

## PRESS RELEASE

### **ESMA sets out its 2013 CRA work programme**

The European Securities and Markets Authority (ESMA) has published its *2013 CRA Supervision and Policy Work Plan*.

In the work plan, ESMA sets out the key elements of its supervisory programme for the 19-registered and 1 certified credit rating agencies (CRAs) in the European Union (EU). The annual work plan is approved by ESMA's Board of Supervisors, which is composed of the relevant authorities from the EU's 27 Member States.

Steven Maijoor, ESMA Chair, said:

“We are all aware of the influence that credit ratings have had, and continue to have, on the EU's financial markets. Today's work plan sets out our areas of focus for the next 12 months which aim to ensure that CRAs continue to meet the high standards expected of them when producing credit ratings.

“This is a further concrete step in the development of a credible supervisory regime which expects CRAs to embed good practices internally and to ensure that they meet the requirements of the CRA Regulation.

“ESMA's supervisory approach to CRAs plays a critical role in achieving our overarching mission of ensuring a high level of financial consumer protection and contributing to the smooth functioning of EU financial markets.”

### **Supervisory Activities 2013**

ESMA adopts a risk-based approach to supervising registered CRAs, with appropriate resources allocated to those institutions and issues deemed as posing the greatest risk to its regulatory objectives, while maintaining an adequate level of supervision of those with a lower potential impact.

The key areas of supervisory focus will be:

- Thematic reviews on the rating processes for:
  - structured finance products ratings- due to concerns stemming from high outstanding volumes and ratings fluctuations; and
  - sovereign credit ratings – prompted by concerns on the growth in volatility over the past 12 months, their importance for credit markets and financial stability, and their impact on other rated entities and products.
- Raising standards of compliance with the obligations of the CRA Regulation, including a review of the effectiveness of a CRA's IT structural and procedural controls around the publication of credit ratings;
- Ensuring small and medium-sized CRAs meet the required standards, with a focus on compliance, systems and controls and business strategy; and
- Policing the perimeter to ensure that all firms operating within the scope of the CRA Regulation are registered and subject to supervision.

### **Policy Activities 2013**

In addition, the bulk of ESMA's policy work will be driven by the new CRA III legislation, in particular:

- Producing the draft Regulatory Technical Standards regarding the development of the European rating platform, the fees charged by CRAs to their clients, and the new provisions on the transparency requirements for structured finance ratings; and
- Implementing the new supervisory tasks on the prevention of conflicts of interest regarding CRAs' significant shareholders and the new provisions for sovereign debt ratings.

## Notes for editors

1. [\*ESMA 2013 Credit Rating Agencies Supervisory and Policy Work Plan\*](#)
2. [\*ESMA's Report on the Supervision of Credit Rating Agencies\*](#), March 2012.
3. 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).
4. 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.

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