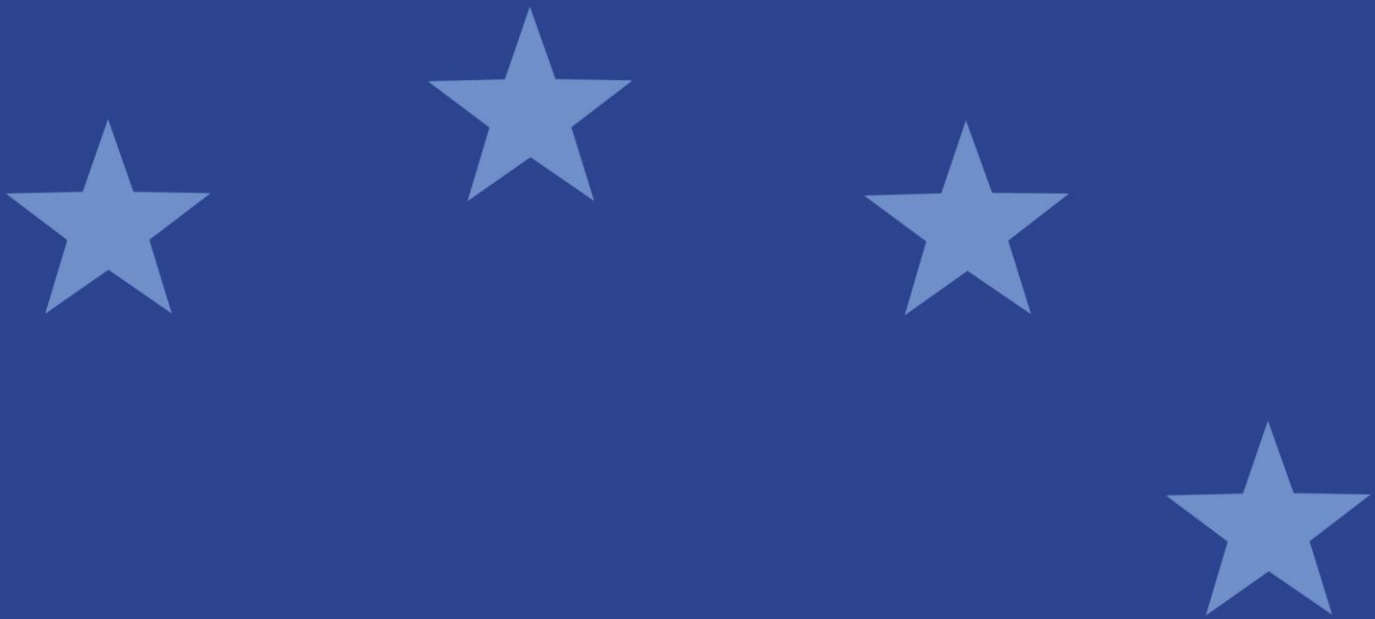




European Securities and
Markets Authority

Report on CRA Market Share Calculation



Acronyms used

CRA Regulation	Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit ratings agencies as amended by Regulation (EU) No 513/2011 of the European Parliament and of the Council of 11 May 2011, Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011, Regulation (EU) No 462/2013 of the European Parliament and of the Council of 21 May 2013, Directive 2014/51/EU of the European Parliament and of the Council of 16 April 2014 and Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017.
Credit Rating	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 (Regulation 1060/2009 Article 3(1)(a))
Credit Rating Agency	Credit rating agency means a legal person whose occupation includes the issuing of credit ratings on a professional basis (Regulation 1060/2009 Article 3(1)(b))
Credit Rating Activities	Credit rating activities means data and information analysis and the evaluation, approval, issuing and review of credit ratings.
Group of credit rating agencies	'group of credit rating agencies' means a group of undertakings established in the Union consisting of a parent undertaking and its subsidiaries within the meaning of Articles 1 and 2 of Directive 83/349/EEC as well as undertakings linked to each other by a relationship within the meaning of Article 12(1) of Directive 83/349/EEC and whose occupation includes the issuing of credit ratings. For the purposes of Article 4(3)(a), a group of credit rating agencies shall also include credit rating agencies established in third countries;(Regulation 1060/2009 Article 3(1)(m))
Ancillary Services	Ancillary services are not part of credit rating activities; they comprise market forecasts, estimates of economic trends, pricing analysis and other general data analysis as well as distribution services'
Issuer	Issuer means a legal entity that issues or proposes to issue securities as defined in Article 2(h) of Regulation (EU) 2017/1129 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC. (Regulation 1060/2009 Article 3(1)(s)).
Financial Instrument	Financial Instrument means any of the instruments listed in Section C of Annex I to Directive 2004/39/EC. Regulation 1060/2009 Article 3(1)(k)).
Related Third Party	Related third party means the originator, arranger, sponsor, servicer or any other party that interacts with a credit rating agency on behalf of a rated entity including any person directly or indirectly linked to that entity by control (Regulation 1060/2009 Article 3(1)(i)).
Sectoral Competent Authority	Sectoral Competent Authority means the national competent authorities designated under the relevant sectoral legislation for the supervision of credit institutions, investment firms, insurance undertakings, reinsurance undertakings, institutions for occupational retirement provision, management companies, investment companies, alternative investment fund managers, central counterparties and prospectuses(Regulation 1060/2009 Article 3(1)(r)).

