

LETTERS TO THE EDITOR: We do not need more competition among the rating agencies

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From Dr Paul Dawson.

Sir, Frank Partnoy ("Take away the credit rating agencies' licences", March 13) is pursuing an irrelevant cause. Rating agencies require a significant accumulation of information to generate a ratings change. That accumulation takes time. The multi-trillion dollar credit default swaps market reflects the same information almost immediately and, since it is driven by investment decisions of great size, can be regarded as a superior barometer of creditworthiness. We do not need more competition among the ratings agencies, we need an updating of the investment fund mandate restrictions to recognise this more reliable source of information.

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