



EUROPEAN COMMISSION

PRESS RELEASE

Brussels, 30 September 2014

Credit rating agencies: Commission adopts Regulatory Technical Standards to implement stricter new rules

The European Commission has today adopted three Regulatory Technical Standards (RTS) needed to implement key provisions of the [Regulation on Credit Rating Agencies](#). These RTS set out:

- the disclosure requirements for issuers, originators and sponsors on structured finance instruments;
- reporting requirements to credit rating agencies (CRAs) for the European Rating Platform; and
- reporting requirements for CRAs on fees for the purpose of ongoing supervision by the European Securities and Markets Authority (ESMA).

These RTS were developed by ESMA, drawing on its experiences as single supervisor for CRAs and taking into account the results of the stakeholder consultations. They have now been endorsed by the European Commission.

Vice-President Barnier said: *"Implementing the revised Regulation on credit rating agencies by setting out reporting and disclosure requirements in three important areas marks another step in improving transparency and restoring confidence in the financial system. Firstly, enhanced disclosure on structured finance instruments will enable investors to make better-informed investment decisions on these products. Secondly, investors will be better informed about all the available credit ratings issued by authorised CRAs, as these will be published on a central platform to be set up and operated by the European Securities and Markets Authority (ESMA) – the European Rating Platform. Finally, reporting by credit rating agencies on their pricing practices will allow ESMA to ensure that they act in a non-discriminatory manner."*

Disclosure on structured finance instruments

This RTS specifies the content, frequency and presentation of the information that the issuer, the originator and the sponsor of a structured finance instrument established in the European Union will jointly need to disclose on a website that will be set up by ESMA. This will improve investors' ability to make an informed assessment of the risks related to such complex financial instruments. This disclosure obligation aims in particular at reducing investors' dependence and reliance on credit ratings and reinforcing competition between credit rating agencies.

European Rating Platform

This RTS determines the content and the presentation of the information, including structure, format, method and timing of reporting that CRAs are to disclose to ESMA for

the purpose of the European Rating Platform. ESMA will set up this Platform, which will allow investors to consult and easily compare all available credit ratings for all rated instruments.

In order to allow for more efficient data reporting for CRAs to ESMA, this RTS streamlines the data reported by CRAs. It also integrates the existing reporting requirements for the purpose of historical performance data, available in the central repository established by ESMA, and for the purpose of ongoing supervision by ESMA.

Reporting on fees charged by CRAs

This RTS sets out the content and format of data on fees charged by CRAs to their clients to be periodically reported to ESMA for the purpose of its ongoing supervision of CRAs. The information collected under this RTS will allow for the verification by ESMA of whether pricing practices are discriminatory and thereby facilitate fair competition and mitigate conflicts of interest.

What next?

The European Parliament and the Council have one month to exercise their right of objection, with the possibility to extend - twice - this period for another month at their initiative. Following the expiry of this objection period, the RTS will be published in the Official Journal of the European Union and will enter into force on the twentieth day following the date of their publication. Their provisions will be directly applicable (i.e. legally binding in all Member States without implementation into national law) from the following dates:

- Reporting on fees charged by CRAs: date of entry into force;
- European Rating Platform: 21 June 2015;
- Disclosure on structured finance instruments: 1 January 2017.

Background

The EU Regulation on Credit Rating Agencies ([Regulation 1060/2009](#)), in force since December 2010, was part of Europe's response to the G20 commitments. The Regulation was amended in May 2011 to adapt it to the creation of the European Securities and Markets Authority (ESMA) which has been attributed all supervisory powers over credit rating agencies since July 2011.

The last regulatory package, which further reinforced the rules on credit rating agencies, entered into force on 20 June 2013 ([IP/13/555](#)). It included rules aimed at reducing over-reliance on credit ratings, improving the quality of sovereign debt ratings, making CRAs more accountable for their actions, reducing conflicts of interest and increasing competition in the rating market.

For more information:

[MEMO 13/571](#)

http://ec.europa.eu/internal_market/rating-agencies/index_en.htm

Contacts :

[Chantal Hughes](#) (+32 2 296 44 50)

[Carmel Dunne](#) (+32 2 299 88 94)

[Audrey Augier](#) (+32 2 297 16 07)