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1 Executive Summary

One of the objectives of the CRA Regulation is to increase competition in the markets for credit ratings by encouraging issuers or related third parties to use smaller credit rating agencies.

In this regard, Article 8d of the CRA Regulation requires issuers or related third parties, who intend to appoint two or more CRAs to rate an issuance or entity, to consider appointing at least one CRA with no more than 10% of the total market share in the EU.

Where an issuer or related third party does not choose to appoint a CRA with a less than 10% total market share in such cases, the CRA Regulation (Article 8d) requires this decision to be documented. The obligations of Article 8d are supervised and enforced at national level by the relevant sectoral competent authorities.

In order to assist issuers or related third parties with this assessment, Article 8d of the CRA Regulation requires the European Securities and Markets Authority (ESMA) to publish annually a list of registered CRAs and the types of credit ratings they issue, together with a calculation of CRAs' revenues from credit rating activities and ancillary services at group level.

2 Legal Basis

1. As set out in recital 11 of the CRA Regulation¹, the purpose of Article 8d is to increase competition in the credit rating industry by encouraging issuers or related third parties to consider the appointment of smaller CRAs.
2. In this regard, Article 8d(1) states that where issuers or related third parties intend to use two or more CRAs, they should consider appointing one CRA with less than 10% market share in the EU. In the event that the issuer or related third party does not appoint at least one CRA with less than a 10% market share, this decision shall be documented.
3. The market share calculation is required to be published by ESMA on an annual basis in accordance with Article 8d(2). Its purpose is to assist issuers or related third parties in their identification of CRAs with a total market share of less than 10%.
4. Credit rating activities refer to the definition of credit ratings provided in Article 3(1)(a) of the CRA Regulation. These activities involve giving opinions regarding the creditworthiness of an entity, a debt or financial obligation, debt security, preferred share or other financial instrument, or an issuer of such a debt or financial obligation, debt security, preferred share or other financial instrument.
5. The term ancillary service is set out in the second paragraph of Point 4, Section B of Annex I of the CRA Regulation, which states that “*A credit rating agency may provide services other than the issue of credit ratings (ancillary services). Ancillary services are not part of credit rating activities; they comprise market forecasts, estimates of economic trends, pricing analysis and other general data analysis as well as distribution services*”.
6. As set out in Article 25a of the CRA Regulation, the supervision and enforcement of Article 8d is the responsibility of national sectoral competent authorities. For further details please refer to Section 9 of this document.

3 How to use this Document

7. In order to identify a CRA with less than 10% total market share, issuers or related third parties should refer to Section 6, which provides a list of registered CRAs indicating total market share for each.
8. In order to identify the different types of credit ratings offered by each CRA, issuers or related third parties should refer to Section 7. For a breakdown of credit ratings by asset class, issuers or related third parties should refer to Section 8. For more information on Article 8d of the CRA Regulation, please refer to the Supervisory Briefing adopted by ESMA in Section 9. This Supervisory Briefing includes a Standard Form that can be used by issuers or related third parties on a *voluntary basis*. This Standard Form is relevant for issuers or related third parties who choose not to appoint a CRA with less than 10% total market share and are required to document this decision.

