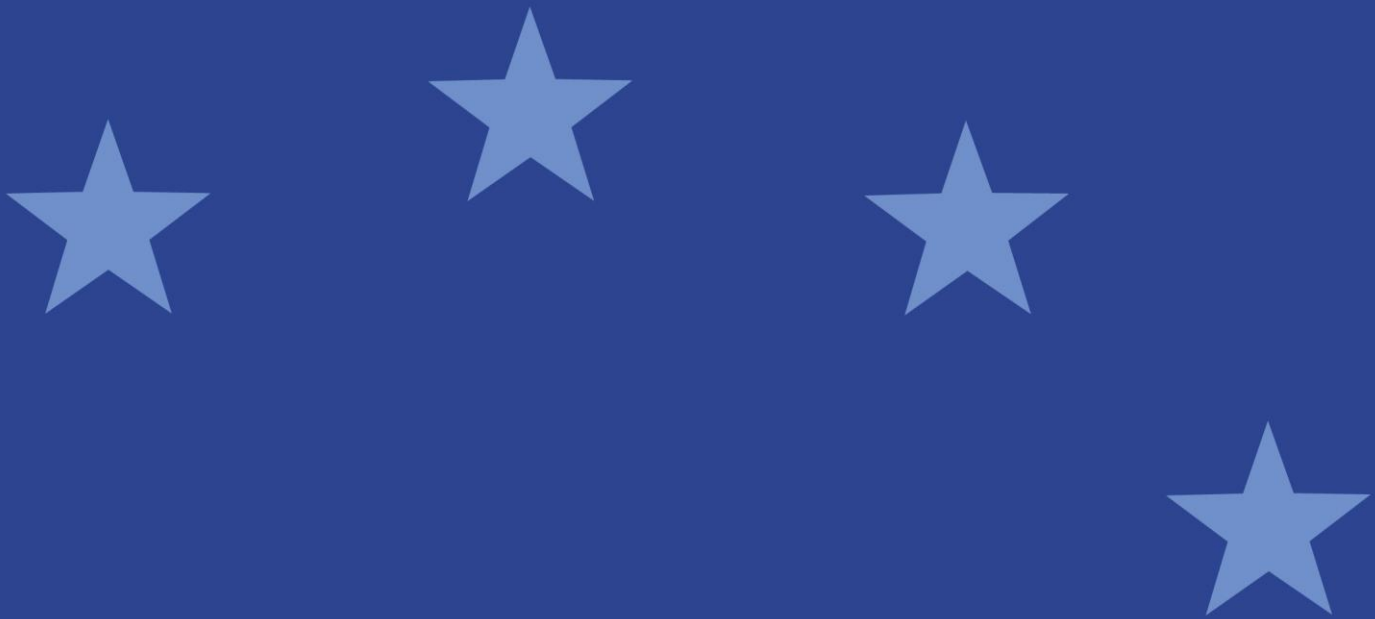




European Securities and
Markets Authority

Report on CRA Market Share Calculation



Acronyms used

CRA Regulation	Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit ratings agencies as amended by Regulation (EU) No 513/2011 of the European Parliament and of the Council of 11 May 2011, Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011, Regulation (EU) No 462/2013 of the European Parliament and of the Council of 21 May 2013, and Directive 2014/51/EU of the European Parliament and of the Council of 16 April 2014
Credit Rating	Credit rating means an opinion regarding the creditworthiness of an entity, a debt or financial obligation, debt security, preferred share or other financial instrument, or of an issuer of such a debt or financial obligation, debt security, preferred share or other financial instrument, issued using an established and defined ranking system of rating categories (Regulation 1060/2009 Article 3(1)(a))
Credit Rating Agency	Credit rating agency means a legal person whose occupation includes the issuing of credit ratings on a professional basis (Regulation 1060/2009 Article 3(1)(b))
Credit Rating Activities	Credit rating activities means data and information analysis and the evaluation, approval, issuing and review of credit ratings.
Ancillary Services	Ancillary services are not part of credit rating activities; they comprise market forecasts, estimates of economic trends, pricing analysis and other general data analysis as well as distribution services'
Issuer	Issuer means a legal entity that issues or proposes to issue securities as defined in Article 2(h) of Regulation (EU) 2017/1129 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC.
Financial Instrument	Financial Instrument means any of the instruments listed in Section C of Annex I to Directive 2004/39/EC (Regulation 1060/2009 Article 3(1)(k). Regulation 1060/2009 Article 3(1)(k)).
Related Third Party	Related third party means 'the originator, sponsor, servicer or any other party that interacts with a credit rating agency on behalf of a rated entity' (Regulation 1060/2009 Article 3(1)(b)).
Sectoral Competent Authority	Sectoral Competent Authority means "the national competent authorities designated under the relevant sectoral legislation for the supervision of credit institutions, investment firms, insurance undertakings, reinsurance undertakings, institutions for occupational retirement provision, management companies, investment companies, alternative investment fund managers, central counterparties and prospectuses(Regulation 1060/2009 Article 3(1)(r)).

