COMMITTEE OF EUROPEAN SECURITIES REGULATORS

Date: 8 March 2010
Ref: CESR/10-222

FREQUENTLY ASKED QUESTIONS

The EU Regulation on Credit Rating Agencies: Common Positions agreed by CESR Members

Introduction - The context and status of this 'Q and A':

EU legal framework:
On 12th November 2008, the European Commission published a Draft Regulation on credit rating agencies[1]. The amended version of this Regulation has been approved on 23rd April by the European Parliament[2] and on 27th July by the Council[3]. The final version has been published on 16th September 2009.[4] It entered into force on 7th December 2009 and applies by 7th June 2010.

This 'Q and A' publication (Ref. CESR/10-122) is intended to provide clarity to market participants with responses in a quick and efficient manner, to questions which are commonly posed to CESR Members. CESR responses do not contain standards, guidelines or recommendations, and therefore no prior consultation process has been followed. It is CESR's intention to operate in a way that will enable its Members to react quickly and efficiently if any aspect of the common positions published need to be modified or the responses clarified further.

This document will be updated regularly. After each question an indication of the date of its first publication (or latest amendment) will be included to ease the identification of the new Q&A.

CESR Members meet regularly to discuss the questions that have been raised by competent authorities and market participants. Market participants that have identified a question of general importance may send it directly to the relevant competent authority they deal with or to the CESR secretariat (secretariat@cesr.eu). Furthermore, CESR would welcome feedback from market participants on those issues already identified in the document as common positions among its members. The frequency of the future publications will depend on the number of new questions identified and the time it takes to analyze the issues raised and to find common positions.

[1] http://ec.europa.eu/internal_market/securities/agencies/index_en.htm
[2] P6_TA-PROV(2009)0279; http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P6-TA-2009-0279+0+DOC+XML+V0//EN&language=EN#BKMD-56
[3] PE-CO_S 3642/09; http://register.consilium.europa.eu/pdf/en/09/st03/st03642.en09.pdf
[4] Regulation of the European Parliament and of the Council on Credit Rating Agencies as of 16th September 2009 (2008/0217 (COD)).

INDEX

Q1: Will the small office exemption be granted for supervisory boards?

A1: The Regulation is clear that it is possible to be exempted from the requirements in Annex I A (2) but not Annex I A (1). Whether this exemption is granted is a matter for the home competent authority and the college. If an exemption is to be granted from the requirements of Annex I A (2) the CRA will need to display how it compensates for the lack of independent members of the board at the subsidiary level.

Q2: What will be the approval process, including the timeframe, for the independent members of the supervisory boards as these members will have to be in place before a CRA applies for registration?

A2: Following Articles 15(5) and 16(1/2) of the Regulation, the home competent authorities and other members of the college have 25 working days to assess whether the application is complete. Once they have notified to the CRAs that the application is complete, they will have 60 additional working days to examine the application and decide whether to grant or refuse registration. This timeframe equally applies to the assessment of Article 6(2). As regards the assessment of the independent members of the administrative or supervisory board, recital 29 of the Regulation makes clear that the CRAs should ensure that they are independent in a manner consistent with point 13 in Section III of the Commission's Recommendation 2005/162/EC of 15 February 2005. Annex II of this Recommendation spells out the profile of independent non-executive or supervisory directors in more detail. Hence, the independent members who have been put in place should fulfill these requirements.

Q3: Can boards be established with the same participants for each EU subsidiary - could an independent director on one of these boards be treated as independent on another?

A3: The Regulation and the Commission's Recommendation (2005/162/EC) basically require that independent members have previously not been involved in credit rating activities and that their term of office cannot exceed five years. In case these requirements are fulfilled, CRAs are allowed to appoint the same independent member(s) in the administrative or supervisory board of each EU subsidiary, provided the independent member is able to combine these functions adequately and without any conflict of interest.

Q4: Could an independent member of a CRA's parent company (or any company owning 50% or more of shares) sit as an independent member of the CRA's board?

A4: CRAs are allowed to have the same independent member in the administrative or supervisory board of the CRA's parent company and the CRA itself, if the independent member has previously not been involved in credit rating activities (previous work as a non-executive or supervisory director for the CRA's parent company would be allowed) and provided the independent member is able to combine these functions adequately (i.e. no conflicts of interest; for example, the independent director is conflicted if the compensation from the parent company is indirectly linked (at a consolidated level) to the business performance of the CRA activities).

