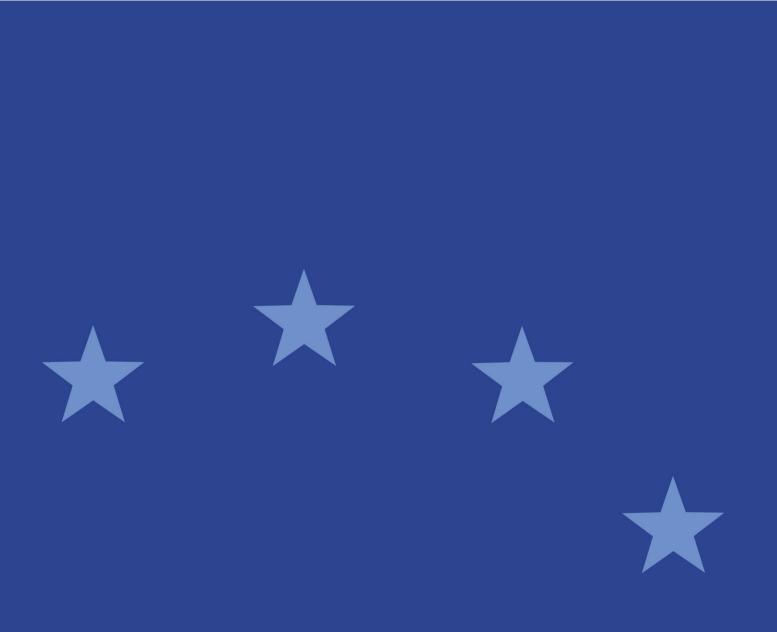esma ★ European Securities and Markets Authority

Response Form for the Call for Evidence

Availability and use of credit rating information and data: Questionnaire A

Responding to this paper

ESMA invites comments on this paper and in particular on the specific questions summarised in Chapter 7 of the call for evidence. Chapter 7 contains three separate questionnaires addressed to three groups of stakeholders. This response form relates to questionnaire A which is addressed to users and potential users of credit ratings including but not limited to:

    a.   Public authorities such as financial supervisors, ministries of finance, debt management offices, central banks;

    b.   Financial corporate entities such as credit institutions, investment firms, insurance undertakings, reinsurance undertakings, institutions for occupational retirement provision, management companies, investment companies, alternative investment fund managers and central counterparties;

    c.   Individual users acting in a professional capacity such as financial advisors and analysts;

    d.   Other individual users such as retail investors and academics.

ESMA will consider all comments received by 3 August 2020. All contributions should be submitted online at www.esma.europa.eu under the heading 'Your input - Consultations'.

Instructions

In order to facilitate analysis of responses to the Consultation Paper, respondents are requested to follow the below steps when preparing and submitting their response:

1.   Insert your responses to the questions in the Consultation Paper in the present response form.

2.   Please do not remove tags of the type <ESMA_QUESTION_AUC_1>. Your response to each question has to be framed by the two tags corresponding to the question.

3.   If you do not wish to respond to a given question, please do not delete it but simply leave the text "TYPE YOUR TEXT HERE" between the tags.

4.   When you have drafted your response, name your response form according to the following convention: ESMA_AUC_QA_nameofrespondent_RESPONSEFORM. For example, for a respondent named ABCD, the response form would be entitled ESMA_AUC_QA_ABCD_RESPONSEFORM.

5.   Upload the form containing your responses, in Word format, to ESMA's website (www.esma.europa.eu under the heading "Your input – Open consultations" → "Consultation on Position limits and position management in commodities derivatives").

Publication of responses

All contributions received will be published following the close of the consultation, unless you request otherwise. Please clearly and prominently indicate in your submission any part you do not wish to be publically disclosed. A standard confidentiality statement in an email message

will not be treated as a request for non-disclosure. A confidential response may be requested from us in accordance with ESMA's rules on access to documents. We may consult you if we receive such a request. Any decision we make not to disclose the response is reviewable by ESMA's Board of Appeal and the European Ombudsman.

Data protection

Information on data protection can be found at www.esma.europa.eu under the heading Legal Notice.

Background information

Q1 Name of respondent or organisation	R+V Versicherung, Wiesbaden	
Q2 Country of residence	Germany	
Q3 Type of stakeholder	Insurance and Pension	
Q4 If applicablem please provide an estimate of the organisation's annual turnover in the financial year 2019.	Click here to enter text.	

Activities in which credit ratings are used as an input

Q5 : Please describe in as much detail as you can, each of the main activities for which you use credit ratings as an input (e.g. risk management, investment strategy, market research, supervision, etc). Subsequently, please answer the following questions for each of the described activities:.