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1 Executive Summary

One of the objectives of the CRA Regulation is to increase competition in the markets for credit ratings by encouraging issuers or related third parties to use smaller credit rating agencies.

In this regard, Article 8d of the CRA Regulation requires issuers or related third parties, who intend to appoint two or more CRAs to rate an issuance or entity, to consider appointing at least one CRA with no more than 10% of the total market share in the EU.

In the case that the issuer or related third party does not appoint a CRA with no more than 10% total market share, the Regulation (Article 8d) requires that this decision is documented. The obligations of Article 8d are supervised and enforced at a national level by the relevant sectoral competent authorities.

In order to assist issuers or related third parties with this assessment, Article 8d of the CRA Regulation requires the European Securities and Markets Authority (ESMA) to publish a list of registered CRAs and the types of credit ratings they issue, together with a calculation of CRAs' revenues from credit rating activities and ancillary services at group level.

2 Legal Basis

1. As set out in recital 11 of the CRA Regulation, the purpose of Article 8d is to increase competition in the credit rating industry by encouraging issuers or related third parties to consider the appointment of smaller CRAs.
2. In this regard, Article 8d(1) states that where issuers or related third parties intend to use two or more CRAs, they should consider appointing one CRA with less than 10% market share in the EU. In the event that the issuer or related third party does not appoint at least one CRA with less than a 10% market share, this decision shall be documented.
3. The market share calculation is required to be published by ESMA on an annual basis in accordance with Article 8d(2). Its purpose is to assist issuers or related third parties in their identification of CRAs with no more than 10% total market share.
4. Credit rating activities refer to the definition of credit ratings provided in Article 3(1)(a) of the CRA Regulation. These activities involve giving opinions, regarding the creditworthiness of an entity, a debt or financial obligation, debt security, preferred share or other financial instrument, or an issuer of such a debt or financial obligation, debt security, preferred share or other financial instrument.
5. The term ancillary service is set out in the second paragraph of Point 4, Section B of Annex I of the CRA Regulation, which states that “*A credit rating agency may provide services other than the issue of credit ratings (ancillary services). Ancillary services are not part of credit rating activities; they comprise market forecasts, estimates of economic trends, pricing analysis and other general data analysis as well as distribution services*”.
6. As set out in Article 25a of the CRA Regulation, the supervision and enforcement of Article 8d is the responsibility of national sectoral competent authorities. For further details please refer to Section 9 of this document.

3 How to use this Document

7. In order to identify a CRA with less than 10% total market share, issuers or related third parties should refer to Section 6, which provides a list of registered CRAs indicating total market share for each.
8. In order to identify the different classes of credit ratings offered by each CRA, issuers or related third parties should refer to Section 7. For a breakdown of credit ratings by asset class, issuers or related third parties should refer to Section 8.
9. For more information on Article 8d of the CRA Regulation, please refer to the Supervisory Briefing adopted by ESMA in Section 9. This Supervisory Briefing includes a Standard Form that can be used by issuers or related third parties on a *voluntary basis*. This Standard Form is relevant for issuers or related third parties who choose not to appoint a CRA with less than 10% total market share and are required to document this decision.