Q5: Could independent directors have their tenure renewed as long as the total tenure did not exceed the 5 year maximum in the Regulation?

A5: No. The restriction on renewing the tenure of independent directors applies irrespective to the length of the initial tenure. There can be no renewal of tenure.

Q6: If a CRA utilises independent bodies of experts/investors/academics as a non-direct input into their rating approach could members of these bodies be assigned as an

independent director of the CRA - provided justification was provided that the previous activity did not compromise their independence?

A6: As regards the assessment of the independent members of the administrative or supervisory board, recital 29 of the Regulation makes clear that the CRA should ensure that they are personally independent in a manner consistent with point 13 in Section III of the Commission's Recommendation 2005/162/EC of 15 February 2005. Annex II of this Recommendation spells out the profile of independent non-executive or supervisory directors in more detail. These criteria equally apply to members of independent bodies of experts/investors/academics. This means that these members should not be or been previously involved in credit rating activities. In addition, the criteria with regard to the term of office (par. 2 of Section A of Annex I of Regulation) and compensation (par. 6(d) of Section A of Annex I of Regulation) are also applicable.

Q7: With respect to the remuneration of the compliance officer, would it be possible to pay him/her, together with a fixed salary, a bonus as follows: the bonus pool (for all employees) would be determined by the overall performance of the company, and the compliance officer's bonus would be determined solely by qualitative factors with respect to his/her performance (i.e. is he/she doing a good job as compliance officer). Would such a bonus be possible under the Regulation given that (i) it is not in any way awarded on the basis of revenue generation by/facilitated by the compliance officer and (ii) it is based on how well the compliance officer does his/her job as described under the Regulation, which will incentivize the compliance officer to be as diligent as possible.

A7: Paragraph 6(d) of section A of Annex I of the Regulation stipulates that the compensation of the compliance officer is not linked to the business performance of the credit rating agency and is arranged so as to ensure the independence of his or her judgment. These criteria equally apply to the criteria for allowing a bonus for the compliance officer. It should be stressed that the bonus for the compliance officer cannot be linked in any way to the bonus pool which is determined by the overall business performance of the CRA.

Endorsement regime	**February 2010**

Q8: Can an EU CRA endorse non-EU ratings even if it is not registered in time to meet the timetable in the Regulation (Article 41)? Will endorsed ratings be treated the same as EU ratings in terms of regulatory use if registration process is still on-going beyond 7 December 2010?

A8: Yes. Ratings from third countries that a CRA intends to endorse (as disclosed in its application) will be allowed to be used for regulatory purposes until the registration decision with regard to the endorsing CRA is made. If the endorsement of these ratings is not allowed under the registration decision they will not be able to be endorsed following the registration approval.

Q10: Will a non-EU branch of an EU CRA be deemed to issue EU ratings?

A10: As branches are not legal entities when a non-EU branch of an EU CRA produces ratings these will be considered to have been issued by the EU CRA and these ratings will be captured by the EU Regulation and oversight by EU supervisors. Therefore for the purposes of Article 4.1 they would be treated as ratings produced by a registered CRA.

Q11: What would CESR consider an objective reason for a rating to be elaborated in a non-EU country for the purposes of the endorsement regime?

A11: The central principle of this requirement is that rating activity should not be moved outside the EU as a means of circumventing the EU requirements. It is for the CRA to provide the objective reason and for the competent authorities to assess this.

As an example it is unlikely that it would be acceptable that the rating activity relating to an issuer or security that had traditionally been carried out by analysts based in the EU could be moved without an objective reason.

Non-exhaustive examples of potential objective reasons for elaborating ratings in a third country could be: 1) the CRA has only recently opened an EU office and the staff that have the experience rating the EU entities that they cover are based outside the EU – immediately transferring the rating of these entities to the new EU office may lead to a decline in the quality of the rating. 2) corporate action (for example a takeover/merger) means the rating activity does not reflect new corporate structures.

Exemptions	**February 2010**

Q12: Will CESR members take different decisions in relation to the granting of small office exemptions to take account of national factors (e.g. a small office in one jurisdiction of less than 20 employees)?