¹ See recital 11 of 2013 amendments to the CRA Regulation, Regulation (EU) No 462/2013 of the European Parliament and of the Council of 21 May 2013, OJ L 146, 31.5.2013, p. 1–33.

4 How CRAs' Market Shares are calculated

9. In accordance with Article 8d(3) of the CRA Regulation, the total market share for each registered CRA is calculated with reference to annual turnover generated from credit rating activities and ancillary services at group level in the EU for that CRA or group of CRAs. In this regard, there are currently a number of groups of CRAs operating in the EU.^{2,3,4,5,6,7}
10. For the purpose of this exercise, total market share has been calculated based on CRAs' audited financial statements with reference to the annual turnover from the credit rating activities and ancillary services for the year 2021.

5 Applicability

11. This market share calculation is valid for use from its date of publication and is applicable until the date of publication of the next Market Share Calculation in 2023. In order to ensure you are referring to the most recent Market Share Calculation please visit the relevant section of [ESMA's CRA supervision webpage](#). For the most recent [list of EU Registered CRAs](#) please visit the relevant section of ESMA's CRA Supervision Page.

6 Market Share Calculation for EU Registered CRAs

12. The Table on page 6 (Table 1⁸) provides a list of all CRAs registered in the EU in accordance with the CRA Regulation. For each CRA, ESMA provides the applicable total market share, calculated according to the process described in Section 4. In order to provide information on the evolution of the market, ESMA also provides information as to the year-on-year change in each CRA's market share⁹. Finally, ESMA provides an indicator as to whether a CRA has less than 10% total market share.
13. A number of corporate actions, including; acquisitions, de-registrations and name changes among registered CRAs have resulted in changes to this year's market share. It has also resulted in ESMA informing some CRAs that they are now considered as a group of CRAs under the CRA Regulation. CRAs subject to acquisitions were: (i) CRIF Ratings and ICAP CRIF (ii) Scope Ratings and Scope Hamburg and (iii) Qivalio and EthiFinance Ratings. One CRA de-registered: Rating-Agentur Expert RA GmbH. Two CRAs changed their name: Axesor Risk Management was renamed to EthiFinance Ratings, ICAP S.A. was renamed to ICAP CRIF S.A.

² **S&P Global Ratings:** S&P Global Ratings Europe Limited

³ **Moody's Investors Service:** Moody's Investors Service Cyprus Ltd. Moody's France S.A.S. Moody's Deutschland GmbH. Moody's Italia S.R.L. Moody's Investor Service España S.A., Moody's Investors Service (Nordics) AB.

⁴ **Fitch Ratings:** Fitch Ratings Ireland Limited.

⁵ **Scope Ratings** and **Scope Hamburg:** Scope Ratings GmbH, Scope Hamburg GmbH.

⁶ **CRIF Ratings** and **ICAP CRIF:** CRIF S.p.A, ICAP CRIF S.A.

⁷ **Qivalio** and **EthiFinance Ratings** (previously Axesor Risk Management): Qivalio SAS, EthiFinance Ratings S.L.

⁸ CRAs are included in the market share table in order of decreasing market share.

⁹ CRA's market shares have been rounded to 2 decimal points. Indication of Year on Year Change is based on the underlying unrounded figure.

Name of CRA	Market Share	Less than 10%	Total Market Share 2021	YoY Change vs 2021
S&P Global Ratings	50.13%	-	51.17%	↓
Moody's Investor Service	32.79%	-	30.12%	↑
Fitch Ratings	10.05%	-	10.30%	↓
DBRS Ratings	1.31%	Yes	1.11%	↑
Scope Ratings			1.00%	↑
Scope Hamburg	1.31%	Yes	0.23%	
CERVED Rating Agency	1.03%	Yes	1.18%	↓
ICAP CRIF			0.41%	↓
CRIF Ratings	0.48%	Yes	0.27%	
modeFinance	0.42%	Yes	0.33%	↑
CreditReform Rating	0.38%	Yes	0.84%	↓
Kroll Bond Rating Agency Europe	0.37%	Yes	0.45%	↓
AM Best Europe-Rating Services	0.36%	Yes	0.41%	↓
GBB-Rating	0.33%	Yes	0.38%	↓
Qivalio			0.18%	↓
EthiFinance Ratings	0.34%	Yes	0.24%	
Assekurata	0.25%	Yes	0.27%	↓
Capital Intelligence Ratings	0.11%	Yes	0.16%	↓
Nordic Credit Rating	0.11%	Yes	0.06%	↑
ARC Ratings	0.07%	Yes	0.19%	↓
Inbonis	0.06%	Yes	0.03%	↑
BCRA-Credit Rating Agency	0.03%	Yes	0.03%	-
EuroRating	0.01%	Yes	0.01%	-
TOTAL	100%			

