

PRESS RELEASE

ESMA launches consultation on implementation of new CRA Regulation

The European Securities and Markets Authority (ESMA) has published a [Discussion Paper](#) dealing with the implementation of the CRA3 Regulation, which entered into force on 20 June 2013.

The Regulation, which complements the existing regulatory framework for credit rating agencies (CRAs), requires ESMA to draft Regulatory Technical Standards (RTS) on:

- disclosure requirements on structured finance instruments (SFIs);
- the European Rating Platform (ERP); and
- the periodic reporting on fees charged by CRAs.

ESMA is seeking views from all interested parties in order to assist in its preparation of the draft RTS to be published for consultation in early 2014. ESMA must submit the draft RTS to the European Commission by 21 June 2014.

Draft RTS on Information on Structured Finance Instruments

The draft RTS aims to facilitate the provision of adequate information on SFIs, and their underlying assets, to investors, in order to improve their ability to make informed assessments on the creditworthiness of SFIs, reduce reliance on external credit ratings, promote competition between CRAs and facilitate the assignment of unsolicited credit ratings.

The draft RTS will specify:

- the information that issuers, originators and sponsors of structured finance instruments established in the Union must publish;
- the frequency with which the information is to be updated; and
- the presentation of the information by means of a standardised disclosure template.

The Discussion Paper focuses on identifying the categories of asset classes covered by the



Regulation as well as the content, level of standardisation and frequency of the information to be provided by the issuer, sponsor and originator on a website to be set up by ESMA.

Draft RTS on European Rating Platform (ERP)

The Regulation requires ESMA to establish the ERP where CRAs will report up-to-date ratings and outlooks, together with data on the historical performance of their ratings. This information will be publicly available allowing investors to compare all credit ratings that exist regarding a specific rated issuer/instrument, and assist in their decision-making, thereby contributing to increased investor protection and improving the visibility of smaller CRAs.

The draft RTS will specify:

- the content and format of ratings data periodic reporting to be requested from registered and certified CRAs for the purpose of on-going supervision; and
- the content and the presentation of the information, including the structure, format, method and timing of reporting that credit rating agencies are to disclose to ESMA.

In order to enable ESMA to compile the necessary information on individual ratings and outlooks and allow for comparability across different CRAs, it is necessary to identify the needs of ratings users and the technical details of the credit rating agencies' reporting requirements.

Draft RTS on fees charged by CRAs to their clients

The draft RTS aims to mitigate conflicts of interest and facilitate fair competition in the credit rating market, by ensuring that CRAs' fees are cost-based, non-discriminatory and non-dependent on any result or outcome of the work performed or on the provision of ancillary services.

The Discussion Paper focuses on gathering information on CRAs' fees and cost structure, as well as their pricing policy. The draft RTS will specify the content and the format of periodic reporting on fees charged by credit rating agencies for the purpose of on-going supervision by ESMA.

Next Steps

The Discussion Paper is open for comments until 10 October 2013. As part of the consultation process ESMA will hold a Public Hearing on CRA3 Regulation - new Regulatory Technical



Standards from 10.00 to 13.00 on Thursday 25 July 2013.

ESMA is also considering publishing Q&As which will clarify some provisions and requirements of the CRA3 Regulation.

Notes for editors

1. [2013/891 Discussion Paper on CRA3 Implementation](#)
2. [Regulation \(EU\) No.462/2013 \(CRA3 Regulation\)](#)
3. You may register at www.esma.europa.eu for the public hearing in Paris on 25 July 2013.
4. ESMA is an independent EU Authority that was established on 1 January 2011 and works closely with the other European Supervisory Authorities responsible for banking (EBA), and insurance and occupational pensions (EIOPA), and the European Systemic Risk Board (ESRB).
5. ESMA's mission is to enhance the protection of investors and promote stable and well-functioning financial markets in the European Union (EU). As an independent institution, ESMA achieves this aim by building a single rule book for EU financial markets and ensuring its consistent application across the EU. ESMA contributes to the regulation of financial services firms with a pan-European reach, either through direct supervision or through the active co-ordination of national supervisory activity.

Further information:

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