A12: The criteria for exemptions in the Regulation are clear and should not be supplemented by national requirements. Although this is a matter for the home competent authority to make a final decision on applications for an exemption will be assessed against the criteria in the Regulation and not against nationally developed criteria. The college should ensure that exemptions are granted consistently across the CRA group.

Q13: Will CESR members grant a small office exemption in relation to the compliance function so that the office can be covered by compliance officers based in central locations?

A13: The compliance requirements must be carried out at a subsidiary level, rather than group level, unless an exemption is granted. If an exemption is to be granted from the compliance officer requirements of Annex I the CRA will need to display how it appropriately manages the absence of this control - one way could be to ensure that a group level function covers the office for these purposes. The criteria for exemptions in the Regulation are clear and should not be supplemented by national requirements. Although this is a matter for the home competent authority to make a final decision on applications for an exemption will be assessed against the criteria in the Regulation. It is important to note that in the event that the exemption is granted for compliance purposes if a group function is used to meet the requirements under Article 6.3 (b) a CRA will need to demonstrate there is appropriate coverage in each office – this may require local staff depending on the size and business conducted in the office. Where staff have a compliance role in an office it should not be combined with another role that may present a conflict with this activity.

Q14: How will CESR handle the registration process if a request for a small office exemption is refused? Will the timetable for registration be extended? Will a waiver be granted to allow registration to proceed with a timetable established for the CRA to implement the necessary requirements for which an exemption has been refused?

A14: Guidance on the registration process will be published by CESR in due course. The Regulation provides clear timelines in which the registration must be decided. Article 15.5 allows the college 25 days to assess the completeness of the application and grant the CRA more time to provide missing information. If competent authorities agree that the exemption cannot be granted in this period it will be possible for them to provide the CRA more time to provide information on the establishment of the required functions, processes and procedures to meet the Regulation. If the time allotted in Article 15.5 has expired there is no further possibility for providing a CRA additional time to meet requirements for registration outside of those set out in Article 16 and 17. Given the complexity of responding to such a rejection it is appropriate for the college to give the CRA a sufficient period

within the registration process to respond to the exemption refusal before making the final registration decision, provided this is granted under Article 15.5.

It should be noted that Article 16(2) also allows for an extension of 30 days if the CRA requests exemption from compliance in accordance with Article 6(3).

Q15: Will CESR members grant a small office exemption for analyst rotation?

A15: If an exemption is to be granted from the rotation requirements of Annex I C (8) a CRA will need to display how it appropriately manages the risk of analyst exposure. The criteria for exemptions in the Regulation are clear and should not be supplemented by national requirements. Although this is a matter for the home competent authority to make a final decision on applications for an exemption will be assessed against the criteria in the Regulation.

Disclosures	**February 2010**

Q16: Do you agree with us reporting the revenue information called for in Annex I, Section E, Sub-section II, by identifying the "*client*" as either the arranger, originator/sponsor or collateral manager, depending upon which one has, in our assessment, the greatest economic benefit from the transaction?

A16: For non-structured finance ratings we consider the Regulation to provide the definition of client and we take the question refers to defining client for the purpose of disclosures required under Annex I E II with respect to structured finance ratings. For structured finance it is appropriate to monitor the related third parties to the transaction (as defined in Article 3 of the Regulation) and consider them as clients and reflect this in disclosures on revenues.

Q17: Do you agree that the reporting of the list of clients "*whose contribution to the growth rate in the generation of revenue of the credit rating agency in the previous financial year exceeded the growth rate in the total revenues of the credit rating agency in that year by a factor of more than 1.5 times*" only applies in years where the global revenue of the credit rating agency has increased?

A17: In years where there is no overall growth in a CRA's revenue Annex I E 2(b) will require the CRA to disclose any entity from which the CRA increased its revenue generation and that made up greater than 0.25% of the global revenue.

Q18: Could the transparency report be prepared at group level or EU-wide level?

A18: Yes, a transparency report could be produced at group or EU-wide level. However, Article 12 of the Regulation requires a transparency report from each credit rating agency which implies that a transparency report produced at group or EU-wide level would therefore have to include the information of each credit rating agency in a format that allowed it to be identified as coming separately from each particular CRA. Disclosures expected of a CRA under the Regulation will need to be provided at a CRA subsidiary level.

