. Barroso
To Commissioner Mr. Barnier
To Commissioner Mr. Rehn

Comments by EFFAS on Rating Procedure France

Dear Sirs,

We - as the "European Federation of Financial Analysts Societies" (EFFAS) - were genuinely upset about the mistaken rating procedure for France carried out by Standard & Poor's last week.

This inappropriate action not only caused major losses to investors, financial institutions and Eurozone states; it was from our point of view - more than a painful mistake - an irresponsible and unacceptable misconduct that appears to not have been reviewed via any state-of-the-art internal audit process.

Rating agencies normally should give guidance for investors, but this faulty action led to misleading market interpretations and ultimately served to confuse market participants. Furthermore, we would emphasize that such a far-reaching mistake must absolutely not happen in such an extraordinary, fragile, volatile and extremely difficult situation for the Eurozone financial markets.


Although the rating agency has made excuses for its mistake, it remains unbelievable. It is not up to us to judge the nature, causes or responsibilities; the intended inquiries by AMF and the EU Commission will clearly reveal this. If it was a mistake, then it is certain that professional procedures and processes of good governance and compliance did not work properly.

However, we have to state that, in such difficult times, especially when market participants are prone to react even to minor comments, actions should be guided by the utmost care and professionalism. We are very concerned that a rating agency behaved in such a way. Such mistakes must not happen, whatever the circumstances. EFFAS as a professional body strives that its members, all investment professionals, shall observe the highest standards of honesty, integrity, fairness and education and perform their duties with all due care and diligence. They shall always deal fairly with all clients and prospective clients. And - very importantly in this context - our members as investment professionals shall not make any statements that could be misleading as to the services offered to clients and prospective clients, and any other important facts relevant to professional activities.

These guiding principles for professional behavior in the client's interest have long served as the foundation of our EFFAS Principles of Ethical Conduct, which have to be obeyed by all our members (please also see www.effas.net). We know how difficult your task is, and we appreciate all the efforts being made to normalize the current situation. Please rest assured that we will do our best to assure the highest professional standards and sense of responsibility from investment professional members of our national societies.

Yours faithfully,

For the EFFAS Executive Management Committee



Giampaolo Trasi
EFFAS Chairman



Friedrich Mostböck, CEFA
Member Executive Management Committee

“The European Federation of Financial Analysts Societies” (EFFAS) is the European umbrella organization of national analysts' societies. It comprises 27 country members, representing more than 17,000 investment professionals in the areas of equity and bond research, asset management as well as investment advice.