



Brussels, **XXX**
[...] (2015) **XXX** draft

COMMISSION IMPLEMENTING REGULATION (EU) No .../..

of **XXX**

on [...]

COMMISSION IMPLEMENTING REGULATION (EU) No .../..

of **XXX**

laying down implementing technical standards with regard to the allocation of credit assessments of external credit assessment institutions to an objective scale of credit quality steps in accordance with Directive 2009/138/EC of the European Parliament and of the Council

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Directive 2009/138/EC of 25 November 2009 of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II)¹, and in particular Article 109a(1) thereof,

Whereas:

- (1) In accordance with Article 111(1)(n) of Directive 2009/138/EC, the allocation of credit assessments of external credit assessment institutions (ECAIs) to an objective scale of credit quality steps for the purposes of the calculation of the Solvency Capital Requirement (the ‘allocation’) needs to be consistent with the use of external credit assessments of ECAIs in the calculation of the capital requirements for credit institutions and financial institutions, as defined in Regulation (EU) No 575/2013 of the European Parliament and of the Council².
- (2) Commission Implementing Regulation (EU) No .../...³ establishes the mapping methodology for the use of external credit assessments of ECAIs in the calculation of the capital requirements for credit institutions and financial institutions, in particular the rules on how the relevant credit assessments are made correspondent to the six credit quality steps laid down in Regulation (EU) No 575/2013.
- (3) For the purposes of the calculation of the Solvency Capital Requirement, Article 3 of Commission Delegated Regulation (EU) 2015/35⁴ provides that the allocation is subject to a system of seven credit quality steps in contrast to the six credit quality steps laid down in Regulation (EU) No 575/2013 and used in the mapping methodology for credit institutions and financial institutions.
- (4) In order to achieve the consistency required under Article 111(1)(n) of Directive 2009/138/EC, the allocation is based on the mapping methodology for credit institutions and financial institutions subject to alterations, where appropriate, taking into account the extra step laid down in the credit quality system of relevance for the calculation of the Solvency Capital Requirement.

¹ OJ L 335, 17.12.2009, p.1.

² OJ L 176, 27.6.2013, p.1.

³ Commission Implementing Regulation (EU) No .../.. of **XXX** laying down implementing technical standards with regard to the mapping of credit assessments of external credit assessment institutions for credit risk in accordance with Articles 136(1) and 136(3) of Regulation (EU) No 575/2013 of the European Parliament and of the Council (Not yet published in the Official Journal).

⁴ Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) (OJ L 12, 17.1.2015, p. 1).

- (5) In order to properly balance prudential and market concerns, undue burdens on ECAIs which, as a result of their recent entrance in the market can present only limited quantitative information, this Regulation establishes two allocation arrangements for those ECAIs. The first allocation arrangement should apply for a limited period and the second allocation arrangement should apply thereafter. Both allocations should take into account quantitative and qualitative factors. Compared to the second allocation, the quantitative factors for deriving the first allocation should be relaxed. The first allocation arrangement should be applied for the limited period of three years, being the expected time necessary for those ECAIs to collect sufficient quantitative information to fall under an allocation arrangement that is based on quantitative factors that are not relaxed.
- (6) The allocation arrangements apply to credit assessments of ECAIs, which are credit rating agencies that are registered or certified in accordance with Regulation (EC) No 1060/2009 of the European Parliament and of the Council⁵ or central bank issuing credit ratings which are exempt from the application of that Regulation, as well as to credit assessments endorsed by an ECAI in accordance with Regulation (EC) No 1060/2009.
- (7) This Regulation is based on the draft implementing technical standards submitted by the European Supervisory Authorities (the European Banking Authority, the European Insurance and Occupational Pensions Authority and the European Securities and Markets Authority) to the Commission.
- (8) The European Supervisory Authorities have conducted open public consultations on the draft implementing technical standards on which this Regulation is based, analysed the potential related costs and benefits and requested the opinion of the Banking Stakeholder Group established in accordance with Article 37 of Regulation (EU) No 1093/2010 of the European Parliament and of the Council⁶, the Insurance and Reinsurance Stakeholder Group established in accordance with Article 37 of Regulation (EU) No 1094/2010 of the European Parliament and of the Council⁷, and of the Securities and Markets Stakeholder Group established in accordance with Article 37 of Regulation (EU) No 1095/2010 of the European Parliament and of the Council⁸,

HAS ADOPTED THIS REGULATION:

Article 1

The allocation of credit assessments of external credit assessment institutions to an objective scale of credit quality steps shall be that set out in the Annex.

⁵ Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (OJ L 302 17.11.2009, p. 1).

⁶ Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC (OJ L 331, 15.12.2010, p. 12).

⁷ Regulation (EU) No 1094/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Insurance and Occupational Pensions Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/79/EC (OJ L 331, 15.12.2010, p. 48).

