

Key milestones linked to rating agencies in Europe

EACRA Educational Series #6



Up to GFC

While Credit Rating Agencies, such as the dominant 3 American Agencies (S&P, Moody's and Fitch Ratings) were active on the European market before the Global Financial Crisis (GFC) of 2008, their activities were fully unregulated until then in Europe.

Legislative wave

Shortly after the start of the Global Financial Crisis, the European Union introduced EU wide legislation on Credit Rating Agencies in 2009. This first regulation was amended in 2011 in order to take into account the set-up of the European Securities and Markets Authority ("ESMA"), who was entrusted with its first mandate to supervise Credit Rating Agencies across the whole European Union. In 2013, the regulation was again amended to increase the requirements regarding sovereign ratings, introducing a civil liability regime for rating agencies and to increase competition in the rating market.

Implementing legislation

Following the primary legislation, a high number of Regulatory Technical Standards, Implementing Technical Standards and Guidelines were adopted by the European Commission, European Supervisory Authorities and ESMA to make the legislative and regulatory framework on rating agencies more precise.

Wave of registrations

Given that the CRA Regulation required rating agencies to register with ESMA in order to publicly issue credit ratings in the European Union, a high number of rating agencies registered as such with CESR (the predecessor of ESMA) or directly with ESMA.

ECAI status

Up to 2013, the status of an External Credit Assessment Institution ("ECAI") foreseen under the Banking and Insurance Regulations was granted by National Competent Authorities for specific countries. The adoption of the Capital Requirements Regulation amendment in 2013 introduced the automatic recognition of all ESMA registered or certified credit rating agencies across the whole European Economic Area in order to increase competition in the market. By November 2016, the first mapping of credit rating agencies rating scales to the regulatory credit quality steps was adopted, which was thereafter already updated 3 times.

Rating databases

In February 2012, the [Central Repository of Ratings](#) ("CEREP") maintained by ESMA was made public. CEREP provides statistics on the rating activity and rating performance of all ESMA registered or certified agencies. In 2016, ESMA launched the [European Rating Platform](#) ("ERP"), which provides up-to-date rating information (as well as historic information from July 2015 onwards) allowing the comparison of ratings across agencies. It is currently foreseen that credit rating agencies will publish their public disclosures at the European Single Access Point ("ESAP") by January 2028.

Impact of Brexit

Following the United Kingdom's decision to withdraw from the European Union, credit rating agencies based in the UK had to restructure their activities and establish new legal entities within the European Union in order to continue providing credit ratings within the EU.

About EACRA:

The European Association of Credit Rating Agencies (EACRA) is a platform for cooperation among EU-based Credit Rating Agencies (CRAs). Our mission is to support CRAs in meeting regulatory requirements through effective communication, cross-border knowledge sharing, and the promotion of best practices. EACRA also seeks to advance the understanding and value of Credit Ratings within the financial community and among the general public, while advocating for the interests of CRAs across Europe. Established in November 2009 and registered in Paris, EACRA is listed in the French Association Directory (N° W751202513) and the EU Transparency Register (ID 24205924101-57).