

**EACRA Response to ESAs consultation on ITS specifying certain tasks of collection bodies and certain functionalities of the ESAP**

Dear European Supervisory Authorities,

With reference to your consultation paper JC/2023/78 on Draft Implementing Technical Standards specifying certain tasks of collection bodies and certain functionalities of the European single access point under Regulation (EU) 2023/2859 dated November 23<sup>rd</sup>, 2023, we are pleased to hereby provide the response of our association representing European credit rating agencies registered with ESMA. Below you shall find our responses to the questions raised in the consultation paper.

According to the ESAP Regulation, credit rating agencies are required to report a high number of information to ESAP. The ESAP will also include two existing databases maintained by ESMA, namely the Central Repository of Ratings and the European Rating Platform. With regard to the latter, given that the text of the ESAP Regulation is not unambiguous, we want to stress here that “credit ratings which are exclusively produced for and disclosed to investors for a fee” (so called investor-pays ratings) in accordance with article 11a of the CRA Regulation shall not be displayed at the European Rating Platform and should therefore not be available at ESAP.

Additionally, we would like to recall that according to recital 31 of Regulation 462/2013 amending the CRA Regulation, “the European Rating Platform should help smaller and new credit rating agencies to gain visibility”. We are of the opinion that the current design of the European Rating Platform has fundamentally failed to reach this target and therefore recommend that database should be re-designed to tackle this issue but also to increase the user experience and the user friendliness.

**Q16. Do you agree with the proposed approach to the format, list and characteristics of the metadata? If not, what alternative approach would you recommend?**

Credit Rating Agencies are required to submit to ESAP not only information relating to themselves but also information relating to other entities (e.g. the rated entities).

In order to avoid problems in matching the information received from the several entities subject to ESAP reporting, we recommend that, when reporting information relating to other entities, credit rating agencies (and other entities) only submit item b) and d) of the entity to which the information relates and do not report items j), k), l). We believe that the entity to which the information relates is best placed to provide these 3 items.

**Q19. Do you expect that a maximum time delay of sixty minutes between when information is available at the level of the collection body and when it is available on ESAP will diminish the usefulness of ESAP? If so, what maximum time delay would you consider acceptable?**

No, we don't think that a time delay of 60 minutes will modify the usefulness of ESAP as a central European database.

We propose that ESAP, when a user is searching for specific information, displays a link to the relevant page of the OAM where the information could be found in case of real urgency.

**Q21. Do you agree with the proposed characteristics of the API for data publication? If not, what alternative characteristics would you recommend?**

We welcome that the information at ESAP shall be publicly available. With regard to the empowerment allowing ESMA to charge fees for specific services, we would appreciate if these services were well identified and that only for these services an authentication for the users is required. Similar to the requirement applied to ESMA supervised entities, the pricing should be based on costs and non-discriminatory.

We also welcome that a search engine shall be available. Based on the experience with the European Rating Platform, we recommend that the search for specific entities should not exclusively be based on the LEI but should allow a screening across several entities (eg to allow for peer group information). In case the search triggers a high number of entities, filters to narrow down the search should be available.

With respect the download of information, we would appreciate if the information could be made available as Excel files (or csv files) so that ESAP users could easily treat the information thereafter. Based on the experience with the Central Repository of Ratings, we recommend that information relating to one search should be downloadable at once and not require multiple downloads. Ideally, the ESAP users could define the format of the download themselves.

With regard to the modification of the API, we agree that this should be governed by ESMA's processes and procedures and propose that public consultations should be held.

Additionally, before implementing any changes at ESAP, ESMA should inform the public on these changes and clarify the new functionalities.

**Q22. Do you agree with the proposal to specify that the legal entity identifier should be the ISO 17442 LEI code? If not, what other identifier would you suggest and why?**

While the LEI is now widely implemented, not all entities have yet such a LEI. As an example, credit rating agencies may rate ring-fenced projects, separate business lines within a company (eg in the insurance segment) or micro to small corporates, which do not have (separate) LEIs.

As an alternative (or additional) identifier, you may consider the VAT identifier, which is most likely wider spread than the LEI (especially at SMEs).

**Q23. Do you agree with the proposed approach with regards to types of information? If not, what additional/ alternative type of information do you recommend?**

With respect to the items relating to the CRA Regulation (page 40 and 41 of the consultation paper), we propose the following two clarifications:

- The title “ratings calendar” (in accordance with Art 8a(3) of CRAR) should be modified into “sovereign ratings calendar).
- The title “registered CRAs” relates to two different articles in CRAR. We recommend to split this item into two sections to 1) “CRAs market shares” in accordance with Art 8d (2) of CRAR and 2) “registered CRAs” in accordance with Art 18(3) of CRAR.

Additionally, we recommend to clarify which information should be provided by whom, as some information streams directly from ESMA, other information comes directly from CRAs and finally some information is provided by CRAs but is treated by ESMA in order to display results. Such a clarification will assist ESAP users in knowing the source of the information.

**Q24. Do you think that information required at national level pursuant to Article 3(1) of the Transparency Directive (so-called gold plating) should be captured by certain specific types of information? Or would you prefer such information be captured by one generic category, namely “Additional regulated information required to be disclosed under the laws of a Member State”?**

We would prefer if information at national level should be captured by certain specific types of information. In order to ensure transparency towards ESAP users, we recommend to provide users with a guide on what additional information is available in each country.



**Q25. Do you agree with the proposed approach with regards to the categories of the size of the entities? If not, what alternative approach would you suggest and why?**

With respect to Credit Rating Agencies, we agree that ESAP does not define separate categories of sizes for these. Given the limited number of Credit Rating Agencies registered or certified with ESMA, we think that ESAP users should easily find information relating to specific agencies.

**Q28. Do you agree with proposed approach with regards to the categorisation of industry sectors? If not, what approach would you suggest and why?**

Credit Rating Agencies report to ESMA's RADAR system (which is thereafter used for ERP and CEREP) their ratings according to specific categories of asset classes and sub-asset classes. In the corporate market segment, only three broad categories are foreseen (banks, insurances and non-financial corporates). At this stage, Credit Rating Agencies therefore do not use the NACE industry classification to report their ratings. Given that ESAP has the target to centralize reported information without creating new reporting requirements, we believe that Credit Ratings should not be mandated to use the NACE classification when reporting their ratings. As mentioned already in our response to Question 16, Credit Rating Agencies shall only state the entity to which the information relates.

With regard to Credit Ratings Agencies, we agree that these should be listed separately in the list of financial entities. Given that ESG Rating agencies shall equally report to the ESAP, we propose to include these also.

In closing, we would like to wish to the ESAs and ESMA all the best in implementing this highly challenging ESAP project.

We thank you for the opportunity to comment and remain at your full disposal for any clarification or additional information.

**About EACRA**

The European Association of Credit Rating Agencies (EACRA), set up in November 2009 and registered in Paris, was established to act as a platform for cooperation for EU-based Credit Rating Agencies (CRAs). Our mission is to support and facilitate the compliance of CRAs with regulatory requirements through effective communication, cross-border know how, and the promotion of best practices. In addition, EACRA seeks to promote Credit Ratings and the interests of CRAs across Europe, as well as enhance the financial community and general public's understanding of Credit Ratings.