

## Press Release

### **ESMA fines S&P €1.11 million for failures related to the premature release of credit ratings to the public**

The European Securities and Markets Authority (ESMA), the EU's financial markets regulator and supervisor, has fined S&P Global Ratings Europe Limited (S&P) a total of EUR 1,110,000, and issued a [public notice](#), for breaches of the Credit Rating Agencies Regulation (CRA Regulation).

ESMA found that S&P published credit ratings before the concerned securities were issued by the rated entities and announced to the market. This was due to internal control failures and led to breaches by S&P of its transparency obligations.

Verena Ross, ESMA's Chair, said:

*"Today's action against S&P emphasises the importance ESMA places on CRAs complying with their obligations of timely disclosure of information regarding ratings to the market.*

*Publishing a credit rating before the issuance of the rated securities may result in harm to the issuer, to investors and more generally to the orderly functioning of the financial markets."*

The breaches covered by the fine specifically relate to:

1. deficiencies in S&P's internal control mechanisms, which did not ensure compliance with its obligations regarding the timely disclosure of credit ratings;
2. the failure by S&P to disclose on a non-selective basis and in a timely manner decisions to discontinue credit ratings;
3. the failure by S&P to submit up-to-date rating information to ESMA.

All breaches were found to have resulted from negligence on the part of S&P. In calculating the fine, ESMA considered both aggravating and mitigating factors provided for in the CRA Regulation.

## **S&P's Breaches of the Credit Rating Agencies Regulation**

### Internal controls infringement

ESMA found that the flaws in the internal control procedures and the way in which those procedures were implemented led S&P to release credit ratings prematurely. In particular, ESMA found that between 5 June 2019 and 8 September 2021, S&P released solicited credit ratings regarding six issuers prematurely, i.e. the credit ratings were published by S&P before the issuance of the securities by the rated entities and announcement to the market. Consequently, ESMA fined S&P EUR 825,000 for not having internal control mechanisms to ensure compliance with its obligations regarding the timely disclosure of credit ratings.

### Infringements related to transparency obligations

ESMA found that, between 2019 and 2021, in six instances, S&P removed, without providing explanations, credit ratings from its public platforms. Consequently, ESMA fined S&P EUR 210,000 for failing to disclose on a non-selective basis and in a timely manner decisions to discontinue credit ratings.

ESMA also found that in relation to one rated entity, S&P did not ensure that the information it submitted to ESMA for publication on the European Rating Platform (ERP) was correct and up to date. Consequently, ESMA fined S&P EUR 75,000.

### **Right to appeal**

S&P may appeal against this decision to the Board of Appeal of the European Supervisory Authorities. Such an appeal does not have suspensive effect, although it is possible for the Board of Appeal to suspend the application of the decision in accordance with Article 60(3) ESMA Regulation.

## Notes for editors

1. [ESMA43-475-40 Decision - S&P Global Ratings Europe Limited](#)
2. [ESMA43-475-60 Public Notice - S&P Global Ratings Europe Limited](#)
3. S&P is an Ireland-based credit rating agency registered in the EU since 31 October 2011.
4. Since July 2011, ESMA has been responsible for the supervision of credit rating agencies in the European Union, including their registration, in line with the requirements of the CRA Regulation. ESMA has the power to take appropriate enforcement action where it discovers a breach of the CRA Regulation, ranging from the issuance of public notices to the imposition of fines and withdrawal of registration.
5. ESMA is the European Union's EU's financial markets regulator and supervisor. Its mission is to enhance investor protection and promote stable and orderly financial markets.

## Further information:



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