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Additional Information

Level 1 Regulation

Credit Rating Agencies Regulation (CRAR) Regulation (EC) No 1060/2009

Topic

Credit rating disclosures

Subject Matter

Article 10(5) – Disclosure and presentation of unsolicited credit ratings (ESMA33-5-87 Q&A 10)

Question

How should CRAs disclose and present unsolicited credit ratings according to the new requirements in Article 10(5) of the CRA Regulation?

17-07-2023

Original language

The CRA Regulation requires CRAs to identify unsolicited credit ratings as such. Moreover, CRAs shall also state prominently in the unsolicited credit rating (using a clearly distinguishable different colour code for the rating category):

- i) whether or not the rated entity or a related third party participated in the credit rating process; and
- ii) whether the credit rating agency had access to the accounts, management and other relevant internal documents for the rated entity or a related third party.

The combination of both requirements means that unsolicited credit ratings should firstly be identified with a specific identifier and, secondly, it should be highlighted in case there was participation of the rated entity in the rating process or the CRA had access to relevant internal documents for the rated entity by way of disclosing the rating symbols¹ in a distinguishable colour.

The identification of unsolicited credit ratings as such and the use of a distinguishable colour for rating categories in order to identify the participation of the rated entity should be included in the press release of the rating action and in the CRA' websites. The meaning of the coloured rating categories should also be included in the policies and procedures regarding unsolicited credit ratings that CRAs must disclose according to Article 10(4) of the Regulation.

[1] Article 3(1)(h) of the CRA Regulation defines “rating category” as a rating symbol, such as a letter or numerical symbol which might be accompanied by appending identifying characters, used in a credit rating to provide a relative measure of risk to distinguish the different risk characteristics of the types of rated entities, issuers and financial instruments or other assets.