4 How CRAs' Market Shares are calculated

10. In accordance with Article 8d(3) of the CRA Regulation, the total market share for each registered CRA is calculated with reference to annual turnover generated from credit rating activities and ancillary services at group level in the EU for that CRA or group of CRAs¹²³.
11. For the purpose of this exercise, total market share has been calculated based on CRAs' audited financial statements with reference to the annual turnover from the credit rating activities and ancillary services for the calendar year 2020.

5 Applicability

12. This market share calculation is valid for use from its date of publication and applicable until the date of publication of the next Market Share Calculation in 2022.
13. In order to ensure you are referring to the most recent Market Share Calculation please visit the relevant section of ESMA's CRA Policy Page⁴. In order to ensure you are referring to the most recent list of EU Registered CRAs please visit the relevant section of ESMA's CRA Supervision Page⁵.

6 Market Share Calculation for EU Registered CRAs

14. The Table on page 6 (Table 1⁶) provides a list of all CRAs registered in the EU in accordance with the CRA Regulation. For each CRA, ESMA provides the applicable total market share, calculated according to the process described in Section 4.
15. In order to provide information on the evolution of the market, ESMA also provides information as to the year-on-year change in each CRA's market share⁷. Finally, ESMA provides an indicator as to whether a CRA has less than 10% total market share.
16. A number of CRAs took measures to ensure the continuity of their credit rating activities before the UK's departure from the EU was finalised⁸ on 31 December 2020. CRAs which had a significant presence in the UK have adopted different approaches to re-structuring their businesses. These changes impacted CRAs' applicable revenues from EU credit rating activities in 2020, and are reflected in changes to CRAs' market shares in this year's market share report.

¹ **S&P Global Ratings:** S&P Global Ratings Europe Limited

² **Moody's Investors Service:** Moody's Investors Service Cyprus Ltd. Moody's France S.A.S. Moody's Deutschland GmbH. Moody's Italia S.R.L. Moody's Investor Service España S.A., Moody's Investors Service (Nordics) AB.

³ **Fitch Ratings:** Fitch Ratings Ireland Limited

⁴ [ESMA CRA Policy](#)

⁵ [List of EU Registered CRAs](#)

⁶ CRAs are included in market share table in order of decreasing market share.

⁷ CRA's market shares have been rounded to 2 decimal points. Indication of YoY Change is based on the underlying unrounded figure.

⁸ Before the expiry of the related transitional arrangements.

Name of CRA	Market Share	Less than 10%	Previous Year	YoY Change
S&P Global Ratings Europe	51.77%	-	40.40%	↑
Moody's Investor Service	30.12%	-	33.12%	↓
Fitch Ratings	10.30%	-	17.55%	↓
CERVED Rating Agency	1.18%	Yes	0.84%	↑
DBRS Ratings	1.11%	Yes	2.99%	↓
Scope Ratings	1.00%	Yes	0.62%	↑
CreditReform Rating	0.84%	Yes	0.53%	↑
Kroll Bond Rating Agency Europe	0.45%	Yes	0.34%	↑
ICAP	0.41%	Yes	0.18%	↑
AM Best Europe-Rating Services	0.41%	Yes	0.95%	↓
GBB-Rating	0.38%	Yes	0.29%	↑
modeFinance	0.33%	Yes	0.18%	↑
Assekurata	0.27%	Yes	0.20%	↑
CRIF Ratings	0.27%	Yes	0.21%	↑
Axesor Risk Management	0.24%	Yes	0.15%	↑
Scope Hamburg	0.23%	Yes	0.21%	↑
ARC Ratings	0.19%	Yes	0.18%	↑
Qivalio	0.18%	Yes	0.09%	↑
Capital Intelligence Ratings	0.16%	Yes	0.10%	↑
Nordic Credit Rating	0.06%	Yes	0.02%	↑
Inbonis	0.03%	Yes	0.01%	↑
BCRA-Credit Rating Agency	0.03%	Yes	0.02%	↑
Rating-Agentur Expert	0.03%	Yes	0.01%	↑
EuroRating	0.01%	Yes	0.01%	-
TOTAL	100%			

Table 1: Market Share for EU CRAs. Source: ESMA Supervisory Information.

