

PRESS RELEASE

ESMA publishes 2017 supervision plan for CRAs, trade repositories and 3rd country CCPs

The European Securities and Markets Authority (ESMA) has today published its [Annual Report and Supervision Work Programmes](#) (Report) setting out its main areas of supervisory focus for credit rating agencies (CRAs), trade repositories (TRs), and third country central counterparties (CCPs) in the European Union (EU). The Report also details the actions ESMA has taken in 2016 in carrying out its supervisory role.

Steven Maijoor, ESMA Chair, said

“Our supervisory responsibilities are a key part of the EU’s objective in promoting financial stability and protecting investors.

“ESMA’s supervisory work in 2016 resulted in a number of tangible results. Key among these were the launch of the [European Ratings Platform](#) providing investors with access to free information on all EU credit ratings under the issuer pays model; a [fine](#) of €1.38mn on a CRA for failing to comply with important requirements of the CRA Regulation; our [first fine of a trade repository](#) and our recognition of [11 third country CCPs](#).

“Looking forward to 2017, strategy and governance will be a key theme for both CRAs and trade repositories, particularly in light of the UK exiting the EU. In addition, we will focus on the quality of ratings, internal controls and risk assessment for CRAs, and data quality, technology trends and internal control at trade repositories. Finally, our work on CCPs will focus on recognition requests and a risk analysis framework for existing recognised entities.”

A focus on data quality

For TRs and CRAs, the key supervisory themes identified for 2017 are a result of ESMA’s risk-based supervisory approach. ESMA will continue to focus on the quality of the information



produced by TRs - the quality of trade repository data – and its availability, given its critical importance to regulators and overall financial stability.

ESMA will also continue to focus on the quality of credit ratings. In particular, CRAs' implementation of ESMA's 2016 [Guidelines](#), which clarify how CRAs should validate and review their methodologies, will be an important part of how ESMA ensures adequate validation practices across CRAs.

Common themes in supervising both CRAs and TRs will include business strategy in light of the UK exiting the EU, governance issues, the implementation of ESMA's supervisory strategy on fees, internal controls and IT issues and trends.

Third country CCPs

ESMA's monitoring of third country CCPs reinforces its capacity to identify and assess the related risks to EU investors and to financial stability in the EU. Its priorities for 2017 relate to pending requests by third country CCPs for recognition, as more countries are declared equivalent, and the finalisation of a risk framework to identify priorities for recognised third country CCPs.

Notes for editors

1. ESMA has been the sole, direct supervisor for Credit Rating Agencies (CRAs) since 2011 and trade repositories from 2013, responsible for supervising [26 registered CRAs and four certified CRAs](#) and [6 trade repositories](#) in 2016.
2. Any company wishing to issue credit ratings in the EU must register with ESMA. CRAs established in third countries may also issue credit ratings on entities established or financial instruments issued in third countries which can be used for regulatory purposes in the EU where they have been certified as equivalent.
3. ESMA must recognise third country CCPs before they can operate in the EU and only following a decision by the European Commission that the CCP's home country has a regulatory framework broadly equivalent to that of the EU. ESMA must recognise third country CCPs acting in the EU, both initially and when they extend their range of activities and services. ESMA also assesses whether the classes of OTC derivatives cleared by recognised third country CCPs should be subject to the clearing obligation under EMIR. The list of ESMA recognised third country CCPs is published on ESMA's website [here](#).
4. The European Commission adopted equivalence decisions for Australia, Hong Kong, Japan and Singapore in October 2014, equivalence decisions for Canada, Mexico, the Republic of Korea, South Africa and Switzerland in November 2016, and in March 2016 the equivalence decision for CCPs under the jurisdiction of the U.S. Commodity Futures Trading Commission (CFTC). On 16 December 2016 the Commission issued equivalence decisions for Japan Commodities CCPs, Brazil, Dubai International Financial Centre, United Arab Emirates, India and New Zealand.
5. ESMA's mission is to enhance investor protection and promote stable and orderly financial markets. It achieves these objectives through four activities:
 - a. assessing risks to investors, markets and financial stability;
 - b. completing a single rulebook for EU financial markets;
 - c. promoting supervisory convergence; and
 - d. directly supervising specific financial entities.



6. ESMA achieves its mission within the European System of Financial Supervision (ESFS) through active cooperation with the European Banking Authority (EBA), the European Insurance and Occupational Pensions Authority (EIOPA), the European Systemic Risk Board, and with national authorities with competencies in securities markets (NCAs).

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