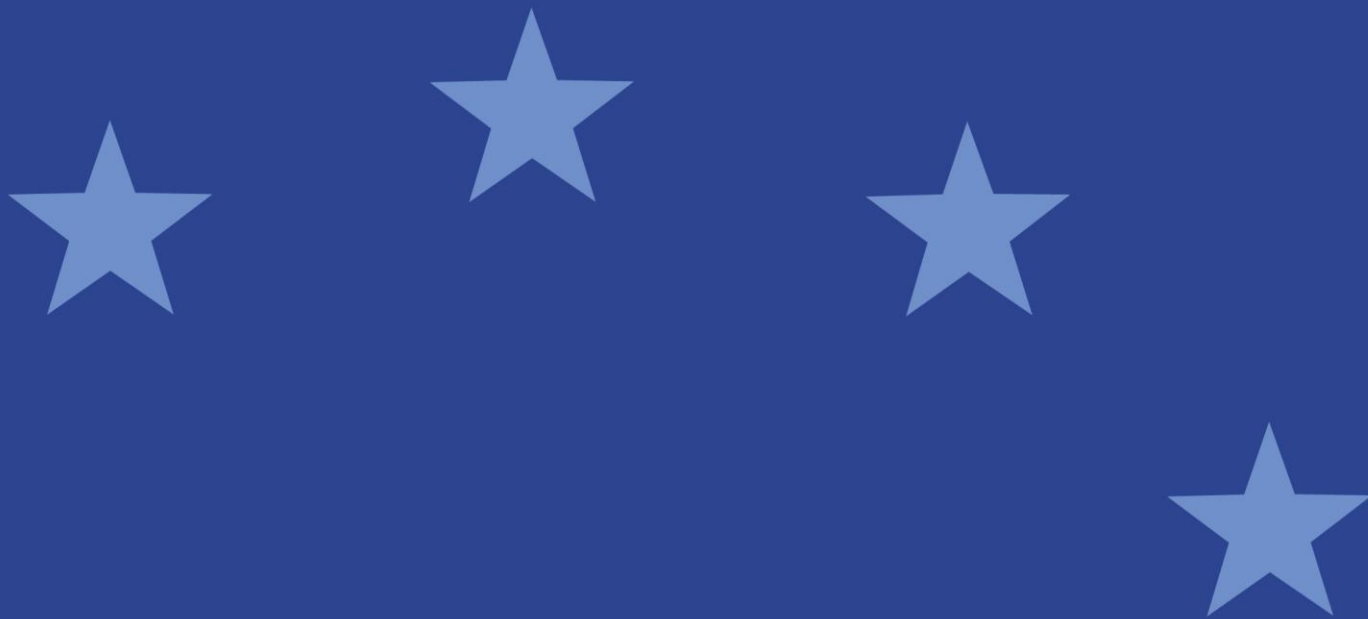


# **Credit Rating Agencies' 2014 market share calculations for the purposes of Article 8d of the CRA Regulation**





## Table of Contents

### Acronyms used

I.	Executive Summary	4
II.	Introduction	5
III.	Total market share calculation	5
IV.	Types of rating issued	6



## Acronyms used

<b>CRA</b>	Credit rating agency.
<b>CRA Regulation</b>	Regulation (EC) No 1060/2009 of the European Parliament and of the Council (as last amended by Regulation (EU) No 462/2013).
<b>CEREP</b>	Central Repository of rating data reported by CRAs to ESMA according to Commission Delegated Regulation (EU) No 448/2012 of 21 March 2012 supplementing Regulation (EC) No 1060/2009 of the European Parliament and of the Council with regard to regulatory technical standards for the presentation of the information that credit rating agencies shall make available in a central repository established by the European Securities and Markets Authority.

## **I. Executive Summary**

### **Reasons for publication**

One of the objectives of the CRA Regulation is to increase competition in the markets for credit ratings by encouraging issuers to use smaller credit rating agencies. To this end, Article 8d(1) of the CRA Regulation states that where issuers or related third parties intend to appoint at least two CRAs to rate an issuance or entity, they shall consider appointing at least one CRA with no more than 10% of the total market share. They will consider this where the issuer or related third party finds that such a CRA is capable of rating the relevant issuance or entity and there is such a CRA available to rate the issuance or entity in question.

Where it is not possible to appoint at least one CRA with no more than 10% of the total market share, the issuer or related third party shall document this. The obligations in Article 8d are supervised and enforced at national level by sectoral competent authorities.