	Activity 1 *Please specify the activity (e.g. risk management, investment strategy, market research, supervision, etc).*	*Activity 2* *Please specify the activity (e.g. risk management, investment strategy, market research, supervision, etc).*	*Activity 3* *Please specify the activity (e.g. risk management, investment strategy, market research, supervision, etc).*
(A) Is the activity necessary for your organisation to be able to fulfil a regulatory requirement (if so, please explain which one)?	Annual reporting and IFRS accounting	Market risk calculation for Solvency II purposes	Monitoring of risk and internal stress reporting and further reports
(B) Is the activity necessary for your organisation to be able to deliver a part of your core business (if so, please explain how)?	The activity is necessary. The monitoring of credit risk is essential for the investment, especially since the bulk of the investment is in fixed income securities		
(C) How important are credit ratings in enabling to carry out this activity? (indispensable/important/desirable/optional. Please explain why).	Indispensable Without the rating information it is not possible to measure the risk of the investment appropriately.	Indispensable To fullfill the regulatory requirements	

(D) Does this activity necessitate the transmission of credit rating data within your organisation and/or to third parties such as clients or public authorities (if so, please explain to whom, how and why)?	Aggregated credit rating informations are proceed to our customers and regulators	Individual and aggregated data are exchangend within the group	
(E) For the purposes of this activity, what frequency of updates is necessary (real-time / lag of less than 15 minutes / daily / monthly / quarterly / other)?	Daily		
(F) For the purposes of this activity, is there a specific software format in which you need to receive the data (e.g. XML, CSV, JSON, other). Please explain which and why?	XML and CSV		
(G) For the purposes of this activity, which specific data characteristics do you need and why (e.g. rated instrument ISIN, rated entity LEI, CRA LEI, date, solicitation status, endorsement status…)?	Rated instrument ISIN, rated entity LEI, CRA Name, rating outlook, date of the rating		
(H) For the purposes of this activity, what other CRA information is indispensable (e.g. press releases, ratings reports, data models, methodologies, research papers etc.)?	CRA rating reports would be desirable for further information and for internal rating confirmation		
(I) For the purposes of this activity, which coverage of rated entities/instruments do you need (e.g. all German corporates, all instruments traded on regulated markets in the EU etc.).	All instruments which are traded in the Developed and the Emerging Markets.		

		All issuers related to this markets and fixed income instruments		
	(J) For the purposes of this activity, which CRAs' credit ratings do you need and why (i.e. only some ESMA registered CRAs, all ESMA registered CRAs, all ESMA registered CRAs as well as one or more non-EU CRAs)?	The informations provided by the major rating agencies are elementary. The more providers will be presented, the better will be the information value		

CRAs' websites – current use and potential changes

Q6 : Please indicate the level of use by you/your organisation (exclusive, primary, : secondary, occasional, none) of the public website of CRAs, explaining why or why not you rely on CRAs' websites as your primary source of rating information. Please specify which CRAs' websites you use in practice.

<ESMA_QUESTION_AUC_6>
Occasional. Our systems are connected i.e. to Bloomberg, where we use the automatic data upload
<ESMA_QUESTION_AUC_6>

Q7 : Some CRAs recently changed the terms of use of the free public information disclosed on their websites, for example to permit internal use and use of credit ratings for regulatory reporting. Please explain what impact, if any, this has had on your use of the public websites of those CRAs?

<ESMA_QUESTION_AUC_7>
none
<ESMA_QUESTION_AUC_7>

Q8 : Please explain what further changes to CRAs' websites would be necessary in order for you to make the credit ratings published there more useful and easier to access? Please explain the positive and negative impacts to your organisation of implementing those changes.

<ESMA_QUESTION_AUC_8>
The information should be freely available for internal regulatory purposes, without the need of a registration. They should be easy to find (i.e. issuer LEI) and to retrieve
<ESMA_QUESTION_AUC_8>

Q9 : Please explain the positive and negative impacts to your organisation of making the following changes to CRAs' websites:

(A) Making credit rating data freely downloadable in CSV format?

<ESMA_QUESTION_AUC_9A>
Positive. Inevitable for a large and diversified portoflio
<ESMA_QUESTION_AUC_9A>

(B) Making credit rating data freely machine-to-machine downloadable in XML or JSON format?

<ESMA_QUESTION_AUC_9B>
Positive

<ESMA_QUESTION_AUC_9B>

       (C) Making further changes to the terms of use?

<ESMA_QUESTION_AUC_9C>
⌈TYPE YOUR TEXT HERE ⌉
<ESMA_QUESTION_AUC_9C>

       (D) Other?

<ESMA_QUESTION_AUC_9D>
⌈TYPE YOUR TEXT HERE ⌉
<ESMA_QUESTION_AUC_9D>

    Q10 : Where you have identified negative impacts to making any of the changes listed in response to Q9 above, please explain whether there are any measures which could be adopted to mitigate these negative impacts.

<ESMA_QUESTION_AUC_10>
⌈TYPE YOUR TEXT HERE ⌉
<ESMA_QUESTION_AUC_10>

Credit ratings via a paid data-feed – current use and characteristics

    Q11 : Please indicate the level of use by you/your organisation (exclusive, primary, secondary, occasional, none) of a paid data-feed as the source of rating information/data explaining why or why not you rely on a paid datafeed as your primary source of rating information.

