Follow-up report on fees charged by CRAs and TRs

**Regulatory Principles**

CRAs ➞ cost based and non-discriminatory fees independent from rating or work performed

TRs ➞ publicly disclosed prices, cost-related fees and non-discriminatory access to TR services

**Good practices for supervised firms**

**Clients may expect**

**CRAs**

- Published pricing policies
- Standardised fee schedule and discount criteria provided before fee negotiations
- Clear explanations of:
  - any fee increases
  - any deviation from fee schedules
  - how fees charged reflect the costs of credit ratings and ancillary services
- CRAs’ websites to allow credit ratings and related announcements to be used for internal and regulatory reporting purposes
- Customers of information services companies affiliated to CRAs not charged additional licence fees for the use of credit rating information for regulatory purposes

**TRs**

- Published fee schedules for all services (including porting and connectivity fees)
- Advance notice of fee schedule updates
- Opportunities to provide feedback to TRs on transparency of fee schedules and challenge potentially discriminatory practices, for example through surveys

**Supervised firms should consider implementing**

**CRAs**

- Fee setting documents ensure fees charged (including deviations) are non-discriminatory and based on actual costs
- Costs monitored by categories and at the same level of granularity as fee schedules
- Estimates of non-quantifiable costs to be included in the fee setting process
- Staff training on fee setting and cost monitoring requirements

**TRs**

- Fee setting documents ensure non-discriminatory access and cost-related fees
- Fees charged on a sliding scale which decrease with the increase of reporting volumes instead of being capped at a fixed level
- Differentiated fee caps used per product to reflect differences in costs
- Revised or removed fee caps for reporting service providers reporting on behalf of many counterparties
- Regular, documented costs reviews
- Dedicated staff member oversees pricing process

**Enhanced controls for all supervised firms**

Internal control framework oversees the end-to-end fee setting and costs monitoring process:

- Business controls over fees charged
- Compliance function actively monitors and promotes adherence to fee-related regulatory requirements through established work programme
- Internal Audit function tests and assesses the effectiveness of controls over fee setting and cost monitoring processes in meeting regulatory requirements and supervisory expectations

**ESMA Next steps**

- Continue monitoring of the changes in practices adopted by CRAs and TRs
- Further work to improve access to and use of credit ratings

Read the full report HERE