Table 1: Market Share for EU CRAs. Source: ESMA Supervisory Information.

7 Types of Credit Ratings offered by EU registered CRAs

14. The Table below (Table 2) provides an overview of the different types of credit ratings each EU CRA is registered to provide. This table is provided in order to enable issuers or related third parties to evaluate whether a CRA with less than 10% total market share is registered to provide the class of credit rating they require. The information contained in this table is based on the data reported into ESMA's supervisory database.

Types Of Credit Ratings Offered						
Name of CRA	Less than 10%	Corporate: non-Financial	Corporate: Financial	Corporate: Insurance	Sovereign and Public Finance	Structured Finance
S&P Global Ratings	-					
Moody's Investor Service	-					
Fitch Ratings	-					
DBRS Ratings	Yes					
Scope Ratings						
Scope Hamburg	Yes					
CERVED	Yes					
CRIF Ratings						
ICAP CRIF	Yes					
ModeFinance	Yes					
Creditreform Rating	Yes					
Kroll Bond Rating Agency	Yes					
AM Best Europe-Rating Services	Yes					
GBB-Rating	Yes					
EthiFinance Ratings						
Qivalio	Yes					
Assekurata	Yes					
Capital Intelligence Ratings	Yes					
Nordic Credit Rating	Yes					
ARC Ratings	Yes					
Capital Intelligence Ratings	Yes					
INBONIS	Yes					
BCRA-Credit Rating Agency	Yes					
EuroRating	Yes					

Table 2: Types of Credit Ratings Offered by EU Registered CRAs. Source: ESMA Supervisory information as per 28/11/22

8 Market Share of EU Registered CRAs by Rating Category

15. The Figures below (Figures 1-5) provide additional information to assist issuers or related third parties in their evaluation of a CRA with less than 10% total market share. These figures show the proportion of instruments¹⁰ for which an EU-issued rating has been assigned by EU registered CRAs (i.e. endorsed ratings are excluded), irrespective of the domicile of the issuer, as of 30th September 2022.
16. This approach is coherent with the revenue-based market share described in the previous sections, as the revenues generated by EU-registered CRAs may derive from both EU and non-EU issuers. To provide further insight the figures included in the Report reflect the ratio between solicited and unsolicited EU-issued ratings issued by EU registered CRAs.
17. The Figures are based on data reported by CRAs to ESMA and do not take into account ratings reported by a CRA where a unique identifier of the bond (ISIN) was not reported. For ease of reading, only EU registered CRAs which have rated at least 0.1% of all outstanding ISINs in a specific asset class have been included in the tables.

