

## TERMS OF REFERENCE

### Credit Rating Agencies Technical Committee (CRA TC)

1. ESMA achieves its mission to enhance investor protection and promoting stable and orderly financial markets through four activities: (i) assessing risks to investors, markets and financial stability, (ii) completing a single rulebook for EU financial markets, (iii) promoting supervisory convergence and (iv) supervising specific financial entities.
2. The ESMA Regulation<sup>1</sup> states that ESMA shall act within the powers conferred by this Regulation and among others within the scope of EU Regulation 1060/2009/EC (the Credit Rating Agencies Regulation).
3. In order to fulfil its mission the Board of Supervisors has established the Credit Rating Agencies Technical Committee. The Terms of Reference cover the responsibilities and tasks of this group and the Procedures for ESMA groups (ESMA/2011/BS/236rev2) set out the rules concerning its structure, governance and working methods.

### Responsibilities

4. In line with the ESMA 2016-2020 Strategic Orientation, (ESMA/2015/935), the Credit Rating Agencies Technical Committee contributes to ESMA's mission by addressing issues related to Credit Rating Agencies:
  - *Assessing the Risks to Investors, Markets and Financial Stability:*
    - o Assessment and ongoing monitoring of the legal and supervisory frameworks of third country's for the purpose of the CRA Regulation's equivalence and endorsement regimes
  - *Completing a Single Rulebook for EU financial markets through the:*
    - o Technical standards and guidelines concerning policy in the area of CRAs and Securitisation;
    - o Provision of technical advice to the European Commission;
    - o Agreements on exchange of supervisory information with other authorities or public bodies, whether established in the EU or in third countries;

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<sup>1</sup> Regulation (EU) No 1095/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Securities and Markets Authority) amending Decision No 716/2009/EC and repealing Commission Decision 2009/77/EC



- Establishment of cooperation arrangements with third country regulators;
  - Any other policy or supervisory issue that may have wider implications on which advice is requested by its Chair.
- *Promoting Supervisory Convergence through:*
- Guidelines and recommendations concerning policy in the areas of CRAs.
5. In line with ESMA's product monitoring obligation under Articles 39 MiFIR and its product intervention powers under Article 40 and 43 MiFIR, the Credit Rating Agencies Technical Committee shall refer any potential threats that are relevant to ESMA's objectives of ensuring investor protection, orderly functioning and integrity of financial/commodity markets and to stability, to the relevant Standing Committee.
6. The Credit Rating Agencies Technical Committee shall liaise and coordinate with other relevant groups reporting to the Board of Supervisors where its activities relate or are complementary to those of other groups, especially on issues related to the CRA Regulation.

### **Structure and governance**

7. The Technical Committee is chaired by the Executive Director of ESMA, who is responsible for coordinating and preparing its work.
8. The responsibilities of the Chair, rapporteur and members of the Credit Rating Agencies Technical Committee are as set out in the Procedures for ESMA groups.
9. Permanent or temporary groups reporting to the Standing Committee may be set-up when required in line with the Procedures for ESMA groups.
10. The Credit Rating Agencies Technical Committee may establish a Consultative Working Group. The Credit Rating Agencies Technical Committee can – where appropriate – and in liaison with the rapporteur of the relevant Standing Committee consult other Consultative Working Groups.
11. The Credit Rating Agencies Technical Committee will meet on a regular basis as required in order to deliver ESMA's (multi-) annual work programme. Meetings of substructures will be organised as necessary to enable the Standing Committee to fulfil its tasks.

### **Review**

12. The Terms of Reference will be reviewed every two years by the Board of Supervisors.