

PRESS RELEASE

ESMA issues first drafts of binding standards for credit rating agencies

ESMA publishes today for consultation its first set of proposed future Regulatory Technical Standards (RTS). The draft RTSs on Credit Rating Agencies (CRAs) detail the information that CRAs would have to disclose and the rules they would have to comply with in order to fulfil the requirements of the CRA Regulation. ESMA is seeking stakeholders' views in respect of specific technical issues specified under Article 21 (4) of the CRA Regulation by October 21, 2011. The potential costs and benefits of the future standards will also be assessed by ESMA.

The ESMA Regulation entrusts the Authority with the elaboration of draft Regulatory Technical Standards. This task was given to ESMA in order to establish harmonised standards in financial services, a single rulebook, to ensure a level playing field and adequate protection of investors and consumers across the Union.

Following the consultation, ESMA will send the final draft standards to the European Commission by 2 January 2012. The Commission, by means of delegated acts, then needs to decide on the endorsement of the standards and hence, give them binding legal effect.

ESMA consults on future standards of conduct rules for CRAs'

The proposals of draft RTS published today in ESMA's consultation paper cover the following technical areas of conduct for CRAs:

- 1) The information to be provided by a CRA in its application for registration and certification, and for the assessment of the systemic importance to the financial stability or integrity of financial markets (ESMA/2011/302);
- 2) The presentation of the information, including structure, format, method and period of reporting that a CRA must disclose (ESMA/2011/304);
- 3) The assessment of compliance of CRAs with the requirements set out in Article 8(3) on the credit rating methodologies (ESMA/2011/303); and
- 4) The content and format of ratings data to be requested from CRAs as part of their periodic reporting for the purpose of the on-going supervision by ESMA (ESMA/2011/305).

Next steps

In light of the comments received from respondents by the deadline of 21 October 2011, ESMA expects to publish a final report by the end of 2011. In accordance with the ESMA Regulation and the CRA Regulation, those draft RTSs should be endorsed by the Commission to give them binding legal effect.



Notes to editors

1. ESMA is an independent EU Authority that was established on 1 January 2011 according to EU Regulation No. 1095/2010 as published on December 15, 2010, in the Official Journal of the European Union (L 331/84). The Authority contributes to safeguarding the stability of the European Union's financial system by ensuring the integrity, transparency, efficiency and orderly functioning of securities markets, as well as enhancing investor protection. In particular, ESMA fosters supervisory convergence both amongst securities regulators, and across financial sectors by working closely with the other European Supervisory Authorities competent in the field of banking (EBA), and insurance and occupational pensions (EIOPA).
2. ESMA's work on securities legislation contributes to the development of a single rule book in Europe. This serves two purposes; firstly, it ensures the consistent treatment of investors across the Union, enabling an adequate level of protection of investors through effective regulation and supervision. Secondly, it promotes equal conditions of competition for financial service providers, as well as ensuring the effectiveness and cost efficiency of supervision for supervised companies. As part of its role in standard setting and reducing the scope of regulatory arbitrage, ESMA strengthens international supervisory co-operation. Where requested in European law, ESMA undertakes the supervision of certain entities with pan European reach.
3. ESMA also contributes to the financial stability of the European Union, in the short, medium and long-term, through its contribution to the work of the European Systemic Risk Board, which identifies potential risks to the financial system and provides advice to diminish possible threats to the financial stability of the Union. ESMA is also responsible for coordinating actions of securities supervisors or adopting emergency measures when a crisis situation arises.
4. ESMA replaced the Committee of European Securities Regulators (CESR), an advisory body comprised of EU securities regulators that advised the European Commission from 2001 to 2010 on policy issues around securities legislation.

For further information contact:

Reemt Seibel

Communications Officer

Tel: +33 (0) 158 36 42 72

Email: reemt.seibel@esma.europa.eu