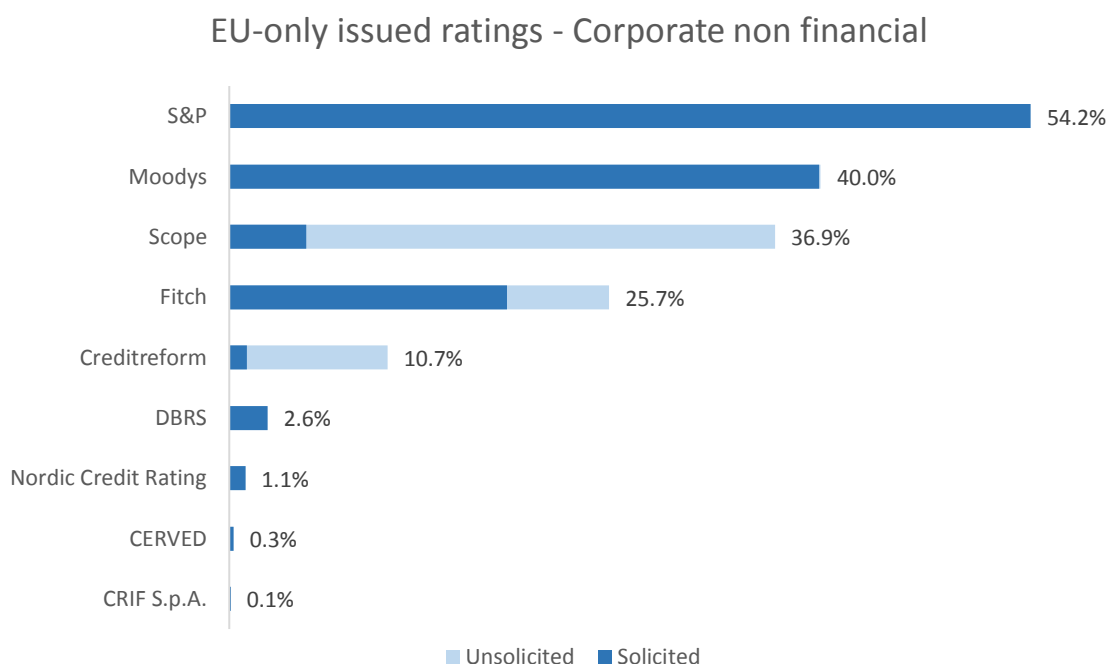


Figure 3: Percentage of the total number of outstanding non-financial corporate instruments (ISINs) that have at least one rating assigned by a CRA registered in the EU. Source: ESMA supervisory data as of 30/09/2022

¹⁰ The definition of EU financial instrument is drawn from the Commission delegated Regulation 2015/2 of 30 September 2014 supplementing Regulation (EC) No 1060/2009 with regard to regulatory technical standards for the presentation of the information that credit rating agencies make available to ESMA, available at: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2015.002.01.0024.01.ENG (the Delegated Regulation).

EU-only issued ratings - Financial Institutions

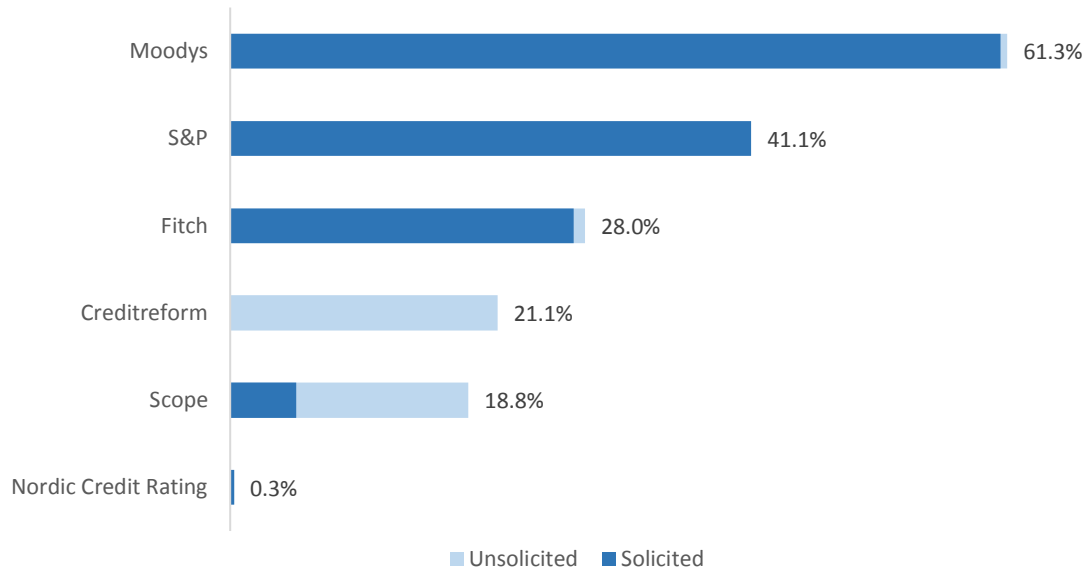


Figure 4: Percentage of the total number of outstanding financial corporates (excl. insurance) instruments (ISINs) that have at least one rating assigned by a CRA registered in the EU. Source: ESMA supervisory data as of 30/09/2022