7 Classes of Credit Ratings offered by EU registered CRAs

17. The Table below (Table 2) provides an overview of the different credit rating classes each EU CRA is registered to provide. This table is provided in order to enable issuers or related third parties to evaluate whether a CRA with less than 10% total market share is registered to provide the class of credit rating they require. The information contained in this table is based on the data reported into ESMA's supervisory database.

Classes Of Credit Ratings Offered						
Name of CRA	Less than 10%	Corporate: non-Financial	Corporate: Financial	Corporate: Insurance	Sovereign and Public Finance	Structured Finance
S&P Global Ratings Europe	-					
Moody's Investor Service	-					
Fitch Ratings	-					
CERVED Rating Agency	Yes					
DBRS Ratings	Yes					
Scope Ratings	Yes					
Creditreform Rating	Yes					
Kroll Bond Rating Agency	Yes					
ICAP	Yes					
AM Best Europe Rating Services	Yes					
GBB-Rating	Yes					
ModeFinance	Yes					
Assekurata	Yes					
CRIF Ratings	Yes					
Axesor Risk Management	Yes					
Scope Hamburg	Yes					
ARC Ratings	Yes					
Qivalio	Yes					
Capital Intelligence Ratings	Yes					
Nordic Credit Rating	Yes					
INBONIS	Yes					
BCRA-Credit Rating Agency	Yes					
Rating-Agentur Expert	Yes					
EuroRating	Yes					

Table 2: Classes of Ratings Offered by EU Registered CRAs. Source: ESMA Supervisory

8 Market Share of EU Registered CRAs by Rating Category

18. The Figures below (Figures 1-5) provide additional information to assist issuers or related third parties in their evaluation of a CRA with less than 10% total market share. These figures show the proportion of instruments⁹ for which an EU-issued rating has been assigned by EU registered CRAs (i.e. endorsed ratings are excluded), irrespective of the domicile of issuers.
19. This approach is coherent with the revenue-based market share described in the previous sections, as the revenues generated by EU-registered CRAs may derive from both EU and non-EU issuers. To provide further insight the figures included in this year's Report now reflect the ratio between solicited and unsolicited EU-issued ratings issued by EU registered CRAs.
20. The Figures are based on data reported by CRAs to ESMA and do not take into account ratings reported by a CRA where a unique identifier of the bond (ISIN) was not reported.. For ease of reading, only EU registered CRAs which have rated at least 0.1% of all outstanding ISINs in a specific asset class have been included in the tables.

