



European Securities and  
Markets Authority

# Report on CRA Market Share Calculation



## Acronyms used

<b>CRA Regulation</b>	Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit ratings agencies as amended by Regulation (EU) No 513/2011 of the European Parliament and of the Council of 11 May 2011, Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011, Regulation (EU) No 462/2013 of the European Parliament and of the Council of 21 May 2013, and Directive 2014/51/EU of the European Parliament and of the Council of 16 April 2014
<b>Credit Rating</b>	Credit rating means an opinion regarding the creditworthiness of an entity, a debt or financial obligation, debt security, preferred share or other financial instrument, or of an issuer of such a debt or financial obligation, debt security, preferred share or other financial instrument, issued using an established and defined ranking system of rating categories (Regulation 1060/2009 Article 3(1)(a))
<b>Credit Rating Agency</b>	Credit rating agency means a legal person whose occupation includes the issuing of credit ratings on a professional basis (Regulation 1060/2009 Article 3(1)(b))
<b>Credit Rating Activities</b>	Credit rating activities means data and information analysis and the evaluation, approval, issuing and review of credit ratings.
<b>Ancillary Services</b>	Ancillary services are not part of credit rating activities; they comprise market forecasts, estimates of economic trends, pricing analysis and other general data analysis as well as distribution services'
<b>Issuer</b>	Issuer means a legal entity that issues or proposes to issue securities as defined in Article 2(h) of Regulation (EU) 2017/1129 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC.
<b>Financial Instrument</b>	Financial Instrument means any of the instruments listed in Section C of Annex I to Directive 2004/39/EC (Regulation 1060/2009 Article 3(1)(k). Regulation 1060/2009 Article 3(1)(k)).
<b>Related Third Party</b>	Related third party means 'the originator, sponsor, servicer or any other party that interacts with a credit rating agency on behalf of a rated entity' (Regulation 1060/2009 Article 3(1)(b)).
<b>Sectoral Competent Authority</b>	Sectoral Competent Authority means "the national competent authorities designated under the relevant sectoral legislation for the supervision of credit institutions, investment firms, insurance undertakings, reinsurance undertakings, institutions for occupational retirement provision, management companies, investment companies, alternative investment fund managers, central counterparties and prospectuses(Regulation 1060/2009 Article 3(1)(r)).

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# 1 Executive Summary

## Reasons for publication

One of the objectives of the CRA Regulation is to increase competition in the markets for credit ratings by encouraging issuers or related third parties to use smaller credit rating agencies.

In this regard, Article 8d of the CRA Regulation requires issuers or related third parties, who intend to appoint two or more CRAs to rate an issuance or entity, to consider appointing at least one CRA with no more than 10% of the total market share in the EU.

In the case that the issuer or related third party does not appoint a CRA with no more than 10% total market share, the Regulation (Article 8d) requires that this decision is documented. The obligations of Article 8d are supervised and enforced at a national level by the relevant sectoral competent authorities.

In order to assist issuers or related third parties with this assessment, Article 8d of the CRA Regulation requires the European Securities and Markets Authority (ESMA) to publish a list of registered CRAs and the types of credit ratings they issue, together with a calculation of CRAs' revenues from credit rating activities and ancillary services at group level.

## Content

Sections 2 and 3 of this document provide background and guidance as to how the market share calculation should be used by issuers or related third parties. Section 4 provides information on how the market share is calculated, while Section 5 sets out its date of application. Section 6 provides a list of CRAs registered in the EU alongside their percentage of total market share by revenue. Section 7 provides an overview of the type of credit ratings offered by each CRA registered in the EU. Section 8 shows the proportion of EU debt issuances for each asset class rated by individual CRAs. Section 9 provides details on the Common Supervisory Approach and Standard Form adopted by ESMA Members in respect of Article 8d. Finally, Section 10 provides contact details should users of this document wish to provide comments or feedback.

