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| Response Form for the Call for Evidence |
| Availability and use of credit rating information and data: Questionnaire B |

**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 B which is addressed to Credit Rating Agenices.

ESMA will consider all comments received by 3 August 2020. All contributions should be submitted online at [www.esma.europa.eu](http://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\_QB\_nameofrespondent\_RESPONSEFORM. For example, for a respondent named ABCD, the response form would be entitled ESMA\_AUC\_QB\_ABCD\_RESPONSEFORM.
5. Upload the form containing your responses, in Word format, to ESMA’s website ([www.esma.europa.eu](http://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](http://www.esma.europa.eu) under the heading [Legal Notice](http://www.esma.europa.eu/legal-notice).

**Background information**

|  |  |
| --- | --- |
| 1. Name of organisation | Kroll Bond Rating Agency Europe Limited (KBRA Europe) |
| 1. Country of residence | Ireland |
| 1. Please provide an approximation of the organisation’s annual turnover in the financial year 2019. | KBRA Europe is registered with ESMA as a Credit Rating Agency and has provided 2019 financial information including annual turnover to ESMA. |

**Credit Rating Agencies’ Websites – characteristics and potential changes**

1. : Are users required to register with your organisation in order to be able to access the credit ratings published on your public website? If yes, please explain what information visitors are required to provide and why this is necessary:

<ESMA\_QUESTION\_AUC\_4>

Yes. Visitors are required to provide name, company name, address, city, state, country and email address. This information is necessary so that KBRA is able to track the users of our ratings and research, identify the most read/downloaded research and reports, and monitor the volume of downloads to monitor for cybersecurity, scraping and other related risks.

<ESMA\_QUESTION\_AUC\_4>

1. Please briefly summarise the aim and content of any terms of use which a user must formally accept in order to access the credit ratings information published on your public website. As a part of your summary, please specify if your terms of use prohibit the use of the rating data for any particular purposes or activities e.g. copying, storing, onward sharing, redistributing “commercial use” and “regulatory use”. Please explain the reasons for these restrictions.

<ESMA\_QUESTION\_AUC\_5>

Users are required to acknowledge and accept the Terms of Use when they register with kbra.com. These terms discuss KBRA’s ownership of the information available, as well as restrictions on the use of the information on KBRA.com, including but not limited to prohibiting a user from modifying, creating derivatives, copying, distributing, repackaging, disseminating, broadcasting, transmitting, reproducing, publishing, licensing, transfering, selling or re-selling, mirroring, framing, data mining, scraping or otherwise using or storing for subsequent use without KBRA’s prior written consent. These restrictions are put in to protect KBRA’s data and intellectual property.

<ESMA\_QUESTION\_AUC\_5>

1. : Please explain how the credit ratings published on your public website can be accessed and downloaded, specifically whether they are:
   1. Including historical rating actions and, if not, at what point a rating action is removed from the website.
   2. searchable by time period (i.e. all rating actions of 2018) and by broad search criteria e.g. by sector, geographic location, rating etc: “All rating actions relating to German, BBB-rated corporates in 2018”;
   3. downloadable via in CSV format. Please clearly specify any potential limitations or restrictions and the reasons for these restrictions;
   4. machine-to-machine downloadable in XML or JSON format. Please clearly specify any potential limitations or restrictions and the reasons for these restrictions?

<ESMA\_QUESTION\_AUC\_6>

(A) KBRA’s website (www.kbra.com) includes historical rating actions for all issuers, transactions and entities. A transaction or entity is only removed when it is paid off or when a rating is withdrawn. End-users have the ability to download current rating reports and press releases detailing rating action(s).

(B) An end-user can search within each sector by date of rating action, name of entity, publication type, and if applicable, subsector and geography. A user can filter by date and can also use the search bar for a key word search to obtain the rating actions they are looking for.

(C) A user does not have the ability to download ratings into a CSV format from our website.

(D) A user does not have the ability to download ratings via XML or JSON on our current website. A prior version of kbra.com had this capability. However, users did not utilize this function so it was discontinued when we rolled out the current version of kbra.com.

<ESMA\_QUESTION\_AUC\_6>

1. : Please summarise any recent changes to your organisation’s public website terms of use and explain whether you observed an impact on the traffic to your public website following these changes.

<ESMA\_QUESTION\_AUC\_7>

Our website’s Terms of Use were updated twice in the past year on the following dates:

* + June 1, 2020
  + October 31, 2019

During this time, KBRA amended the Terms of Use for administrative and legal updates and did not observe an impact on website traffic.

<ESMA\_QUESTION\_AUC\_7>

1. : What further changes could be made to your public websites in order to improve the access and useability of the credit ratings published there?

<ESMA\_QUESTION\_AUC\_8>

Currently, our website provides complimentary access of our current ratings, ratings history and research to all users. KBRA believes our website is very user-friendly evidenced by website traffic as well as the increase in number of users which now exceeds 50,000. KBRA may implement additional changes as they become necessary and technologically feasible.

<ESMA\_QUESTION\_AUC\_8>

1. : Please explain the positive and negative impacts to your organistion (e.g. costs, technical challenges, regulatory/legal challenges, improved visibility, ease of use and reference etc etc.) of potentially making the following changes to your public website:
   1. all ratings to be searchable by time period (i.e. all rating actions issued in 2018) and by broad search criteria e.g. by sector, geographic location, rating etc: “All rating actions relating to German, BBB-rated corporates in 2018”

<ESMA\_QUESTION\_AUC\_9A>

The site currently affords users to search by a range of search criteria including geographic location, sector and other measures.