EU-only issued ratings - Insurance

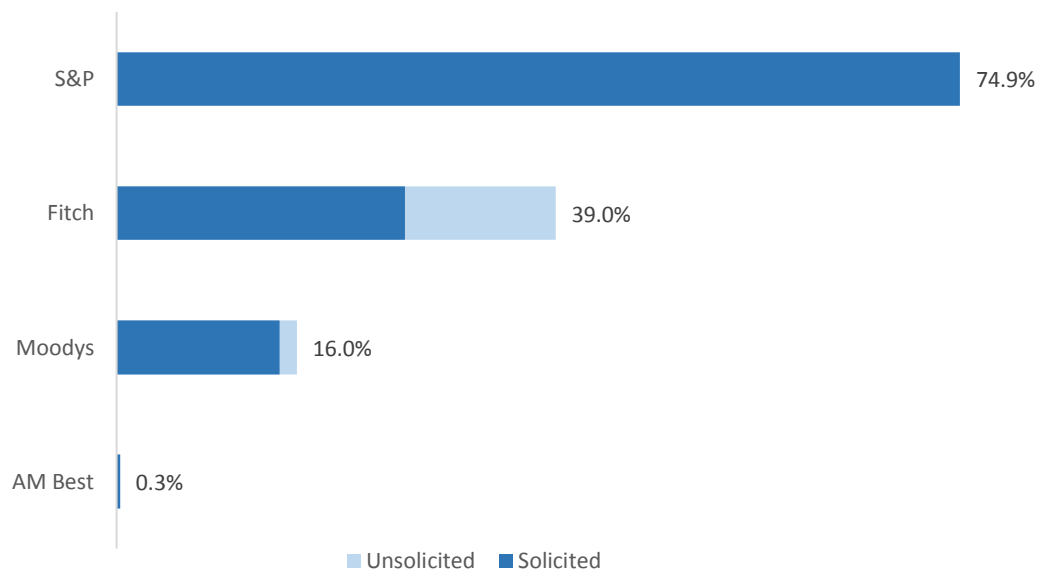


Figure 5: Percentage of the total number of outstanding insurance undertakings instruments (ISINs) that have at least one rating assigned by a CRA registered in the EU. Source: ESMA supervisory data as of 30/09/2022

EU-only issued ratings - Sovereign and Public Finance

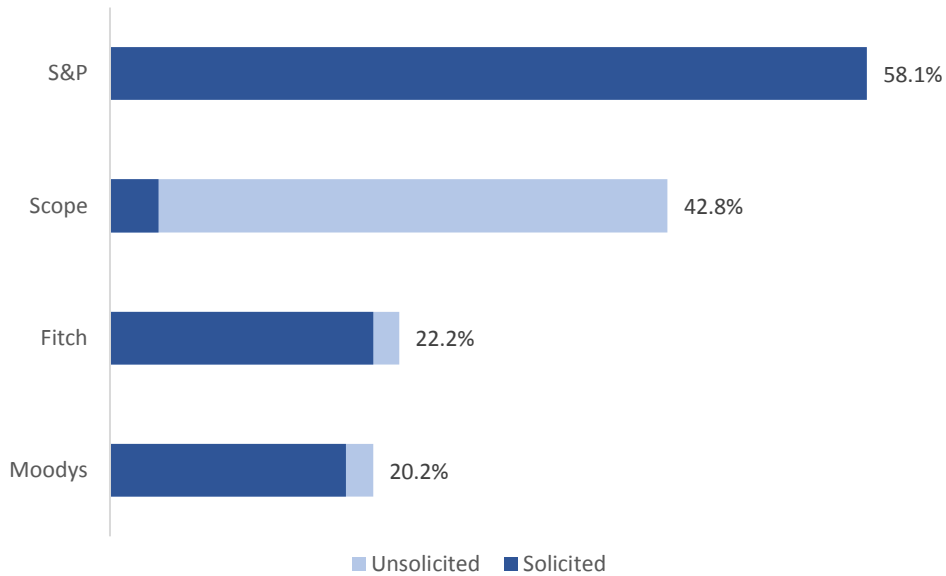


Figure 4: Percentage of the total number of sovereign and public entity instruments (ISINs) that have at least one rating assigned by a CRA registered in the EU. Source: ESMA supervisory data as of 30/09/2022

