

ESAs publish amended technical standards on the mapping of ECAIs under the Capital Requirements Regulation

The Joint Committee of the three European Supervisory Authorities (EBA, EIOPA and ESMA – ESAs) published today a second amendment to the Implementing Technical Standards (ITS) on the mapping of credit assessments of External Credit Assessment Institutions (ECAIs) for credit risk under the Capital Requirements Regulation (CRR). The amendment reflects the outcome of a monitoring exercise on the adequacy of existing mappings. The ITS are part of the EU Single Rulebook for banking aimed at creating a safe and sound regulatory framework consistently applicable across the European Union (EU).

The Implementing Regulation on the mapping of ECAIs under the CRR, adopted by the European Commission on 7 October 2016, specified an approach that establishes the correspondence between credit ratings and the credit quality steps (CQS) defined in the CRR, together with providing mappings for 26 ECAIs.

This amendment to the ITS reflects the outcome of a monitoring exercise on the adequacy of the mappings, based on the additional quantitative and qualitative information collected after the original Implementing Regulation entered into force. In particular, the ESAs proposed to change the CQS allocation for two ECAIs, and to introduce new credit rating scales for ten ECAIs. The ESAs also addressed the mappings of CRAs recently registered in accordance to the CRA Regulation and that are related to previously mapped ECAIs.

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

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), which state that revised draft ITS shall be submitted by the ESAs, where necessary.

A first amendment to the Implementing Regulation was adopted by the Commission on 24 April 2018, to incorporate mappings for the five new ECAIs that had been registered or certified after the ESAs submitted the original draft ITS to the Commission and to reflect the deregistration of one credit rating agency (CRA).

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