Registration process	**February 2010**

Q19: Will CESR provide a system of pre-approval for certain issues ahead of the formal application (e.g. exemptions, governance, analyst rotation)?

A19: No. CESR and its members will not be able to grant any form of official pre-approval. The established pre-application colleges will be able to make informal comments on the appropriateness of a CRA's proposals.

Q20: Article 40 requires a CRA to be in compliance with the Regulation at the time of application. Will CESR permit any extended time for a particular requirement where a CRA is not yet fully in compliance despite its best endeavours?

A20: The Regulation is clear that a CRA already operating in the EU should be fully compliant with the Regulation not at the time of application but by 7 September 2010. The college will need to determine whether the lack of compliance will impact on the ability of the CRA to be registered - under the timescales for registration set out in the Regulation (i.e. the CRA will need to be fully compliant before college members will unanimously agree to the registration being granted) - however there are no Articles in the Regulation that would lead to an automatic refusal of registration for this.

Structured Finance	**February 2010**

Q21: In which way can a CRA meet the requirements of Art. 10(3) of the Regulation (on the indicator for structured finance)?

A21: Article 10 of the Regulation states that ratings of structured finance products should be "clearly differentiated using an additional symbol which distinguishes them from rating categories used for any other entities, financial instruments or financial obligations."

Definition of 'structured finance': Art. 3 (m) of the Regulation states: "'structured finance instrument' means a financial instrument or other assets resulting from a securitisation transaction or scheme referred to in Article 4(36) of Directive 2006/48/EC (pursuit of business of credit institutions)". Article 4(36) of Directive 2006/48/EC states: "'securitisation' means a transaction or scheme, whereby the credit risk associated with an exposure or pool of exposures is tranched, having the following characteristics:
(a) payments in the transaction or scheme are dependent upon the performance of the exposure or pool of exposures; and
(b) the subordination of tranches determines the distribution of losses during the ongoing life of the transaction or scheme;"

There may be more than one way of meeting the above requirements and so it will be for the CRA to ensure they are met. As an example the addition of an indicator which clearly differentiates the rating from other types of credit ratings behind the original rating would be in line with Article 10(3) of the Regulation on the condition that the proper written procedures and policies governing the classification between the structured finance rating scale and the original rating scale are in place and that CRAs also meet other requirements of the Regulation in the field of structured finance.

Q22: Will CESR provide a list of structured finance instruments for the purposes of Article 3(m) of the Regulation?

A22: The definition of structured finance product is given by the Regulation as below:
Art. 3 (l) of the Regulation states: "'structured finance instrument' means a financial instrument or other assets resulting from a securitization transaction or scheme referred to in Article 4(36) of Directive 2006/48/EC (pursuit of business of credit institutions)". The article refers to the following definition in Article 4(36) of Directive 2006/48/EC:
"'securitisation' means a transaction or scheme, whereby the credit risk associated with an exposure or pool of exposures is tranched, having the following characteristics:
(a) payments in the transaction or scheme are dependent upon the performance of the exposure or pool of exposures; and

(b) the subordination of tranches determines the distribution of losses during the ongoing life of the transaction or scheme; "

In determining whether a rating is structured finance or not, CESR will use the same definitions of structured finance and securitization as stated above and will not be providing any further definition. CESR does not intend to provide a list of structured finance instruments.

National implementation	**February 2010**

Q23: Can CESR provide a schedule of the fees to be charged for registration and on-going supervision?

A23: This is a matter for each home competent authority to consider. CRAs should contact their home competent authorities to gain clarity on this issue.

Q24: If yes, would CESR post on its website drafts of the national implementing measures to allow for greater transparency in this process?

A24: No. CESR will not be doing this.

Scope	**February 2010**

Q25: Are non-qualitative ratings captured as credit ratings for the purposes of the Regulation?