To help issuers and related third parties carry out this evaluation, Article 8d(2) of the CRA Regulation requires ESMA to publish a list of CRAs registered in the European Union (EU) on its website every year, indicating their total market share and the types of credit ratings issued.

### **Contents**

In this document, ESMA provides the list of all registered CRAs indicating their total market shares and the types of credit ratings issued.

For the purpose of this exercise, EU registered CRAs' total market shares have been calculated by reference to the annual turnover from credit rating activities and ancillary services at group level during the calendar year 2013.

ESMA also lists the types of credit ratings issued by each registered CRA in 2014. The rating types are classified as follows: corporate ratings (including non-financial, financial, and insurance ratings), sovereign ratings, structured finance ratings and covered bond ratings.

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## II. Introduction

1. Article 8d of the CRA Regulation requires that every year, ESMA shall publish a list of EU registered CRAs on its website. This list should indicate each registered CRA's total market share and the types of credit ratings they issue.
2. This information can be used by issuers or related third parties considering appointing at least two CRAs to determine whether a CRA with no more than 10% of the total market share could be able to rate the relevant issuance or entity.
3. Article 8d(3) of the CRA Regulation requires ESMA to calculate total market share by reference to annual turnover generated from credit rating activities and ancillary services, at group level. The calculation of the current total market share is based on the annual turnover for the calendar year 2013.
4. ESMA provides a list of all the CRAs registered<sup>1</sup> with ESMA as at 15 December 2014 indicating their total market share.
5. ESMA also lists the types of credit ratings issued by each registered CRA in 2014 based on the information gathered through the registration process and reported to ESMA through the central repository CEREP<sup>2</sup>. The rating types have been classified as follows: corporate ratings (including non-financial, financial, and insurance ratings), sovereign ratings, structured finance ratings, and covered bonds ratings.
6. This report is structured in the following way: Section III provides the CRAs' total market share calculations and an explanation of the basis for the calculations; Section IV provides the type of credit ratings issued by registered CRAs.

## III. Total Market share calculations

7. The total market shares of EU registered CRAs are calculated by reference to the annual turnover for the calendar year 2013 from credit rating activities and ancillary services, at group level.
8. The annual turnover calculation includes both credit rating activities and ancillary services. Credit rating activities refer to the definition of credit ratings provided in Article 3(1)(a) of the CRA Regulation.<sup>3</sup> These activities involve giving opinions regarding the creditworthiness of an entity, a debt or financial obligation, debt security, preferred share or other financial instrument, or an issuer of such a debt or financial obligation, debt security, preferred share or other financial instrument.
9. The CRA Regulation does not provide a complete definition of the expression '*ancillary services*'. The second paragraph of Point 4, Section B of Annex I of the CRA Regulation states that '*A credit rating*

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<sup>1</sup> The list of certified and registered CRAs is published in ESMA website at: <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>

<sup>2</sup> CEREP publishes rating activity and rating performance statistics of all registered and certified credit rating agencies in compliance with the CRA Regulation. The repository was launched in February 2012 and is publicly accessible through ESMA website at: <http://cerep.esma.europa.eu/cerep-web/>. CEREP allows the search and filter of statistics for individual CRAs for time periods of varying length and rating types of choice.

<sup>3</sup> Article 3(1)(a) states "*Credit rating means an opinion regarding the creditworthiness of an entity, a debt or financial obligation, debt security, preferred share or other financial instrument, or of an issuer of such a debt or financial obligation, debt security, preferred share or other financial instrument, issued using an established and defined ranking system of rating categories*".

agency may provide services other than the issue of credit ratings (ancillary services). Ancillary services are not part of credit rating activities; they comprise market forecasts, estimates of economic trends, pricing analysis and other general data analysis as well as related distribution services.’

10. In 2014, two additional CRAs were registered with ESMA: EuroRating Sp. Zo.o. (7 May 2014) and Moody’s Investors Services EMEA Ltd. (24 November 2014).

