

Consultations

Answers from Bulgarian Credit Rating Agency

Summary of questions

Q1: Do you agree with ESMA´s preferred option to raise a periodic supervisory fee? Do you agree with the proposed fee calculation method to ensure that the fee is proportionate to the turnover of the CRA?

A1: According article 19 of the Regulation “The registration and/or supervisory fees shall be proportionate to the cost incurred by the competent authority of the home Member State”. **In the Consultation Paper you are talking about “budget which ESMA has allocated”. The salaries respectively the expenses for supervision in Bulgaria compared with one in Paris are probably ten times less. So we think that the base for fee calculation should be according the Regulation. Please see our General comment.**

Q2: Do you agree that the minimum supervisory fee is charged regardless of the annual turnover of the CRA? Do you agree that this fee amounts at least around 2,000 - 5,000 Euros?

A2. We think that the regular reports which CRA should send to local competent authority and ESMA are pretty clear and thorough. We do not know how many will be the on site visits of the competent authority of the home Member State (which is cheaper compared to the ESMA visits). We think that the minimum amount is too high.

Q3: In case that audited revenues are not available, what should be the basis for calculation of the supervisory fees?

A3. We think that audited financial statements should be available.

Q4: Do you agree that a flat fee for certification applications is established? Do you agree that the fee amounts around 2,000-15,000 Euros?

A4. Yes we agree.

Q5: Do you agree that an annual flat supervisory fee for certified CRAs is established? If the CRA is certified during the course of the year, do you agree to charge this supervisory fee on a pro-rata basis? Do you agree that the fee is set at a level close to the amount of the minimum supervisory fee?

A5. Yes we agree.

Q6: Do you agree with the criteria ESMA is considering for establishing the fee bands (i.e. type of credit ratings (structured finance instruments), existence of branches and use of endorsement)? Do you agree with the criteria ESMA is considering to establish the exact fee amounts within the bands (i.e. number of employees)?

A6: Yes we agree. Please see our General comment.

Q7: Do you agree that the registration fee is partly reimbursed in case of withdrawal of the application? Do you agree with the reimbursement proportions which ESMA is considering for its advice?

A7. Yes we agree.

Q8: Would you be in favour that the supervisory fees are paid in one single payment per

year (option 1) or in two payments per year (option 2)? Would you agree with the proposed dates?

A8. We are in favor of two payments per year.

General: From the Consultation Paper we understand that the fees should be collected by ESMA. According article 19 of the Regulation “The competent authority of the home Member State may charge registration and/or supervisory fees to the credit rating agency” is clear that the decision is made by the competent authority of the home Member State. The regulation related to the credit ratings usage is different within the Member state. The expenses for supervision are different as well. We think that the specific conditions of home member state should have bigger influence.