## 2 Legal Basis

1. As set out in recital 11 of the CRA Regulation, the purpose of Article 8d is to increase competition in the credit rating industry by encouraging issuers or related third parties to consider the appointment of smaller CRAs.
2. In this regard, Article 8d(1) states that where issuers or related third parties intend to use two or more CRAs, they should consider appointing one CRA with less than 10% market share in the EU. In the event that the issuer or related third party does not appoint at least one CRA with less than a 10% market share, this decision shall be documented.
3. The market share calculation is required to be published by ESMA on an annual basis in accordance with Article 8d(2). Its purpose is to assist issuers or related third parties in their identification of CRAs with no more than 10% total market share.
4. In this regard, credit rating activities refer to the definition of credit ratings provided in Article 3(1)(a) of the CRA Regulation. These activities involve giving opinions, regarding the creditworthiness of an entity, a debt or financial obligation, debt security, preferred share or other financial instrument, or an issuer of such a debt or financial obligation, debt security, preferred share or other financial instrument.
5. The term ancillary service is set out in the second paragraph of Point 4, Section B of Annex I of the CRA Regulation, which states that “*A credit rating agency may provide services other than the issue of credit ratings (ancillary services). Ancillary services are not part of credit rating activities; they comprise market forecasts, estimates of economic trends, pricing analysis and other general data analysis as well as distribution services*”
6. As set out in Article 25a of the CRA Regulation, the supervision and enforcement of Article 8d is the responsibility of national sectoral competent authorities. For further details please refer to Section 9 of this document.

### 3 How to use this Document

7. In order to identify a CRA with less than 10% total market share, issuers or related third parties should refer to Section 6, which provides a list of registered CRAs indicating total market share for each.
8. In order to identify the different types of credit ratings offered by each CRA, issuers or related third parties should refer to Section 7 which provides an overview of the types of credit ratings issued by each EU registered CRA. For a breakdown of credit ratings by asset class, issuers or related third parties should refer to Section 8.
9. In order to find out more about the Supervisory Briefing for Article 8d adopted by ESMA, issuers or related third parties should refer to Section 7 of this document. This Supervisory Briefing includes a Standard Form that can be used by issuers or related third parties on a *voluntary basis*. This Standard Form is relevant for issuers or related third parties who choose not to appoint a CRA with less than 10% total market share and are required to document this decision.

## 4 How CRAs' Market Shares are calculated

10. In accordance with Article 8d(3) of the CRA Regulation, the total market share for each registered CRA is calculated with reference to annual turnover generated from credit rating activities and ancillary services at group level in the EU for that CRA or group of CRAs<sup>123</sup>.
11. For the purpose of this exercise, total market share has been calculated based on CRAs' audited financial statements with reference to the annual turnover from the credit rating activities and ancillary services for the calendar year 2018.

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<sup>1</sup> **S&P Global Ratings:** S&P Global Ratings France S.A.S. S&P Global Ratings Italy S.R.L. Standard & Poor's Credit Market Services Europe Limited.

<sup>2</sup> **Moody's Investors Service:** Moody's Investors Service Cyprus Ltd. Moody's France S.A.S. Moody's Deutschland GmbH. Moody's Italia S.R.L. Moody's Investor Service España Ltd. Moody's Investors Service Ltd. Moody's Investors Service EMEA Ltd., Moody's Investors Service (Nordics) AB.

<sup>3</sup> **Fitch Ratings:** Fitch France S.A.S. Fitch Deutschland GmbH. Fitch Italia S.p.A. Fitch Polska S.A. Fitch Ratings España S.A.U. Fitch Ratings Limited. Fitch Ratings CIS Limited.

## 5 Applicability

12. This market share calculation is valid for use from its date of publication and applicable until the date of publication of the next Market Share Calculation in 2020.
13. In order to ensure you are referring to the most recent Market Share Calculation please visit the relevant section of ESMA's CRA Policy Page<sup>4</sup>. In order to ensure you are referring to the most recent list of EU Registered CRAs please visit the relevant section of ESMA's CRA Supervision Page<sup>5</sup>.

