

ESAs consult to amend technical standards on the mapping of ECAIs' credit assessments

NEWS

DATE:

29 Jan 2021

The Joint Committee of the three European Supervisory Authorities (EBA, EIOPA and ESMA - ESAs) launched today a public consultation to amend the Implementing Regulations on the mapping of credit assessments of External Credit Assessment Institutions (ECAIs) for credit risk. The amendments are needed to assign mappings for two newly established ECAIs and to reflect the outcomes of a monitoring exercise on the adequacy of existing mappings, namely changes to the Credit Quality Steps (CQS) allocation for two ECAIs and the introduction of new credit rating scales for nine ECAIs. The Implementing Regulations are part of the EU Single Rulebook for banking and insurance aimed at creating a safe and sound regulatory framework consistently applicable across the European Union (EU). The consultation runs until 5 March 2021.

In the [Implementing Regulations](#) on the mapping of ECAIs, adopted by the European Commission on 11 October 2016, the three ESAs specified an approach that establishes the correspondence between credit ratings and the credit quality steps defined in the Capital Requirements Regulation (CRR) and in the Solvency II Directive.

The ESAs are now consulting on an amendment to the Implementing Regulation to reflect the establishment of two additional ECAIs and the outcome of a monitoring exercise on the adequacy of the mappings, based on a quantitative and qualitative assessment. In particular, the ESAs are proposing to change the CQS allocation for two ECAIs, together with the introduction of new credit rating scales for nine ECAIs.

The ESAs also published individual draft mapping reports illustrating how the methodology was applied to produce the amended mappings in line with the CRR

mandate.

Consultation process

- Comments to the Consultation Paper on the mapping under Article 136 of the CRR can be sent by clicking on the "send your comments" button on the [EBA's consultation page](#).
- Comments to the Consultation Paper on the mapping under Article 109 (a) of the Solvency II Directive can be provided by sending an e-mail to CP-21-001@eiopa.europa.eu. The consultation paper is available on [EIOPA's consultation page](#).

Please note that the deadline for the submission of comments is 5 March 2021.

All contributions received will be published following the close of the consultation, unless requested otherwise.

A [public hearing](#) on this consultation will take place on the 12 February 2021 from 14:00 to 15:00 CET. Deadline for registration is 10 February 2021 at 16:00 CET.

Legal basis and background

The proposed revised draft ITSs have been developed according to Article 136 (1) and (3) of Regulation 575/2013 (Capital Requirements Regulation) and of Article 109 (a) of Directive 2009/138/EC (Solvency II Directive), which state that revised draft ITS shall be submitted by the ESAs, where necessary.

This change follows a second amendment to the Implementing Regulations, which was proposed by the ESAs in May 2019 and adopted by the European Commission on 29 November 2019. The first amendment reflected the withdrawal of the registration of one CRA and the recognition of five additional CRAs since the adoption of the Implementing Regulations in October 2016. The second amendment, on the other hand, reflected the outcomes of a monitoring exercise on the adequacy of existing mappings, namely changes to the Credit Quality Steps (CQS) allocation for two ECAs and the introduction of new credit rating scales for ten ECAs. Two ECAs, Creditreform and ACRA Europe, have not consented to the publication of their mapping reports. In the absence of a consent, the ESAs published only the outcome of the revision, i.e. the relevant mappings in Annex III of the draft amended ITS ("Mapping tables") together with two documents listing the applicable credit rating scales and credit rating types

for each of the concerned ECAI.