

## 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. According to Regulation 1095/2010 of the European Parliament and Council, ESMA shall act within the powers conferred by its establishing 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 providing advice regarding decisions in the area of Credit Rating Agencies that refer to:
  - *Completing a Single Rulebook for EU financial markets through the:*
    - o Assessment of whether a third country regime includes requirements "as stringent as" those set out in Articles 6 to 12 of the CRA Regulation;
    - o Establishment of cooperation arrangements with third country regulators;
    - o Agreements on exchange of supervisory information with other authorities or public bodies, whether established in the EU or in third countries;
    - o Provision of technical advice to the European Commission;
    - o Technical standards and guidelines concerning policy in the area of CRAs;
    - o Any other policy or supervisory issue that may have wider implications on which advice is requested by its Chair.
  - *Promoting Supervisory Convergence in the area of Credit Ratings Agencies 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 it identifies 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. Alternatively, it may rely on assistance of CWGs established by other Standing Committees where it is appropriate and suitable.
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.