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<sup>4</sup> [ESMA CRA Policy](#)

<sup>5</sup> [List of EU Registered CRAs](#)

## 6 Market Share Calculation for EU Registered CRAs

14. The Table below (Table 1) provides a list of all CRAs registered in the EU in accordance with the CRA Regulation. For each CRA listed, ESMA provides the applicable total market share, calculated according to the process described in Section 4<sup>6</sup>
15. In order to provide information on the evolution of the market ESMA also provides information as to any year on year change in each CRA's market share<sup>7</sup>. Finally, ESMA provides an indicator as to whether a CRA has less than 10% total market share.

Name of CRA	Market Share %	Less than 10%	Previous Year	YoY Change
S&P Global Ratings	42.09%	-	46.26%	↓
Moody's Investor Service	33.39%	-	32.04%	↑
Fitch Ratings	16.62%	-	15.10%	↑
DBRS Ratings	2.46%	Yes	1.88%	↑
The Economist Intelligence Unit	0.87%	Yes	0.86%	↑
AM Best Europe-Rating Services	0.82%	Yes	0.77%	↑
Cerved Rating Agency	0.81%	Yes	0.82%	↓
Creditreform Rating	0.55%	Yes	0.51%	↑
Scope Ratings	0.49%	Yes	0.28%	↑
GBB-Rating	0.32%	Yes	0.28%	↑
Axesor Risk Management	0.21%	Yes	0.14%	↑
CRIF Ratings	0.21%	Yes	0.17%	↑
Assekurata	0.20%	Yes	0.19%	↑
ICAP	0.19%	Yes	0.12%	↑
Euler Hermes Rating	0.18%	Yes	0.20%	↓
ARC Ratings	0.15%	Yes	0.06%	↑
ModeFinance	0.13%	Yes	0.10%	↑
Capital Intelligence Ratings	0.12%	Yes	0.11%	↑
QIVALIO SAS	0.08%	Yes	0.04%	↑
Kroll Bond Rating Agency Europe	0.03%	Yes	-	↑
DG International Rating	0.02%	Yes	0.03%	↓
BCRA Credit Rating Agency	0.02%	Yes	0.01%	↑
INC Rating	0.01%	Yes	0.01%	-
EuroRating	0.01%	Yes	< 0.01%	↑
Nordic Credit Rating AS	0.01%	Yes	-	↑
Rating-Agentur Expert RA GmbH	< 0.01%	Yes	< 0.01%	-
ACRA Europe	< 0.01%	Yes	< 0.01%	-
Inbonis	-	-	-	-
<b>TOTAL</b>	<b>100</b>			

Table 1: Market Share for EU CRAs. Source ESMA Supervisory Information.

<sup>6</sup> The following CRAs have not been included in this year's market share calculation: Inbonis which was registered on 27 May 2019. Kroll Bond Rating Agency Europe and Nordic Credit Rating AS do not have a market share for the "Previous Year" as they were registered on 13 November 2017 and 3 August 2018 respectively.

<sup>7</sup> CRA's market shares have been rounded to 2 decimal points. Indication of YoY Change is based on the underlying unrounded figure.

## 7 Types of Credit Ratings offered by EU registered CRAs

16. The Table below (Table 2) provides an overview of the different type of credit rating services that are capable of being offered by each CRA registered in the EU in accordance with the CRA Regulation. This table is provided in order to enable issuers or related third parties to evaluate whether a CRA with less than 10% total market share is capable of providing the type of credit rating they require.
17. The information contained in this table is based on the data reported into ESMA's supervisory database. The categories listed are those for which CRAs are required to register under the CRA Regulation.

