

purpose of filling in the table of Annex I, the same reference number shall be given for the common information.		
Any information submitted to ESMA during the registration or certification process shall be accompanied by a letter signed by a member of the credit rating agency's senior management or a representative authorised by the senior management, attesting that the submitted information is accurate and complete to the best of their knowledge, as of the date of that submission.	Attestation of the accuracy and completeness of the application	Article 3
Any information regarding the number of employees shall be provided on a full time equivalent basis calculated as the total hours worked divided by the maximum number of hours subject to compensation within a working year as defined by the relevant national law.	Number of employees	Article 4
Any information regarding the class of credit ratings shall use the following ratings classes: <ul style="list-style-type: none"> sovereign and public finance ratings; structured finance ratings; corporate ratings: <ul style="list-style-type: none"> financial institution including credit institutions and investment firms; insurance undertaking; corporate issuer that is not considered a financial institution or an insurance undertaking. 	Class of credit ratings	Article 5
Policies and procedures provided in an application shall contain or be accompanied by: <ul style="list-style-type: none"> 		

General

SECTION 1

an indication of who is responsible for the approval and maintenance of the policies and procedures;

 a description of how compliance with the policies and procedures will be enforced and monitored and who is responsible for this; a description of the measures undertaken in the event of a breach of the policies; an indication of the procedure for reporting to ESMA a material breach of the policy or procedure which may result in a breach of the conditions for initial registration or certification.

 A credit rating agency may fulfil the obligation to provide information regarding its policies and procedures under this Regulation by submitting a copy of the relevant policies and procedures.

Policies and procedures

Article 6

<div class="crrArticle">

<p>A credit rating agency shall provide ESMA with:</p> <ol class="crrCharList">

the information listed in Annex II to this Regulation; an excerpt from the relevant commercial or court register, or other form of evidence of the place of incorporation and scope of business activity of the credit rating agency, as of the application date.

 </div>

Identification, legal status and class of credit ratings

Article 7

CONTENT	SUBTITLE	TITLE
<ol class="crrNumList">		
 <p>A credit rating agency shall provide ESMA with:</p> <ol class="crrCharList">		
a list of each person who directly or indirectly holds 5 % or more of the credit rating agencyâ€™s capital or of voting rights or whose holding makes it possible to exercise a significant influence over the management of the credit rating agency;		
the information set out in points 1 and 2 of Annex III in relation to each such person.		
 <p>A credit rating agency shall		

also provide the following information to ESMA:</p><ol class="crrCharList">a list of any undertakings in which a person referred to in paragraph 1 holds 5 % or more of the capital or voting rights or over whose management that person exercises a significant influence;an identification of their business activity referred to in point 3 of Annex III.<p>Where a credit rating agency has a parent undertaking, it shall:</p><ol class="crrCharList">identify the country where the parent undertaking is established;indicate whether the parent undertaking is authorised or registered and subject to supervision.</div>

Owners and parent undertaking of a credit rating agency

Article 8

Ownership structure

SECTION 2

<div class="crrArticle">A credit rating agency shall provide ESMA with a chart showing the ownership links between any parent undertaking, subsidiaries and any other associated entities established in the Union and their branches. The undertakings shown in the chart shall be identified by their full name, legal status and address of the registered office and head office.</div>

Ownership chart

Article 9

CONTENT

SUBTITLE

TITLE

<div class="crrArticle">A credit rating agency shall provide ESMA with an organisational chart detailing its organisational structure, including a clear identification of significant roles and the identity of the person responsible for each significant role. Significant roles shall include at least senior management, persons who direct the activities of the branches and senior rating analysts. Where the credit rating agency conducts ancillary services, the organisational chart shall also detail its

Organisational chart

Article 10

organisational structure in respect of those services.				
<ol style="list-style-type: none"> A credit rating agency shall provide to ESMA information regarding its policies and procedures in relation to its compliance function as set out in point 5 of Section A of Annex I to Regulation (EC) No 1060/2009, review function as set out in point 9 of Section A of Annex I to Regulation (EC) No 1060/2009 and information regarding its policies and procedures established to meet the requirements set out in points 4 and 10 of Section A of Annex I to Regulation (EC) No 1060/2009. The information provided under this paragraph shall include the information set out in Annex IV points 1, 3 and 4. Where the policies and procedures referred to in paragraph 1 are carried out at group of undertakings level, a credit rating agency shall also provide ESMA with the information set out in Annex IV point 2. A credit rating agency shall also provide ESMA with the information set out in Annex X. 	Organisational structure	Article 11	Organisational structure and corporate governance	SECTION 3
<ol style="list-style-type: none"> A credit rating agency shall provide ESMA with information regarding its internal corporate governance policies and the procedures and terms of reference which govern its senior management, including the administrative or supervisory board, its independent members and, where established, committees. Where a credit rating agency adheres to a recognised corporate governance code of conduct, it shall identify the code and provide an explanation for any situations where it deviates from 	Corporate governance	Article 12		

the code.