<ESMA_QUESTION_AUC_11>
⌈Rating information from Bloomberg via the Bloomberg Data Licence ⌉
<ESMA_QUESTION_AUC_11>

    Q12 : If you or your organisation relies on a paid datafeed, please describe the characteristics of this datafeed:

       (A) What is the name of the data-feed and the name of its provider?

<ESMA_QUESTION_AUC_12A>
⌈Bloomberg. Bloomberg Data Licence ⌉
<ESMA_QUESTION_AUC_12A>

       (B) Does this datafeed allow for the transmission of credit rating data internally within your organisation and/or to clients, contractors or public authorities (to whom and how is transmission permissible)?

<ESMA_QUESTION_AUC_12B>
A limited internal and external use is included in our licence ⌋
<ESMA_QUESTION_AUC_12B>

(C) What is the frequency with which you receive updated rating data through this source (real-time / lag of less than 15 minutes / daily / monthly / quarterly / other)?

<ESMA_QUESTION_AUC_12C>
⌈Regulary 2 times a month. During a crisis or a high market volatility weekly or even daily ⌋
<ESMA_QUESTION_AUC_12C>

(D) In which format (e.g. XML, CSV, JSON, other) do you currently receive rating data?

<ESMA_QUESTION_AUC_12D>
⌈CSV and XML ⌋
<ESMA_QUESTION_AUC_12D>

(E) Which specific data characteristics does the rating data you currently receive include (e.g. rated instrument ISIN, rated entity LEI, CRA LEI, date, solicitation status, endorsement status…)?

<ESMA_QUESTION_AUC_12E>
⌈Rated instrument ISIN, LEI, date ⌋
<ESMA_QUESTION_AUC_12E>

(F) Which coverage of rated entities/instruments does the rating data you currently receive include (e.g. which geographic zones, asset classes etc)?

<ESMA_QUESTION_AUC_12F>
⌈Something like 85% of the developed and emerging markets fixed income products and issuers ⌋
<ESMA_QUESTION_AUC_12F>

(G) Which CRAs' ratings are included in the rating data-feed?

<ESMA_QUESTION_AUC_12G>
⌈Moody's, S&P, Creditreform ⌋
<ESMA_QUESTION_AUC_12G>

(H) Does your subscription include other CRA products or services (e.g. press releases, ratings reports, data models, methodologies, research papers etc.)?

<ESMA_QUESTION_AUC_12H>
⌈no ⌋
<ESMA_QUESTION_AUC_12H>

(I) Please provide the total fees paid by you or your organisation in 2019, 2018 and 2017 to access and use credit rating data. If your organisation pays a fee to more than one entity (*e.g. several CRAs/ CRA affiliates/data service*

providers/Intellectual Property right holders etc) please break down the fee per entity. Please provide explanations as necessary.

<ESMA_QUESTION_AUC_12I>
We pay about 50.000€ - 100.000€ a year to use the Data Feed
<ESMA_QUESTION_AUC_12I>

Credit ratings via the ERP – current use and potential improvements

Q13 : Please indicate the level of use by your organisation (exclusive, primary, secondary, occasional, none) of the ERP, explaining why or why not you rely on the ERP as your primary source of rating information.

<ESMA_QUESTION_AUC_13>
Not until now. The free use of the date should be explicitly given, whithin the possibility to use the data for the regulatory and internal reporting purposes.
<ESMA_QUESTION_AUC_13>

Q14 : Please explain what specific changes to the ERP (e.g new technical functionalities, data presentation and accessability) would be necessary in order for your organisation to use it as your primary source of rating information?

<ESMA_QUESTION_AUC_14>
Condition of use should be guaranteed. There should be a possibility for connecting the system for an automatical usage. An easy finding of the needed data should be given.
<ESMA_QUESTION_AUC_14>

Q15 : Please explain the positive and negative impacts to your organisation of making the credit ratings on the ERP and indicate if you are in favour of such changes:

(A) Freely downloadable in CSV format?

<ESMA_QUESTION_AUC_15A>
Very positive
<ESMA_QUESTION_AUC_15A>

(B) Freely machine-to-machine downloadable in XML or JSON format?

<ESMA_QUESTION_AUC_15B>
Very positive
<ESMA_QUESTION_AUC_15B>

(C) Making further changes to the terms of use?

<ESMA_QUESTION_AUC_15C>
Very positive

<ESMA_QUESTION_AUC_15C>

   (D) Other?

<ESMA_QUESTION_AUC_15D>
[TYPE YOUR TEXT HERE]
<ESMA_QUESTION_AUC_15D>

  Q16 : Where you have identified negative impacts to making any of the changes listed in response to Q14 and Q13 above, please explain whether there are any measures which could be adopted to mitigate these negative impacts.

<ESMA_QUESTION_AUC_16>
[TYPE YOUR TEXT HERE]
<ESMA_QUESTION_AUC_16>

Additional relevant information and evidence

  Q17 : Please use this space to provide any further information you would like to bring to ESMA's attention and to attach any relevant evidence in support of your responses to the questions above

<ESMA_QUESTION_AUC_17>
[TYPE YOUR TEXT HERE]
<ESMA_QUESTION_AUC_17>