Name of CRA	Types of Credit Ratings Offered					
	Less than 10% Market Share	Corporate: Non-Financial	Corporate: Financial	Corporate: Insurance	Sovereign and Public Finance	Structured Finance
S&P Global Ratings	-					
Moody's Investor Service	-					
Fitch Ratings	-					
DBRS Ratings	Yes					
The Economist Intelligence Unit	Yes					
AM Best Europe Rating Services	Yes					
Cerved Rating Agency	Yes					
Creditreform Rating	Yes					
Scope Ratings	Yes					
GBB-Rating	Yes					
Axesor Risk Management	Yes					
CRIF Ratings	Yes					
Assekurata	Yes					
ICAP	Yes					
Euler Hermes Rating	Yes					
ARC Ratings	Yes					
ModeFinance	Yes					
Capital Intelligence Ratings	Yes					
QIVALIO SAS	Yes					
Kroll Bond Rating Agency	-					
DG International Rating	Yes					
BCRA-Credit Rating Agency	Yes					
INC Rating	Yes					
EuroRating	Yes					
Nordic Credit Rating AS	-					
Rating-Agentur Expert RA GmbH	Yes					
ACRA Europe	Yes					
Inbonis	-					
KEY TO TABLE	Offered					
	Not offered					

Table 2: Types of Ratings Offered by EU Registered CRAs. Source: ESMA Supervisory Information.

## 8 Percentage of EU rated debt issuances by asset class

18. The Figures provided below (Figures 1-5) provide additional information to assist issuers or related third parties in their evaluation of a CRA with less than 10% total market share. Each figure shows the proportion of EU debt issuances<sup>8</sup> by asset class rated by individual CRAs. The Figures are based on data reported by CRAs to ESMA and do not take into account ratings reported by a CRA where a unique identifier of the bond (ISIN) was not reported. Furthermore, the tables only include debt issues which have at least one eligible rating from an EU CRA. For ease of reading, only CRAs which have rated at least 0.1% of all outstanding EU debt issuances in a specific asset class have been included in the tables.

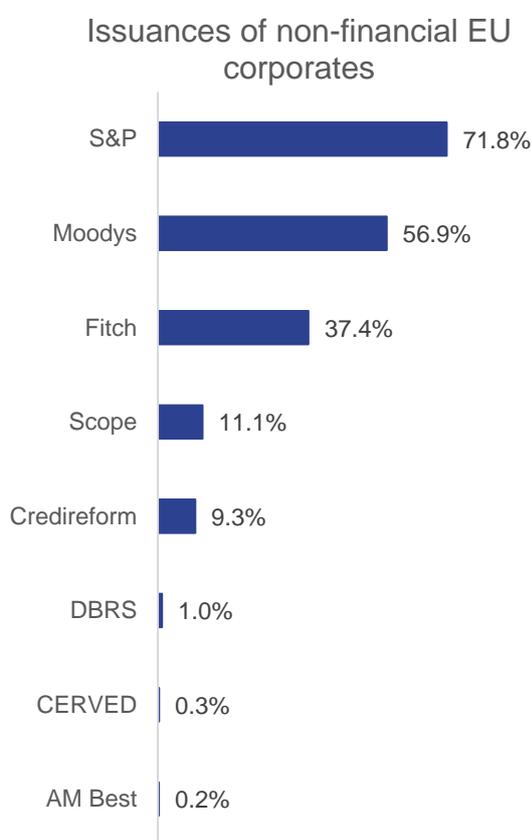


Figure 1: Percentage of the total number of outstanding issuances of EU non-financial corporates rated by each CRA. Source: ESMA Supervisory data as of 17/10/2019