- A credit rating agency shall provide the information set out in points 1 and 2 of Annex V on the members of its administrative or supervisory board.
- A credit rating agency shall provide ESMA with a copy of the documents referred to in point 3 of Annex V.

CONTENT	SUBTITLE	TITLE
<p>A credit rating agency shall provide ESMA with a copy of its annual financial reports, including individual and consolidated financial statements where applicable, for the three financial years preceding the date of the submission of its application to the extent available. Where the financial statements of the credit rating agency are subject to statutory audit within the meaning given in Article 2(1) of Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accountsOJ L 157, 9.6.2006, p. 87., the financial reports shall include the audit report on the annual and consolidated financial statement.</p> <p>Where the financial reports referred to in paragraph 1 are not available for the requested period of time, a credit rating agency shall provide ESMA with an interim financial report.</p> <p>Where the credit rating agency is a subsidiary of a group of undertakings, it shall provide the annual financial reports of the parent undertaking for the three financial years preceding the date of the submission of its application.</p> <p>A credit rating agency shall provide ESMA with a description of the measures it has adopted to ensure sound accounting procedure.</p>	Financial reports	Article 13

Financial resources for the performance of credit rating activities

SECTION 4

CONTENT	SUBTITLE	TITLE
<p>A credit rating agency shall provide ESMA with information regarding</p>		

the following policies and procedures:

- reporting to the compliance officer of any situations where one of the persons referred to in point 1 of Section C of Annex I to Regulation (EC) No 1060/2009 considers that any other such person has engaged in conduct that he or she considers illegal, pursuant to the provisions of point 5 of Section C of Annex I to Regulation (EC) No 1060/2009;
- the rotation of lead rating analysts, rating analysts and persons approving credit rating;
- the compensation and performance evaluation practices for rating analysts, persons approving credit ratings, senior management and the compliance officer;
- the training and development relevant to the rating process, including any examination or other type of formal assessment required for the conduct of rating activities.

A credit rating agency shall also provide

ESMA with:

- a description of the measures in place to mitigate the risk of over-reliance on individual employees;
- for each class of credit ratings, information on the size and experience of the quantitative teams responsible for developing and reviewing methodologies and models;
- the name and function of any employee of the credit rating agency who has obligations, either individually or on behalf of the credit rating agency, to any other entity within the group of credit rating agencies;
- the average annual fixed and variable remuneration

SECTION

Staffing policies and procedures Article 14

of the rating analysts, lead analysts and the compliance officer for each of the preceding three financial years.

A credit rating agency shall describe the arrangements in place to ensure that it is informed when a rating analyst terminates his or her employment and joins a rated entity as set out in point 6 of Section C of Annex I to Regulation (EC) No 1060/2009. A credit rating agency shall describe the arrangements in place to ensure that the persons referred in point 1 of Section C of Annex I to Regulation (EC) No 1060/2009 are aware of the prohibition established as set out in point 7 of Section C of Annex I to Regulation (EC) No 1060/2009.

A credit rating agency shall provide ESMA with the curriculum vitae, including employment history with relevant dates, identification of positions held and a description of the functions occupied, for each of the following:

- members of senior management;
- persons appointed to direct the business of the branches;
- officers responsible for internal audit, internal control, compliance function, risk assessment and review function.

A credit rating agency shall provide ESMA with the following information in respect of each member of its senior management:

- a recent criminal-record file from the country of origin of the relevant person,

Fitness and appropriateness

Article 15

unless the relevant national authorities do not issue such a file;

a self-declaration of their good repute including at least the statements set out in Annex VI and signed by the individual.