<ESMA\_QUESTION\_AUC\_9A>

* 1. Freely downloadable in CSV format?

<ESMA\_QUESTION\_AUC\_9B>

This is not currently available. KBRA does not see any substantive negative impact or costs.

<ESMA\_QUESTION\_AUC\_9B>

* 1. Freely machine-to-machine downloadable in XML or JSON format?

<ESMA\_QUESTION\_AUC\_9C>

This is not currently available. KBRA does not see any substantive negative impact or costs allowing for our ratings to be downloadable via XML or JSON.

<ESMA\_QUESTION\_AUC\_9C>

1. Where you have identified negative impacts to making any of the changes listed in response to Q8 and Q9 above, please explain whether there are any measures which could be adopted to mitigate these negative impacts.

<ESMA\_QUESTION\_AUC\_10>

Based on current technology, KBRA does not foresee any substantive impact or costs.

<ESMA\_QUESTION\_AUC\_10>

**Distribution of credit ratings via a paid data-feed –characteristics**

1. : Please list all the paid data-feeds which contain your credit ratings including the name of the company which offers the feed. For each data-feed, please indicate.

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| --- | --- |
|  | Bloomberg, IPREO, EMMA, Intex, Trepp, Blackrock’s Aladdin |
| * 1. Approximate number of subscribers | Unfortunately, KBRA does not know the number of subscribers given these are 3rd party platforms. |
| * 1. The approximate annual revenue generated through these data-feeds in EUR | KBRA does not charge these platforms to host our ratings. |
| * 1. The different data characteristics (Date, rated entity LEI/ISIN etc) which are provided in these data-feeds). | Date, rating action, rating type, rating action date, rating outlook, outlook action date, watch status, ISIN and CUSIP. |
| * 1. The formats (e.g. XML, CSV, JSON, other) in which your organisation currently provides credit rating data through these data-feeds. | XML, CSV, TXT |

1. : Please explain what controls are in place to ensure the quality, accuracy and timely distribution of the credit ratings supplied through these data-feeds:

<ESMA\_QUESTION\_AUC\_12>

Daily feeds are distributed at 8pm EST to these distributors using automated jobs. KBRA also provides intra-day feeds to certain distributors. We have a process in place that provides verification of distribution “Success/Failure”. If failures occur, resends are processed. If errors continue to occur, the data team investigates and resolves in a timely manner. We have multiple data quality checks in place for our ratings database which drives our external feeds.

<ESMA\_QUESTION\_AUC\_12>

1. : Please explain why you choose to offer your credit rating through a data-feed provided by a third-party rather than directly to your clients.

<ESMA\_QUESTION\_AUC\_13>

KBRA provides our data feeds to third-party parties at the request of many market constituents.  It is easier for investors to access all information on one platform (ex: Bloomberg, Aladdin) in a consolidated fashion rather than receiving multiple feeds in different formats. All of KBRA’s published credit ratings are also available free of charge to all clients and any market participant/member of the public via. KBRA.com.

<ESMA\_QUESTION\_AUC\_13>

**The European Rating Platform – potential improvements**

1. : Please provide your views and suggestions on how the ERP could be improved to increase its usefulness to rating users.

<ESMA\_QUESTION\_AUC\_14>

The ability to search by additional criteria such as country, year or by credit rating agency would increase the ERP’s usefulness to rating users.

<ESMA\_QUESTION\_AUC\_14>

1. : What would be the positive and negative impacts to your organisation (e.g. costs, technical challenges, regulatory/legal challenges, improved visibility, ease of use and reference etc.) of improving the accessibility of the ERP, including for example to allow for:
   1. all ratings to be searchable by time period (i.e. all rating actions issued in 2018) and by broad search criteriae.g. by sector, geographic location, rating etc: “Allrating actions relating toGerman, BBB-rated corporatesin 2018”.

<ESMA\_QUESTION\_AUC\_15A>

15A, 15B & 15C - It is unclear what impact these changes would have on KBRA Europe if they were implemented. Users of credit ratings currently already get them from different sources and by different means; an improvement in the ERP makes it difficult to estimate the number of users who would move away from existing platforms. If a significant number of credit ratings users were to move to the ERP, it is possible that fewer users might access KBRA Europe ratings through the KBRA website and through third-party data feeds. It may, however, result in a higher level of visibility for KBRA Europe via the ERP, leading to an increase in the number credit ratings users accessing KBRA Europe credit rating reports and research.

<ESMA\_QUESTION\_AUC\_15A>

* 1. all credit rating information to be freely downloadable in CSV format?

<ESMA\_QUESTION\_AUC\_15B>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_AUC\_15B>

* 1. all credit ratings to be freely machine-to-machine downloadable in XML or JSON format?

<ESMA\_QUESTION\_AUC\_15C>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_AUC\_15C>

1. : Where you have identified negative impacts in response to Q14 and Q15 above, please explain whether there are any measures which could be adopted to mitigate these negative impacts.

<ESMA\_QUESTION\_AUC\_16>

In relation to the responses to Questions 14 & 15, KBRA Europe does not believe any negative impact to be significant to KBRA Europe and has not identified any measures that could mitigate these potential negative impacts.

<ESMA\_QUESTION\_AUC\_16>

**Additional relevant information and evidence**

1. : 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>