

ESMA registers SPMW Rating Sp. z o.o. as a CRA

The European Securities and Markets Authority (ESMA), the EU's direct supervisor of credit rating agencies (CRAs), has registered SPMW Rating Sp. z o.o. as a CRA under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (CRA Regulation), with effect from 15 March 2018. SPMW Rating Sp. z o.o. is based in Poland, issuing sovereign and public finance ratings and corporate ratings.

The CRA Regulation seeks to ensure that credit ratings issued in the EU respect minimum standards of quality, transparency and independence by providing that only companies registered by ESMA as CRAs may lawfully issue credit ratings which can be used for regulatory purposes by credit institutions, investment firms, insurance and reinsurance undertakings, institutions for occupational retirement provision, management companies, investment companies, alternative investment fund managers and central counterparties.

In order to be registered as a CRA a company must be able to demonstrate to ESMA that it can comply with the requirements of the CRA Regulation, including, most importantly, on:

- the governance of CRAs and the management of conflicts of interest;
- the development and application of methodologies for assessing credit risk; and
- the disclosure of information to ESMA and to market participants.

Once registered, CRAs are subject to on-going supervision and monitoring by ESMA to make sure that they continue to meet the conditions for registration. ESMA will impose sanctions and/or penalties where it finds that a CRA has failed to meet its obligations under the CRA Regulation.

The SPMW Rating Sp. z o.o. registration brings the total number of CRAs registered in the EU to 27 CRAs. Amongst the 27 registered CRAs, three operate under a group structure, totalling 17 legal entities in the EU, which means that the total number of CRA entities registered in the EU is 41.