CONTENT	SUBTITLE	TITLE
<p>A credit rating agency shall provide ESMA, for each class of credit rating, with a high-level description of the range of core models and methodologies used to determine credit ratings.</p> <p>A credit rating agency shall provide ESMA with the following information regarding its policies and procedures:</p> <p>information regarding the development, validation and review of its rating methodologies, including at least the information set out in point 1 of Annex VII;</p> <p>information regarding the disclosure of the credit methodologies and descriptions of models and key rating assumptions used in its credit rating activities as set out in point 5 of Part I of Section E of Annex I to Regulation (EC) No 1060/2009.</p>	Development, validation, review and disclosure of rating methodologies	Article 16
<p>A credit rating agency shall provide ESMA with the following information:</p> <p>the rating nomenclatures used for each class of credit rating;</p> <p>the definition of any rating action and statuses used by the credit rating agency;</p> <p>its policies and procedures regarding the issuance of credit ratings, including at least the information set out in point 2 of</p>		

Annex VII; the terms of reference of any rating committees; a description of the arrangements in place for disclosing a rating decision, including at least the information set out in point 3 of Annex VII; a description of the procedures in place to ensure that a methodology is applied and implemented consistently across classes of credit rating, offices and regions. A credit rating agency shall identify any differences between the treatment of unsolicited and solicited ratings in the policies and procedures provided under points (c) and (e) of paragraph 1. Where the rating process is regularly audited by an independent third party, a credit rating agency shall provide ESMA with the last audit report. <p>A credit rating agency shall also provide ESMA with the following information:</p> <ol class="crrCharList"> details and criteria for the selection of data providers; details on the reliability of internal and external data input into rating models; details of the data sources used. </div><div class="crrArticle"><p>A credit rating agency shall provide ESMA with information regarding its policies and procedures concerning:</p> <ol class="crrCharList"> the monitoring of ratings, identifying any differences between solicited and unsolicited ratings, and including at least the information set out in point 4 of Annex VII; the disclosure of the decision to review or change a rating; the monitoring of the impact of changes in macroeconomic or financial market	Issuance of credit ratings	Article 17	Issuance and review of credit ratings	SECTION 6
	Monitoring of credit ratings	Article 18		

conditions on credit ratings as described in Article 8(5) of Regulation (EC) No 1060/2009.

A credit rating agency shall provide ESMA with information regarding the following items:

- policies and procedures with respect to the credit rating disclosure requirements laid down in the following provisions of Regulation (EC) No 1060/2009:
- paragraphs 1, 2 and 5 of Article 10;
- Part I of Section D of Annex 1;
- where the credit rating agency rates structured instruments, policies and procedures with respect to the following provisions of Regulation (EC) No 1060/2009:
- Article 10(3);
- point 4 of Section B of Annex I;
- Part II of Section D of Annex I;
- samples of typical credit rating reports or other documents demonstrating how the credit rating agency meets or intends to meet these disclosure requirements; and
- samples of typical rating letters for each class of credit rating produced by the credit rating agency.

CONTENT	SUBTITLE	TITLE
	Credit rating presentation requirements	Article 19

CONTENT	SUBTITLE	TITLE
		Description of issue and review procedures and methodologies

SECTION 7

A credit rating agency shall provide ESMA with information regarding its policies and procedures with respect to the identification, management and disclosure of conflicts of interest and the rules on rating analysts and other persons directly involved in credit rating activities covering at least the requirements

CONTENT	SUBTITLE	TITLE

CONTENT	SUBTITLE	TITLE

set out in Annex VIII.

A credit rating agency shall describe the process used to ensure that the relevant persons are aware of the policies and procedures referred to in paragraph 1. A credit rating agency shall describe the arrangements in place to ensure that the review function responsible for reviewing the methodologies set out in point 9 of Section A of Annex I to Regulation (EC) No 1060/2009 is independent of the business lines which are responsible for credit rating activities.

A credit rating agency shall describe the controls put in place, including the controls implemented through information systems, in order to comply with the requirements of paragraphs (2) and (3) of Article 7 of Regulation (EC) No 1060/2009 on the negotiation of fees and the rules on persons involved in rating activities.

A credit rating agency shall describe any other measures and controls put in place to ensure the independence of its rating analysts.

A credit rating agency shall provide ESMA with an up-to-date inventory of existing and potential conflicts of interest relevant to it. Where a credit rating agency is part of a group of undertakings, it shall include in the inventory any conflicts of interest arising from other entities which belong to its group of undertakings.

The inventory of existing and potential conflicts of interest shall identify the following potential conflicts of interest:

any potential conflicts of interest with related third parties;

Independence and avoidance of conflicts of interest

Article 20

Conflicts of interest

SECTION 8

Inventory of conflicts of interest

Article 21

	<p>where a credit rating agency outsources any important operational functions, it shall provide ESMA with the following information:</p> <ol class="crrCharList" style="list-style-type: none"> its policies with respect to outsourcing; an explanation on how it intends to identify, manage and monitor the risks posed by the outsourcing of important operational functions; a copy of the outsourcing agreements between the credit rating agency and the entity to which the activities are outsourced; a copy of any internal or external report on the outsourced activities issued in the past five years. <p>For the purposes of paragraph 1, important operational functions shall comprise rating review, lead analyst, rating methodology development and review, rating approval, internal quality control, data storage, IT systems, IT support and accounting.</p>	Outsourcing requirements	Article 25	Outsourcing	SECTION 11
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SUBTITLE	REGISTRATION
TITLE	CHAPTER 2