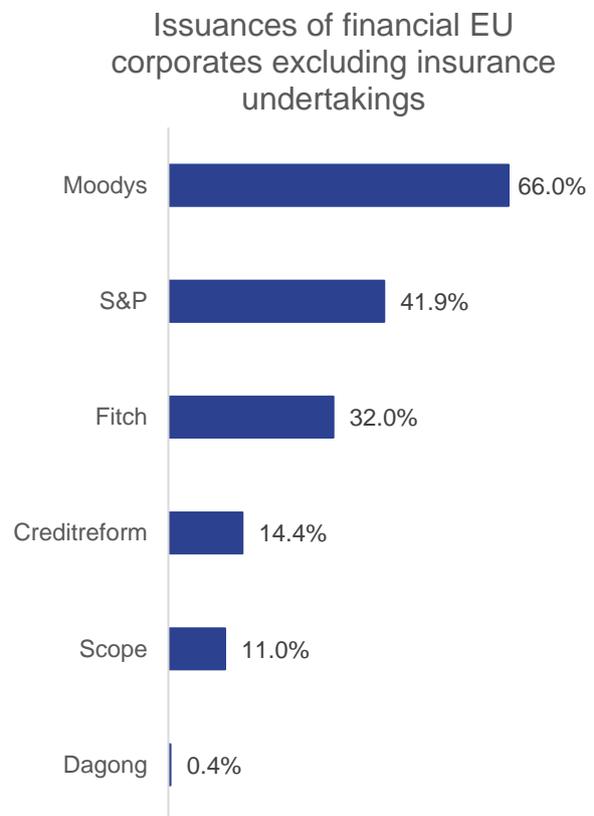


Figure 2: Percentage of the total number of outstanding issuances of EU financial corporates (excl. insurance undertakings) rated by each CRA. Source: ESMA Supervisory data as of 17/10/2019

<sup>8</sup> The definition of EU financial instrument is drawn from the Commission delegated Regulation 2015/2 of 30 September 2014 supplementing Regulation (EC) No 1060/2009 with regard to regulatory technical standards for the presentation of the information that credit rating agencies make available to ESMA, available at: [https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L\\_.2015.002.01.0024.01.ENG](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2015.002.01.0024.01.ENG) (the Delegated Regulation). Structured finance instruments are included where the country of domicile of the majority of the underlying assets is an EU Member State (as per Article 5(4) of the Delegated Regulation). Corporate and sovereign bonds are included where the country of domicile of the issuer is an EU Member State (as per Article 4(3) of the Delegated Regulation).

### EU Structured Finance Instruments

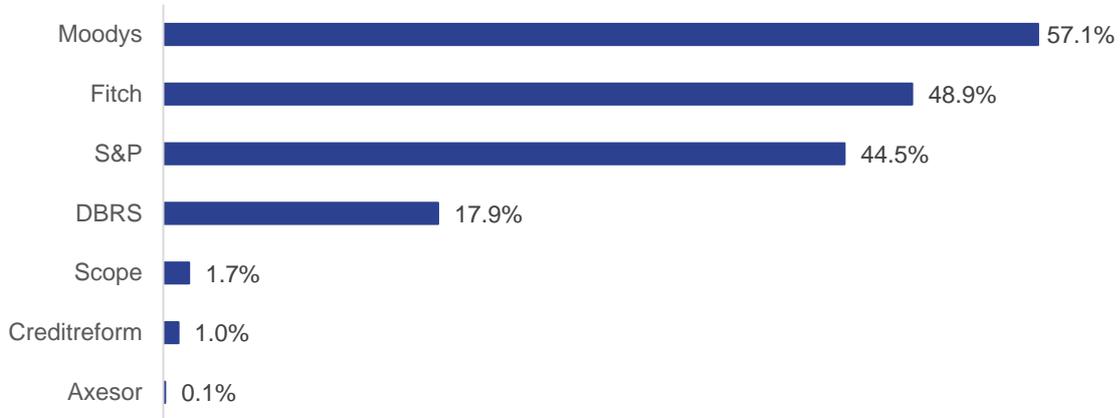


Figure 3: Percentage of the total number of outstanding structured finance issuances with a majority of underlying assets domiciled in the EU rated by each CRA. Source: ESMA Supervisory data as of 17/10/2019

