

Question ID

2024_7220

Legal act

Regulation (EU) No 575/2013 (CRR)

Topic

Credit risk

Article

135

Paragraph

1

COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations

Not applicable

Article/Paragraph

n/a

Type of submitter

Credit institution

Subject matter

Use of credit assessments by ECAIs not in scope of Regulation (EC) No 1060/2009.

Question

Can external credit assessments that have been issued by an ECAI, but were not publicly disclosed, be used to determine the risk weight of an exposure under the Standardised Approach?

Background on the question

While rating methodologies for private funds do exist, the availability of public ratings is very limited. The treatment as unrated corporates of in particular low-risk funds, such as pension funds, leads to very punitive risk weights and capital requirements under the Standardised Approach. While recognized ECAIs issue private ratings for these entities, it is not made explicit in Chapter 2, section 3 CRR whether or not private ratings issued by ECAIs are permitted for determining risk weights under SA.

Submission date

10/10/2024

Final publishing date

13/03/2026

Final answer

An external credit assessment issued by an external credit assessment institution (ECAI) that is transmitted or shared in a form that does not correspond to public disclosure or distribution by subscription does not meet the requirements of Article 135(1) of the CRR, except in the case the external credit assessment is produced by a central bank.

In accordance with Article 135(1) of Regulation (EU) No 575/2013 (CRR), an external credit assessment may be used to determine the risk weight of an exposure under its Chapter 2, Title II, Part Three only if it has been issued or endorsed by an ECAI, in both cases in accordance with Regulation (EC) No 1060/2009 (CRAR).

In accordance with the definition provided under point (98) of Article 4(1) CRR, an ECAI can be:

1. Either a credit rating agency that is registered or certified in accordance with CRAR.
2. Or a central bank issuing credit ratings which are exempted from the application of the CRAR when produced in accordance with Article 2(2)(d) of that Regulation.

For an external credit assessment to be issued or endorsed by an ECAI in accordance with the CRAR it needs to be in scope of that Regulation. To be in scope of the CRAR, its Article 2(1) stipulates that the credit rating needs to be disclosed publicly or distributed by subscription and the credit rating agency needs to be registered or certified in the Union.

Status

Final Q&A

Answer prepared by

Answer prepared by the EBA.