A25: Paragraph 12 of the draft CESR guidance (Consultation Paper CESR/09-955) stipulates that "Articles 14 to 20 of the Regulation provide for the process of registration for legal persons established in the Community whose occupation includes the issuing of credit ratings on a professional basis. The term credit rating is defined in Article 3.1 (a) as follows: "'credit rating' means an opinion regarding the creditworthiness of an entity, a debt, or financial obligation, debt security, preferred share or other financial instrument, or of an issuer of such a debt or financial obligation, debt, preferred share or other financial instrument, issued using an established and defined ranking system of rating categories". The expression of such opinions requires according to the Regulation also the performance of rating specific analytical functions by a person ("rating analysts"). Summarizing and expressing data according to a pre-set statistical system or model alone without any additional substantial rating specific analytical input from a rating analyst in the assessment process, which CESR considers to be the definition of non-qualitative ratings, does therefore, like the activities listed in the exceptions in Article 2 (2) of the Regulation (e.g. private credit ratings, credit scores and others), not require a registration according to the Regulation". Hence, non-qualitative ratings do not count as credit ratings for the purposes of the Regulation, but firms should be able to prove that a rating indeed falls under the aforementioned definition.

Q26: Do financial strength ratings count as credit ratings for the purposes of the Regulation?

A26: When assessing whether specific types of ratings, such as financial strength ratings, are counted as credit ratings firms will need to examine the exact nature of the ratings in question and compare this to the definition of a credit rating, as it is stated in the Regulation. However, CESR, having reviewed a number of market definitions of financial strength ratings considers them to appear to fall under the definition of credit ratings, as stated in the Regulation:
Under the Regulation the definition of credit rating (Art 3 (1a)) is:

"'credit rating' means an opinion regarding the creditworthiness of an entity, a debt or financial obligation, debt security, preferred share or other financial instrument, or of an issuer of such a debt or financial obligation, debt security, preferred share or other financial instrument, issued using an established and defined ranking system of rating categories". Any ratings that fall under this definition will be considered credit ratings and a firm producing them in the EU will require registration unless they meet the exemptions under Article 2 of the Regulation.

Employees rules	**February 2010**

Q27: Permissible sharing of confidential information: point 3(c) of Section C of Annex I of the Regulation states that CRAs should ensure that certain specified persons "*do not share confidential information entrusted to the credit rating agency with rating analysts and employees of any person directly or indirectly linked to it by control as well as with any other natural persons whose services are placed at the disposal or under the control of any person directly or indirectly linked to it by control and who is directly involved in the credit rating activities*". In addition, point 3(d) of Section C of Annex I states, in part, that CRAs should ensure that those specified persons do not use confidential information "*for any other purpose except the conduct of the credit rating activities*". How is CESR interpreting this and is the provision intended to prohibit the sharing of confidential information beyond individual rating teams?

A27: The persons referred to in point 1 of Section C of Annex I of the Regulation are allowed to share the confidential information in the normal exercise of their credit rating activities. Finally, the provision intends to prohibit the exchange of confidential information even between individual rating teams unless this is strictly necessary for the elaboration of a rating by the other team and the information is confined to the same group of the rated entity or rated instrument.

Q28: Involvement in credit rating activities: a number of provisions in the Regulation apply, in part, to individuals "*who are directly involved in credit rating activities*". Could CESR clarify this term and in particular whether it is intended to include support and other staff that assist in preparing presentations for rating committees or entering information on a rating into internal systems prior to publication, whether or not those individuals have decision-making functions?

A28: CESR considers the key aim of these elements of the Regulation is to create the appropriate level of independence and mitigate the risk of conflicts of interest. Therefore support staff would not be captured as long as they were not making rating decisions and are not in contact with the issuer. The focus of the Regulation is on those that influence the determination of the rating and have a relationship with the issuer and related parties. Therefore the examples cited would not be captured by the term 'who are directly involved in credit rating activities' as long as they met the above principles.

Q29: Scope of disclosure of, or prohibition on, issuing ratings when financial interest exists: point 3(a) of Section B of Annex I of the Regulation states that CRAs cannot issue a rating or must immediately disclose that a rating is potentially impacted when the CRA or a specified individual "*directly or indirectly owns financial instruments of the rated entity or any related third party or has any other direct or indirect ownership interest in that entity or party other than holdings in diversified collective investment schemes or managed funds including pension funds and life insurance*". For the purpose of this provision the specified individuals include "*rating analysts employees as well as any other natural persons whose services are placed at the disposal or under the control of the credit rating agency and who are directly involved in the issuance of credit rating and persons approving credit ratings*". Could CESR provide guidance on the interpretation of this provision and in particular whether it prohibits any individual specified in the

Regulation from trading or owning securities of any rated entity or related third party, even if that individual is not involved in rating the specific entity?