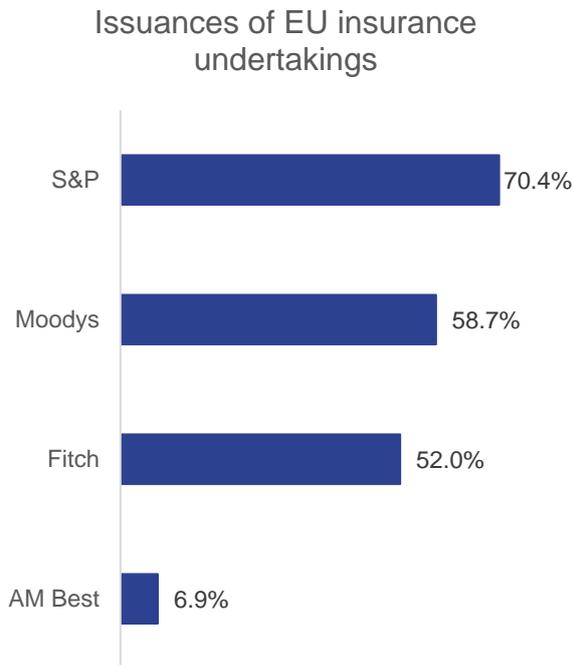


Figure 4: Percentage of the total number of outstanding issuances of EU insurance undertakings rated by each CRA. Source: FSMA Supervisory data as of 17/10/2019

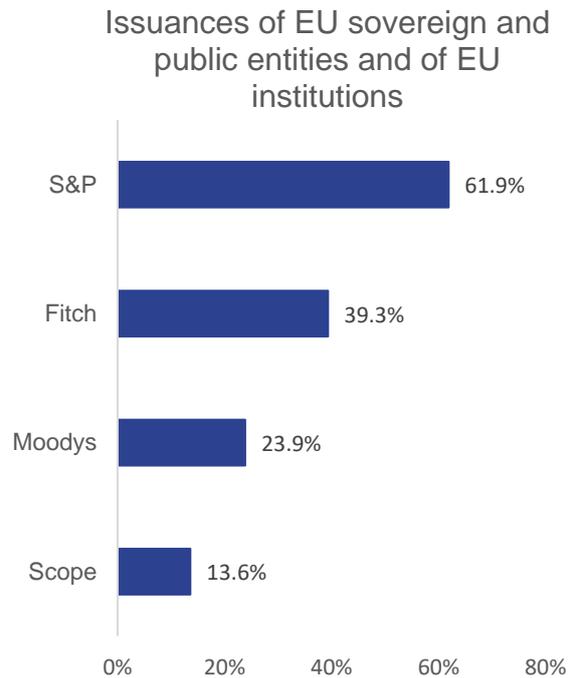


Figure 5: Percentage of the total number of outstanding issuances of EU sovereign and public entities and of EU Institutions rated by each CRA. Source: FSMA Supervisory data as of 17/10/2019

## 9 Supervisory Briefing for Article 8d

1. As set out in Article 25a of the CRA Regulation, Article 8d is supervised and enforced at Member State level by Sectoral Competent Authorities (SCAs). In this regard, it is the role of ESMA to promote supervisory convergence by encouraging the SCAs to adopt common approaches to the supervision and enforcement of this article.
2. On 6 April 2016 ESMA published a Supervisory Briefing which provided further information on the implementation of Article 8d at a national level as well as a voluntary template for documenting the non-appointment of a CRA with less than 10% market share.
3. The purpose of this Supervisory Briefing is to provide guidance to SCAs in relation to the application of Articles 8c and 8d of the CRA Regulation and promote a common supervisory approach and enforcement of these Articles. In this regard, the Supervisory Briefing includes the following:
  - A Common Supervisory Approach as to which issuers or related third parties are covered by Article 8c and 8d; and,
  - A Standard Form for documenting the decision not to appoint a CRA with less than 10% total market share in accordance with article 8d.
4. The purpose of the Common Supervisory Approach is to assist SCAs as well as issuers or related third parties by clearly establishing who should be prioritised for supervision and enforcement under these Articles.
5. The Standard Form will assist SCAs by promoting standardised and consistent data across different issuers or related third parties. It will also assist issuers or related third parties by providing clarity as to how they may meet their regulatory obligations under these Articles and simplify their internal processes by removing the need to develop in-house templates for documenting compliance under Article 8d.
6. For issuers or related third parties who would like to know more about the Common Supervisory Approach and the Standard Form, both items are available on ESMA's website<sup>9</sup>.

## 10 Questions and Feedback

7. ESMA welcomes feedback on the information presented in this market share calculation and invites market participants to send this by email to: [CRA-info@esma.europa.eu](mailto:CRA-info@esma.europa.eu).

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<sup>9</sup> [Common Supervisory Approach incl. Standard Form](#)