ARTICLE	SUBTITLE	TITLE
<ol class="crrNumList" style="list-style-type: none"> <p>A credit rating agency shall provide ESMA with the following information:</p> <ol class="crrCharList" style="list-style-type: none"> the general information requested in points 1 to 10 of Annex II; the information regarding its owners referred to in Article 8; the organisational chart referred to in Article 10; details on the arrangements in place to prevent, disclose and mitigate any existing or potential conflicts of interest between the rating business and ancillary services; the information referred to in Article 13 regarding the credit rating agency’s financial resources. <p>A credit rating agency shall</p> 		

SECTION

provide ESMA with the following information regarding its business activities:

- for the preceding three years, the number of employees contracted and involved in the rating and ancillary services both permanent and temporary;
- if the applicant has a branch, the number of employees involved in the rating and ancillary business in each branch;
- the number of rating analysts contracted to the applicant including, if the credit rating agency has a branch, the number of rating analysts contracted in each branch;
- if a credit rating agency is planning to establish a new branch, a description of the type of business activities the new branch is expected to conduct, its full name and address and the timeframe for its establishment;
- if a credit rating agency is planning to conduct any new ancillary services, a description of the new services and the timeframe for their commencement;
- the revenue generated over the past three years by the credit rating agency from rating and ancillary services as a proportion of total revenue, presented on a financial year basis;
- if the credit rating agency has one or more branches, the revenue generated over the past three years by each branch as a proportion of total revenue, presented on a financial year basis.

A credit rating agency shall also provide ESMA with the following information regarding the credit ratings it issues or proposes to issue:

- the class of credit ratings;
- the rating nomenclatures used for each class of credit rating;
- the definition of any rating action and statuses used by the credit rating agency;
- details of whether the credit rating agency produces solicited or unsolicited ratings or both;
- for each class of credit rating, the number of

Information
for
application
for
certification

Article
26

Application
for
certification

SECTION
1

			<div>years of experience it has in producing these ratings;</div> <div>for each class of credit rating, the current or expected proportion of public ratings and private ratings.</div> <div>The credit rating agency shall indicate whether it currently holds, or expects to apply for, External Credit Assessment Institution (ECAI) status in one or more Member States and, if so, it shall identify the relevant Member State.</div>												
			<div>A credit rating agency shall ensure that its application complies with Articles 2 to 6 regarding the format of its application, the attestation of its accuracy, the class of credit ratings, number of employees and the policies and procedures provided to ESMA.</div>	General requirements for the application for certification	Article 27										
			<table><tr><th>CONTENT</th><th>SUBTITLE</th><th>TITLE</th></tr><tr><td><div>A credit rating agency shall provide ESMA with the information set out in Annex XII regarding the systemic importance of its credit ratings and credit rating activities to the financial stability or integrity of the financial markets of one or more Member States.</div></td><td>Systemic importance</td><td>Article 28</td></tr></table>	CONTENT	SUBTITLE	TITLE	<div>A credit rating agency shall provide ESMA with the information set out in Annex XII regarding the systemic importance of its credit ratings and credit rating activities to the financial stability or integrity of the financial markets of one or more Member States.</div>	Systemic importance	Article 28			Systemic importance	SECTION 2		
CONTENT	SUBTITLE	TITLE													
<div>A credit rating agency shall provide ESMA with the information set out in Annex XII regarding the systemic importance of its credit ratings and credit rating activities to the financial stability or integrity of the financial markets of one or more Member States.</div>	Systemic importance	Article 28													
			<div>SUBTITLE</div> CERTIFICATION												
			<div>TITLE</div> CHAPTER 3												
			<table><tr><th>ARTICLE</th><th>CONTENT</th><th>SUBTITLE</th><th>TITLE</th></tr><tr><td></td><td><div>This Regulation shall enter into force on the 20th day following its publication in the Official Journal of the European Union.</div></td><td>Entry into force</td><td>Article 29</td></tr></table>	ARTICLE	CONTENT	SUBTITLE	TITLE		<div>This Regulation shall enter into force on the 20th day following its publication in the Official Journal of the European Union.</div>	Entry into force	Article 29				
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			<div>SUBTITLE</div> FINAL PROVISIONS												
			<div>TITLE</div> CHAPTER 4												