**Table 1. CRAs’ market share calculation (based on 2013 turnover generated by CRAs registered in the EU from credit rating activities and ancillary services)**

Registered Credit Rating Agency	Market share %
AM Best Europe-Rating Services Ltd. (AMBERS)	0.72
ARC Ratings, S.A.	0.03
ASSEKURATA Assekuranz Rating-Agentur GmbH	0.26
Axesor S.A.	0.58
BCRA-Credit Rating Agency AD	0.03
Capital Intelligence (Cyprus) Ltd	0.13
CERVED Group S.p.A.	2.19
Creditreform Rating AG	0.53
CRIF S.p.A.	0.76
Dagong Europe Credit Rating Srl (Dagong Europe)	<0.01
DBRS Ratings Limited	1.27
Euler Hermes Rating GmbH	0.24
European Rating Agency, a.s.	<0.01
EuroRating Sp. Zo.o. <sup>4</sup>	<0.01
Feri EuroRating Services AG	0.67
Fitch Group <sup>5</sup>	16.22
GBB-Rating Gesellschaft für Bonitätsbeurteilung mbH	0.33
ICAP Group SA	0.75
Moody’s Group <sup>6</sup>	34.53
Scope Credit Rating GmbH	0.14
Spread Research SAS	0.09
Standard & Poor’s Group <sup>7</sup>	39.69
The Economist Intelligence Unit Ltd	0.83
<b>TOTAL</b>	<b>100</b>

<sup>4</sup> This information was provided during the registration process by EuroRating Sp z o. o. (7 May 2014).

<sup>5</sup> The following **Fitch legal entities** are currently registered with ESMA: Fitch France S.A.S, Fitch Deutschland GmbH, Fitch Italia S.p.A., Fitch Polska S.A., Fitch Ratings España S.A.U., Fitch Ratings Limited and Fitch Ratings CIS Limited.

<sup>6</sup> The following **Moody’s legal entities** are currently registered with ESMA: Moody’s Investors Service Cyprus Ltd, Moody’s France S.A.S., Moody’s Deutschland GmbH, Moody’s Italia S.r.l., Moody’s Investors Service España S.A., Moody’s Investors Service Ltd and Moody’s Investors Services EMEA Ltd.

<sup>7</sup> The following **Standard & Poor’s legal entities** are currently registered with ESMA: Standard & Poor’s Credit Market Services France S.A.S., Standard & Poor’s Credit Market Services Italy S.r.l. and Standard & Poor’s Credit Market Services Europe Limited.

#### IV. Types of ratings issued

11. Table 2 below lists the types of ratings issued by each of the CRAs registered with ESMA as at 30 June 2014. This information is taken from the registration process and CRAs' reports to ESMA's through the central repository CEREP.

**Table 2. Types of ratings issued in 2014**

Credit Rating Agency	(Corporate) Non-Financial	(Corporate) Financial Institutions	(Corporate) Insurance	Sovereign	Structured Finance Products	Covered Bonds
AM Best Europe-Rating Services Ltd. (AMBERS)	Yes	No	Yes	No	No	No
ARC Ratings, S.A.	Yes	No	No	No	No	No
ASSEKURATA Assekuranz Rating-Agentur GmbH	No	No	Yes	No	No	No
Axesor S.A.	Yes	No	No	No	No	No
BCRA-Credit Rating Agency AD	No	Yes	Yes	Yes	No	No
Capital Intelligence (Cyprus) Ltd	Yes	Yes	No	Yes	No	No
CERVED Group S.p.A.	Yes	No	No	No	No	No
Creditreform Rating AG	Yes	No	No	No	Yes	Yes
CRIF S.p.A.	Yes	No	No	No	No	No
Dagong Europe Credit Rating Srl (Dagong Europe)	No	Yes	Yes	No	No	No
DBRS Ratings Limited	Yes	Yes	Yes	Yes	Yes	Yes
Euler Hermes Rating GmbH	Yes	Yes	No	No	No	No
European Rating Agency, a.s.	No	No	No	Yes	No	No
EuroRating Sp. Zo.o. <sup>8</sup>	Yes	No	No	No	No	No
Feri EuroRating Services AG	Yes	Yes	No	Yes	No	No
Fitch Group	Yes	Yes	Yes	Yes	Yes	Yes
GBB - Rating Gesellschaft für Bonitätsbeurteilung mbH	No	Yes	No	No	No	No
ICAP Group SA	Yes	No	No	No	No	No
Moody's Group	Yes	Yes	Yes	Yes	Yes	Yes
Scope Credit Rating GmbH	Yes	Yes	No	No	Yes	No
Spread Research SAS	Yes	No	No	No	No	No
Standard & Poor's Group	Yes	Yes	Yes	Yes	Yes	Yes
The Economist Intelligence Unit Ltd	No	No	No	Yes	No	No

<sup>8</sup> This information is resulting from the registration process of EuroRating Sp z o. o. (7 May 2014)