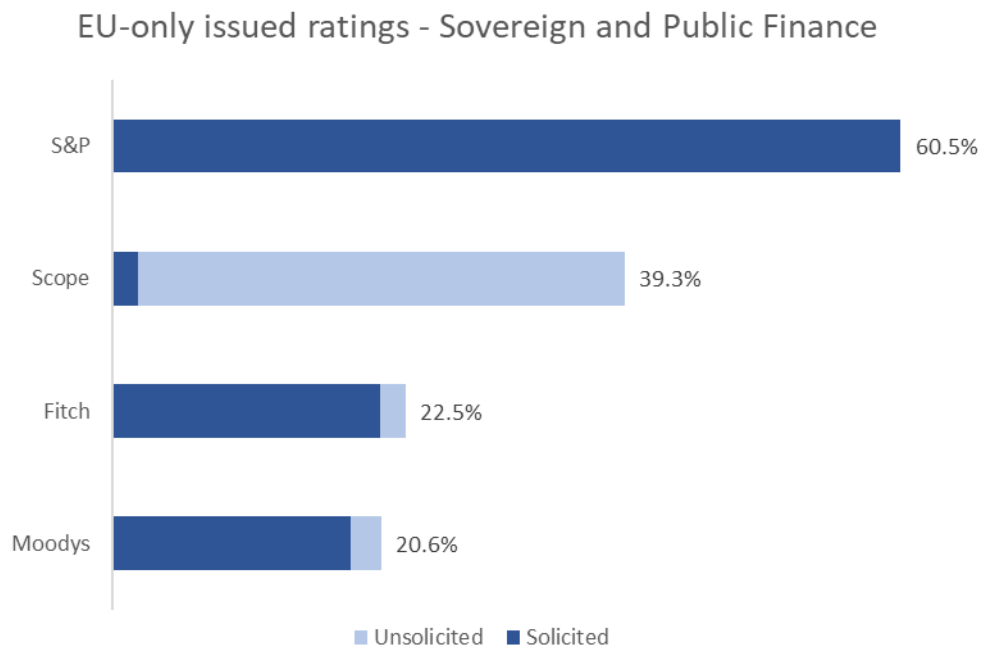


Figure 1: Percentage of the total number of sovereign and public entity instruments (ISINs) that have at least one rating assigned by a CRA registered in the EU. Source: ESMA supervisory data as of 30/09/2021

⁹ The definition of EU financial instrument is drawn from the Commission delegated Regulation 2015/2 of 30 September 2014 supplementing Regulation (EC) No 1060/2009 with regard to regulatory technical standards for the presentation of the information that credit rating agencies make available to ESMA, available at: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2015.002.01.0024.01.ENG (the Delegated Regulation).

EU-only issued ratings - Structured Finance

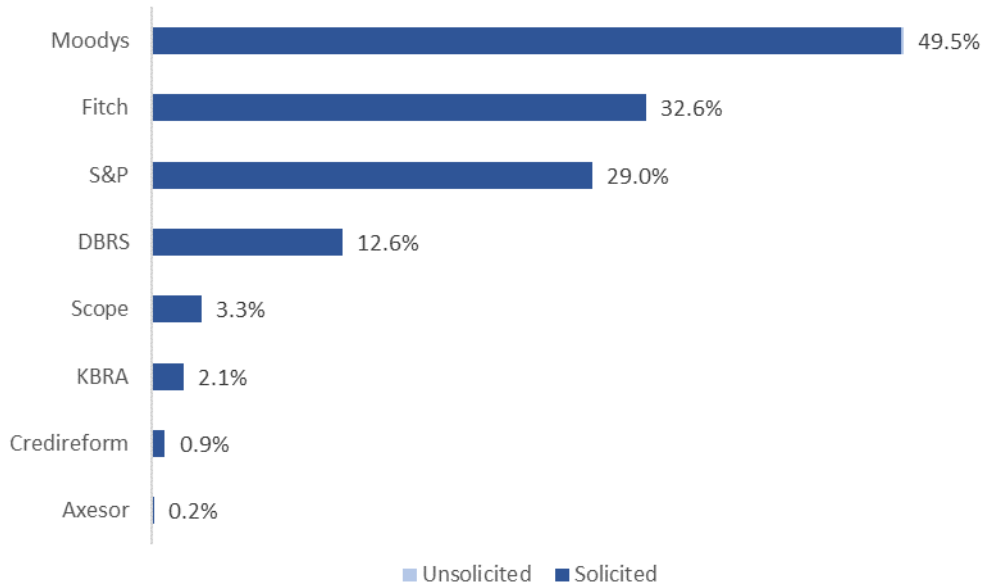


Figure 2: Percentage of the total number of outstanding structured finance instruments (ISINs) that have at least one rating assigned by a CRA registered in the EU. Source: ESMA supervisory data as of 30/09/2021