EU-only issued ratings - Structured Finance

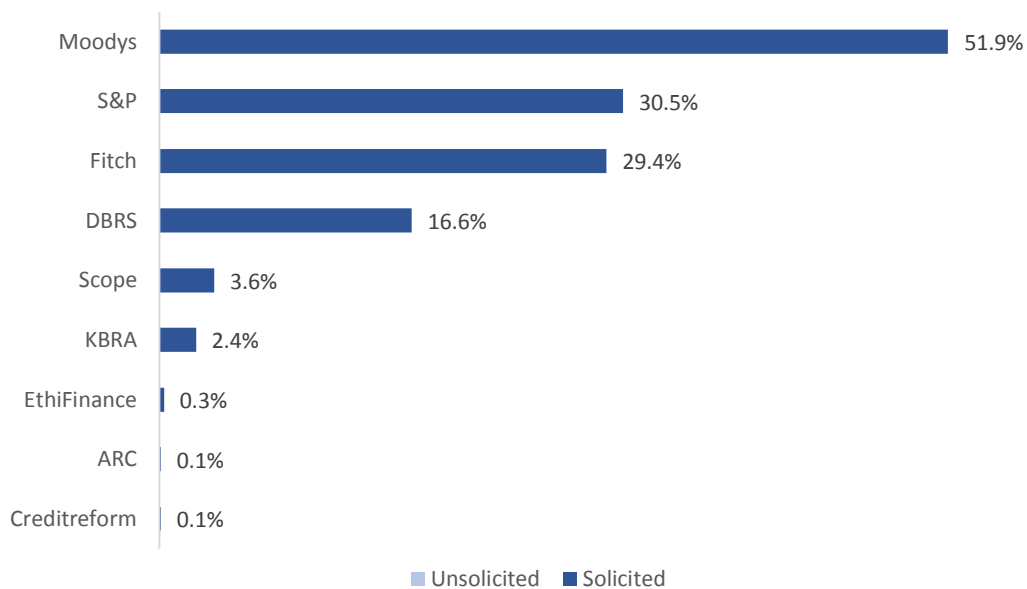


Figure 5: Percentage of the total number of outstanding structured finance instruments (ISINs) that have at least one rating assigned by a CRA registered in the EU. Source: ESMA supervisory data as of 30/09/2022

9 Supervisory Briefing for Article 8d

18. As set out in Article 25a of the CRA Regulation, Article 8d is supervised and enforced at Member State level by Sectoral Competent Authorities (SCAs). In this regard, it is the role of ESMA to promote supervisory convergence by encouraging the SCAs to adopt common approaches to the supervision and enforcement of this article.
19. On 6 April 2016 ESMA published a Supervisory Briefing which provided further information on the implementation of Article 8d at a national level as well as a voluntary template for documenting the non-appointment of a CRA with less than 10% market share.
20. The purpose of this Supervisory Briefing is to provide guidance to SCAs in relation to the application of Articles 8c and 8d of the CRA Regulation and promote a common supervisory approach and enforcement of these Articles. In this regard, the Supervisory Briefing includes the following:
 - A Common Supervisory Approach as to which issuers or related third parties are covered by Article 8c and 8d; and,
 - A Standard Form for documenting the decision not to appoint a CRA with less than 10% total market share in accordance with article 8d.
21. The purpose of the Common Supervisory Approach is to assist SCAs as well as issuers or related third parties by clearly establishing who should be prioritised for supervision and enforcement under these Articles.
22. The Standard Form assists SCAs by promoting standardised and consistent data across different issuers or related third parties. It also assists issuers or related third parties by providing clarity as to how they may meet their regulatory obligations under these Articles and simplify their internal processes by removing the need to develop in-house templates for documenting compliance under Article 8d.
23. For issuers or related third parties who would like to know more about the Common Supervisory Approach and the Standard Form, both items are available on ESMA's website¹¹.

10 Questions and Feedback

24. ESMA welcomes feedback on the information presented in this market share calculation and invites market participants to send this by email to: CRA-info@esma.europa.eu.

¹¹ [Common Supervisory Approach incl. Standard Form](#)