

PRESS RELEASE

ESMA clarifies endorsement regime for non-EU credit ratings

The European Securities and Markets Authority (ESMA) has published today supplementary guidance on the application of the endorsement regime for non-EU credit ratings under the Credit Rating Agencies Regulation (CRAR). In order to ensure that third-country credit ratings, which are endorsed for use by EU investors, meet requirements which are at least *as stringent* as those set out in CRAR, ESMA adds a new section to its Guidelines on Endorsement first published in November 2017.

In 2017, ESMA clarified that there are two ways for an EU CRA to ensure that an endorsed credit rating issued by a third-country CRA meets the *as stringent as* test. The EU CRA has verified, and is able to demonstrate that, either:

- the conduct of the third-country CRA fulfils the relevant endorsement provisions of the CRAR; or
- the third-country CRA has established and adheres to alternative internal requirements, which are at least *as stringent as* the relevant endorsement provisions of the CRAR.

The new section aims to assist EU CRAs in assessing whether a third-country CRA's internal requirements meet the *as stringent as* test. This is done by setting out the general principles underpinning the *as stringent as* test and providing a non-exhaustive list of alternative internal requirements which ESMA considers to pass the test. The identified alternative requirements relate to:

- fees charged by CRAs;
- analyst rotation;
- pre-publication of issuer notification;
- certain rating disclosures (transparency report, initial reviews and preliminary ratings);
and
- the treatment of inside information.



These supplementary guidelines will ensure an effective application of the 2013 amendments to CRAR (CRA3) for endorsed credit ratings and a high level of protection of European investors who use endorsed credit ratings for regulatory purposes.

The Guidelines will enter into force on 1 January 2019.



Notes for editors

1. [Credit Rating Agencies Regulation \(CRAR\)](#)
2. [2013 amendments to the Credit Rating Agencies Regulation \(CRA3\)](#)
3. [ESMA's 2017 Guidelines on Endorsement - ESMA33-9-205](#)
4. ESMA's mission is to enhance investor protection and promote stable and orderly financial markets.

It achieves these objectives 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. directly supervising specific financial entities.
5. ESMA achieves its mission within the European System of Financial Supervision (ESFS) through active cooperation with the European Banking Authority (EBA), the European Insurance and Occupational Pensions Authority (EIOPA), the European Systemic Risk Board, and with national authorities with competencies in securities markets (NCAs).

Further information:

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