EU-only issued ratings - Corporate non financial

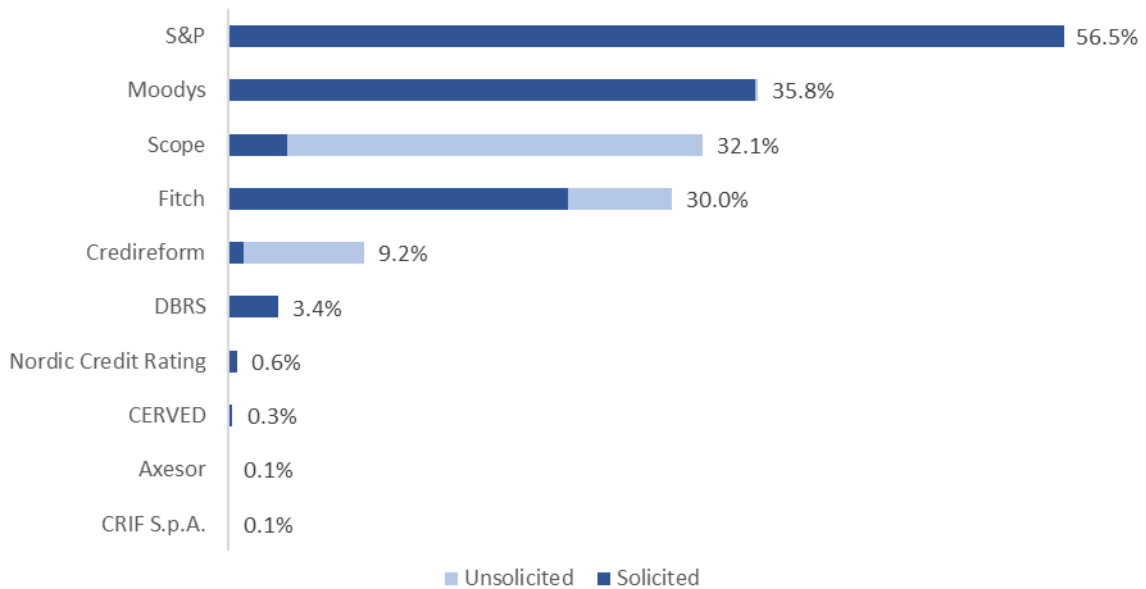


Figure 3: Percentage of the total number of outstanding non-financial corporate instruments (ISINs) that have at least one rating assigned by a CRA registered in the EU. Source: ESMA supervisory data as of 30/09/2021

EU-only issued ratings - Financial Institutions

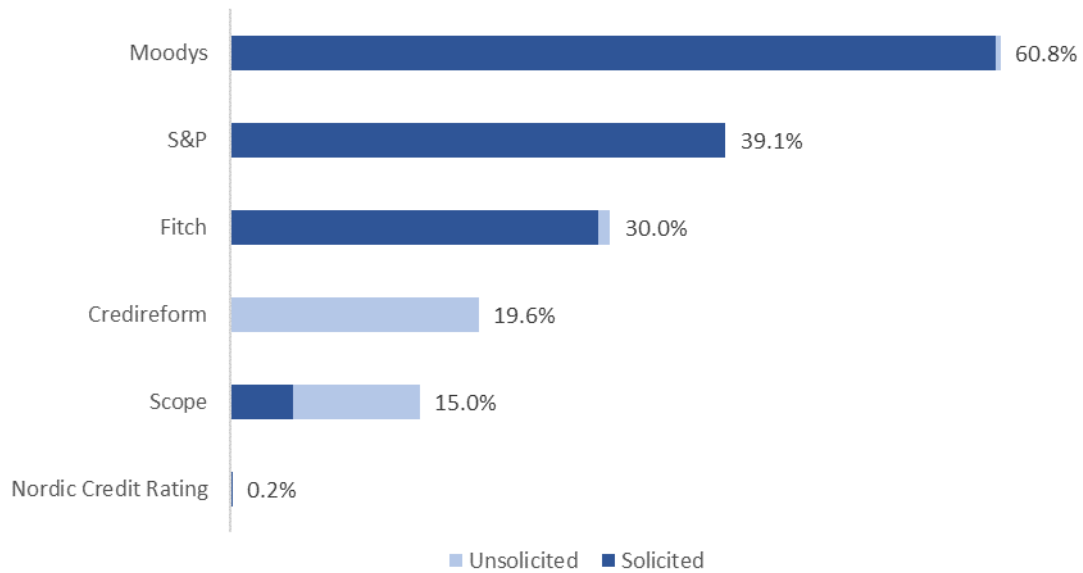


Figure 4: Percentage of the total number of outstanding financial corporates (excl. insurance) instruments (ISINs) that have at least one rating assigned by a CRA registered in the EU. Source: ESMA supervisory data as of 30/09/2021

