

ESMA
CS 60747
103, rue de Grenelle
F-75345 Paris Cedex 07

By email

Lyon, 19 March 2019

Re: Answer to ESMA's CP on Guidelines on Disclosure Requirements Applicable to Credit Ratings

Dear Sirs,

Please have here below our answers to the Consultation Paper (CP) released in December 2018 with regards to the Guidelines on Disclosures Requirements Applicable to Credit Ratings.

Spread Research has been registered as a CRA with ESMA since 2013. In 2017, Spread Research joined forces with EthiFinance, an SRA, with a view, among other objectives, to integrate (e.g. systematically and precisely consider) ESG factors into credit ratings for EU SMEs. Since last year, Spread Research has been developing solicited ratings to corporates with a focus on short-term debt under the brand Spread Ratings. Finally, earlier this year, in light of market developments and the EC Action Plan from March 2018, Spread Research and EthiFinance announced their intent to accelerate their planned full merger under the new brand Qivalio. Qivalio is committed to contributing to providing the EU market, country members and citizens with a more sustainable finance. This is in this spirit that we provide you herewith with our answers to your CP.

1. Our answers in relation to the CP's chapter 3 "Disclosure Requirements for Credit Rating Press Releases"

Q1. Do you agree with the proposed Guidelines for press releases that accompany credit ratings or credit outlooks? If not, please explain

A1. Yes, we agree.

Q2. Do you agree that a standardized scheme indicating the rated entities level of participation would be beneficial? Do you have any comments on the proposed standardized scheme?

A2. Yes, we believe this will help make the market more transparent.

Q4 (sic). Do you have any comments on specific items under this section? If yes, please explain with reference to the proposed item's number.

A4. Yes, in particular re: point 28 on the provision of an indicator of whether the credit rating has been endorsed. As it happens, Spread Research systematically mentions in its ratings or outlooks press releases that all its ratings are endorsed for use in the EU. However, we would suggest ESMA to strengthen its policy of not letting so called « credit ratings » issued by third parties not registered with ESMA as CRA proliferate in the market, whether they be released by banks, brokers or consultancy firms with the obvious objective to take advantage of the confusion this creates at the user's level.

Whilst having taken good note of recent ESMA's fines inflicted to certain banks in relation to such misleading behaviors, we have on our side signaled obvious misconducts of such kind to ESMA without these notifications leading to sanctions yet, as far as we know. .../...

Finally, we trust that ESMA will keep a proportionality principle at the heart of its policy design and enforcement and that, in practice, small CRAs will have enough time to manage the requested change.

2. Our answers in relation to the CP's chapter 4 "Environmental, Social and Governance Factors under the CRA Regulation"

Q5. Do you have any comments on the proposed Guidelines under this section?


A5. Spread Research welcomes the suggested guidelines as a first concrete increment on the side of EU Authorities to have CRAs take full consideration of ESG factors in their rating processes. We believe these proposed guidelines are commensurate to the current market practice observed in the EU.

In this regard also, we trust that ESMA will keep a proportionality principle at the heart of its policy design and enforcement and that, in practice, small CRAs will have enough time to manage the requested change.

Q6. Are there any additional actions that CRAs could take to improve the disclosure of the consideration of ESG factors?

A6. No, we think that the proposed guidelines are relevant and should suffice as a first step. As we are committed to delivering "integrated" ratings for a considerable number of EU SMEs in due course, we would welcome communications from ESMA and/or the EC as to the next steps. We will be happy to participate to the next consultation process.

With kind regards,



Philippe Tastevin
Senior Vice President