

CRA fine – ESMA fines five banks

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ESMA fines five banks €2.48 million for issuing credit ratings without authorisation

Between June 2011 and August 2016, the five banks issued credit research to their clients – and SEB continued to do so until May 2018. This credit research included the issuance of what the banks described as *shadow ratings*. These reports related to different entities and underlying financial instruments and these reports included opinions, which ESMA found met the definition of a credit rating provided for by the CRAR. However, no bank had acquired the necessary ESMA authorisation to issue ratings and such conduct infringes the CRAR which requires prior authorisation.

The individual fine amounts take into account the aggravating factor that the banks had committed the infringement for more than six months but also consider the mitigating factor that each bank has voluntarily taken measures to ensure that similar infringements could not be committed in the future.

Unauthorised credit ratings

Under the CRAR, issuing credit ratings requires authorisation by ESMA to ensure that such ratings are independent, objective and of adequate quality and that Credit Rating Agencies (CRAs) are subject to the same rules and oversight across all EU countries. A firm, in order to be registered as a CRA in the EU, needs to provide proof that it fulfils the necessary organisational requirements and provides adequate safeguards, in particular regarding governance, conflicts of interests, internal controls, rating process and methodologies, business activities and disclosures. A failure by a firm to apply for registration prior to issuing ratings is an infringement of the CRAR.

None of the five banks was, or is, registered as a CRA nor had they applied for registration. Currently, there are 27 CRAs authorised by ESMA to issue credit ratings within the EU.

Right of appeal

The five banks mentioned above may appeal against this decision to the Board of Appeal of the European Supervisory Authorities. Such an appeal does not suspend the fine, although it is possible for the Board of Appeal to suspend the application of the decision in accordance with the CRAR.

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EU coordinates further assistance to help Sweden fight forest fires

Earlier this week, the Commission mobilised firefighting aircrafts from Italy and France through the EU's Civil Protection Mechanism, which have since been operating in the affected areas. Further EU support has now been offered by Germany, Lithuania, Poland and Denmark.

Commissioner for Humanitarian Aid and Crisis Management Christos **Stylianides** said: *"The EU stands by the Swedish government and the Swedish people in their time of need. I would like to thank all countries for their quick offers of help through our EU Civil Protection Mechanism. We have helped mobilise many planes, helicopters, vehicles and ground forces to address the massive needs. We are in contact with other countries for possible additional support. This is solidarity in action. This is what our citizens expect in a Europe that protects."*

After a request for assistance from Sweden on 16 July 2018, the following has been channelled through the EU Civil Protection Mechanism:

- 5 planes: 2 from Italy and 3 from France. These are highly specialised Canadair water bombing planes as well as one reconnaissance plane.
- 6 firefighting helicopters: 5 from Germany and 1 from Lithuania
- Firefighters and vehicles: 44 vehicles from Poland and 139 firefighters, as well as 12 vehicles and 55 personnel from Denmark.

* Additional support (helicopters, vehicles and personnel) has been offered by Austria, Portugal and Germany.

The EU's emergency Copernicus satellite is also helping Sweden provide damage

assessment maps of the affected areas.

The European Commission's Emergency Response Coordination Centre, which monitors natural disasters 24/7, is in contact with the Swedish civil protection authorities and is closely monitoring developments and any other assistance that could be requested.

Background

The Commission's Emergency Response Centre is actively monitoring emergencies throughout Europe, including fires. It uses national monitoring services and tools such as the European Forest Fire Information System and satellite imagery to provide an overview of the situation in Europe. Over the summer period, the centre also organises weekly coordination meetings with the countries that are at high risk of forest fires.

Civil Protection Mechanism

The European Commission coordinates the voluntary offers made by participating states through the EU Civil Protection Mechanism, and can co-finance the transport of relief items and experts to the country in question. The mobilisation of assistance is coordinated through the Commission's Emergency Response Coordination Centre, which closely monitors developments and offers the possibility of transport co-financing for the offered assistance.

The assistance can consist of items for immediate relief as well as experts and supporting intervention teams. In the case of fires, this can include fire-extinguishing aircraft. The Commission cannot send planes or equipment itself via the Mechanism.

Overall, the Mechanism facilitates the cooperation in disaster response among 34 European states (28 EU Member States, the former Yugoslav Republic of Macedonia, Iceland, Norway, Montenegro, Serbia and Turkey).

For more information

[Statement by Commissioner Christos Stylianides](#)

[Photos – European Commission's Emergency response centre](#)

[Video stockshots – European Commission Emergency response centre](#)

[MEMO – Fighting forest fires in Europe – how it works](#)

[Factsheet – EU Civil Protection Mechanism](#)

[Factsheet – European Emergency Response Capacity](#)