EU-only issued ratings - Insurance

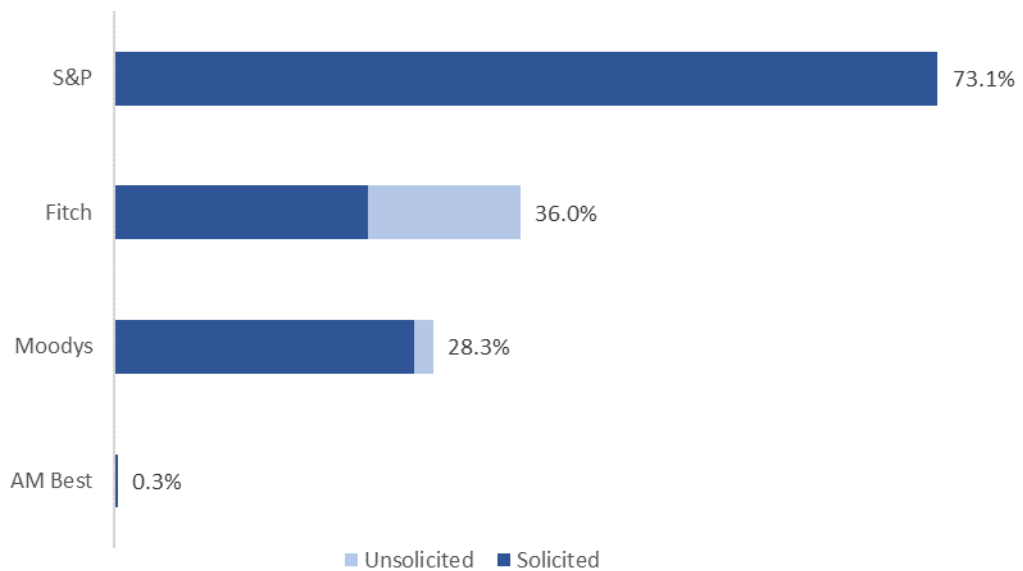


Figure 5: Percentage of the total number of outstanding insurance undertakings instruments (ISINs) that have at least one rating assigned by a CRA registered in the EU. Source: ESMA supervisory data as of 30/09/2021

9 Supervisory Briefing for Article 8d

21. As set out in Article 25a of the CRA Regulation, Article 8d is supervised and enforced at Member State level by Sectoral Competent Authorities (SCAs). In this regard, it is the role of ESMA to promote supervisory convergence by encouraging the SCAs to adopt common approaches to the supervision and enforcement of this article.
22. On 6 April 2016 ESMA published a Supervisory Briefing which provided further information on the implementation of Article 8d at a national level as well as a voluntary template for documenting the non-appointment of a CRA with less than 10% market share.
23. The purpose of this Supervisory Briefing is to provide guidance to SCAs in relation to the application of Articles 8c and 8d of the CRA Regulation and promote a common supervisory approach and enforcement of these Articles. In this regard, the Supervisory Briefing includes the following:
 - A Common Supervisory Approach as to which issuers or related third parties are covered by Article 8c and 8d; and,
 - A Standard Form for documenting the decision not to appoint a CRA with less than 10% total market share in accordance with article 8d.
24. The purpose of the Common Supervisory Approach is to assist SCAs as well as issuers or related third parties by clearly establishing who should be prioritised for supervision and enforcement under these Articles.
25. The Standard Form assists SCAs by promoting standardised and consistent data across different issuers or related third parties. It also assists issuers or related third parties by providing clarity as to how they may meet their regulatory obligations under these Articles and simplify their internal processes by removing the need to develop in-house templates for documenting compliance under Article 8d.
26. For issuers or related third parties who would like to know more about the Common Supervisory Approach and the Standard Form, both items are available on ESMA's website¹⁰.

10 Questions and Feedback

27. ESMA welcomes feedback on the information presented in this market share calculation and invites market participants to send this by email to: CRA-info@esma.europa.eu.

¹⁰ [Common Supervisory Approach incl. Standard Form](#)