A29: The Regulation indeed prohibits any individual who is directly involved in credit rating activities to directly or indirectly own financial instruments of the rated entity or a related entity, even if that individual is not involved in rating the specific entity.

Q30: Could CESR clarify whether the definition of "*closely associated person*" (see Annex I Section C point 1) would cover a blind trust set up by a rating analyst (or other relevant person) to hold shares or other securities, in circumstances where a rating analyst was the beneficiary of the trust but had no rights to access information about or to influence the holdings or dealings of the trust (except as to risk appetite through general investment guidelines)? Does point 1 of Annex I Section C prohibit a blind trust set up by a rating analyst dealing in securities issued, guaranteed or supported by rated entities covered by the analyst? Does point 2 of Section C prohibit such a blind trust simply holding securities of a rated entity at a time when a rating is being issued? Do all the references in Annex I Section C to "*persons referred to in point 1*" also encompass "*closely associated persons*"? Is it intended that the Regulation applies all these additional provisions to "*closely associated pers*ons" as well as to the rating personnel referred to in point 1?

A30: A blind trust is a trust in which the fiduciaries, namely the executors or those who have been given power of attorney, have full discretion over the assets, and the trust beneficiaries have no knowledge of the holdings of the trust and no right to intervene in their handling. Blind trusts are generally used when a settlor (sometimes called a trustor or donor) wishes to keep the beneficiary unaware of the specific assets in the trust, such as to avoid conflict of interest between the beneficiary and the investments. Rating analysts, other persons directly involved and persons closely associated with them could be allowed to be the beneficiary of a blind trust which has been set up before their involvement in credit rating activities. The beneficiary cannot have any right to access information about or to influence the holdings or dealings of the trust in any way during the period his involvement in credit rating activities.

Q31: Personnel covered by analyst rotation: article 6(4) of the Regulation states that CRAs should "*establish an appropriate gradual rotation mechanism with regard to the rating analysts and persons approving credit ratings as defined in Section C of Annex I*". However, point 1 of Section C of Annex I and many of the requirements in Section C of Annex I apply to "*rating analysts and employees of the credit rating agency as well as any other natural persons whose services are placed at the disposal or under the control of the credit rating agency and who are directly involved in credit rating activities, as well as persons closely associated with them*", "*closely associated*" being defined in separate EU legislation. Could CESR clarify whether Article 6(4) requires rotation of "*rating analysts and persons approving credit ratings*" or more broadly requires rotation of all personnel "*who are directly involved in credit rating activities*"?

A31: Whereas other Articles refer to "persons who are directly involved in rating activities" Article 7.4 and Annex I C 8 do not. We do not consider this accidental and therefore the rotation requirements only apply to analysts and persons approving credit ratings. We consider the list of persons to which the rotation requirements in Annex 1 C.8 apply to be exhaustive.

Other	**February 2010**

Q32: Can CRAs charge for information they are required to disclose under Annex I D as there does not currently appear to be anything preventing this?

A32: CRAs are required to disclose this information and therefore not restrict access to it. Information required to be made public by the Regulation should not be charged for (Art.13).

Q33: Meaning of provision relating to document retention on premises: the Regulation requires that each CRA retain the books and records specified under the Regulation "*at the premises of the registered credit rating agency for at least five years*". Could CESR confirm that electronic imaging and storage of these documents off-site - that is accessible on-site - complies with this provision of the Regulation?

A33: This can comply with the Regulation. Storage facilities are often located off-site, but accessibility is a key condition for this to be acceptable for document retention purposes. Responsibility for the safety and integrity of the data must of course remain at CRA level.

Q34: Meaning and scope of unsolicited rating: the Regulation requires that CRAs disclose specified information with respect to each unsolicited rating but do not define the meaning of "*unsolicited*". The information that CRAs are required to disclose includes "*whether or not the rated entity or related third party participated in the credit rating process and whether the credit rating agency had access to the accounts and other relevant internal documents of the rated entity or its related third party*". Could CESR clarify the interpretation of "*unsolicited*" for the purposes of the Regulation?

A34: Recitals (21) describes an unsolicited rating as a rating "not initiated at the request of the issuer or rated entity", which already rules out many ratings, but there will probably be grey areas where more explanation is needed. In line with earlier statements, further work is needed at CESR level to safeguard a consistent approach across colleges, and leave the specific questions to the colleges.