⁸ Regulation (EU) No 1095/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Securities and Markets Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/77/EC (OJ L 331, 15.12.2010, p. 84).

Article 2

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the Commission
The President

ANNEX

Allocation of credit assessments of external credit assessment institutions to an objective scale of credit quality steps

Credit quality step	0	1	2	3	4	5	6
<i>AM Best Europe-Rating Services Ltd.</i>							
Long-term issuer credit ratings scale	aaa	aa+, aa, aa-	a+, a, a-	bbb+, bbb, bbb-	bb+, bb, bb-	b+, b, b-	ccc+, ccc, ccc- , cc, c, rs
Long-term debt ratings scale	aaa	aa+, aa, aa-	a+, a, a-	bbb+, bbb, bbb-	bb+, bb, bb-	b+, b, b-	ccc+, ccc, ccc- , cc, c, d
Financial strength ratings scale		A++, A+	A, A-	B++, B+	B, B-	C++, C+	C, C-, D, E, F, S
Short-term ratings scale		AMB-1+	AMB-1-	AMB-2, AMB-3	AMB- 4		
<i>ARC Ratings S.A.</i>							
<i>From entry into force of this Regulation to 31 December 2018</i>							
Medium and long-term issuers rating scale	AAA	AA	A	BBB	BB	B	CCC, CC, C, D
Medium and long-term issues rating scale	AAA	AA	A	BBB	BB	B	CCC, CC, C, D
Short-term issuers rating scale		A-1+	A-1	A-2, A-3	B, C, D		

Short-term issues rating scale	A-1+	A-1	A-2, A-3	B, C, D
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ARC Ratings S.A.

From 1 January 2019 onwards

Medium and long-term issuers rating scale	AAA, AA, A	BBB	BB	B, CCC, CC, C, D
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Medium and long-term issues rating scale	AAA, AA, A	BBB	BB	B, CCC, CC, C, D
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Short-term issuers rating scale	A-1+, A-1	A-2, A-3, B, C, D
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Short-term issues rating scale	A-1+, A-1	A-2, A-3, B, C, D
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ASSEKURATA Assekuranz Rating-Agentur GmbH

From entry into force of this Regulation to 31 December 2018

Long-term credit rating scale	AAA	AA	A	BBB	BB	B	CCC, CC/C, D
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Short-term corporate rating scale	A++	A	B, C, D
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ASSEKURATA Assekuranz Rating-Agentur GmbH

From 1 January 2019 onwards

Long-term credit rating scale	AAA, AA, A	BBB	BB	B, CCC, CC/C, D
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Short-term corporate rating scale			A++, A			B, C, D	
<i>Axesora SA</i>							
<i>From entry into force of this Regulation to 31 December 2018</i>							
Global rating scale	AAA	AA	A	BBB	BB	B	CCC, CC, C, D, E
<i>Axesora SA</i>							
<i>From 1 January 2019 onwards</i>							
Global rating scale			AAA, AA, A	BBB	BB	B	CCC, CC, C, D, E
<i>BCRA – Credit Rating Agency AD</i>							
<i>From entry into force of this Regulation to 31 December 2018</i>							
Bank long-term ratings scale	AAA	AA	A	BBB	BB	B	C, D
Insurance long-term ratings scale	iAAA	iAA	iA	iBBB	iBB	iB	iC, iD
Corporate long-term ratings scale	AAA	AA	A	BBB	BB	B	CCC, CC, C, D
Municipality long-term ratings scale	AAA	AA	A	BBB	BB	B	CCC, CC, C, D
Issue long-term ratings scale	AAA	AA	A	BBB	BB	B	CCC, CC, C, D
Bank short-term ratings scale		A-1+	A-1	A-2, A-3		B, C, D	

Corporate short-term ratings scale	A-1+	A-1	A-2, A-3	B, C, D
Municipality short-term ratings scale	A-1+	A-1	A-2, A-3	B, C, D
Issue short-term rating scale	A-1+	A-1	A-2, A-3	B, C, D

BCRA – Credit Rating Agency AD

From 1 January 2019 onwards

Bank long-term ratings scale	AAA, AA, A	BBB	BB	B, C, D
Insurance long-term ratings scale	iAAA, iAA, iA	iBBB	iBB	iB, iC, iD
Corporate long-term ratings scale	AAA, AA, A	BBB	BB	B, CCC, CC, C, D
Municipality long-term ratings scale	AAA, AA, A	BBB	BB	B, CCC, CC, C, D
Issue long-term ratings scale	AAA, AA, A	BBB	BB	B, CCC, CC, C, D
Bank short-term ratings scale	A-1+, A-1	A-2, A-3	B, C, D	
Corporate short-term ratings scale	A-1+, A-1	A-2, A-3	B, C, D	
Municipality short-term ratings scale	A-1+, A-1	A-2, A-3	B, C, D	
Issue short-term rating scale	A-1+, A-1	A-2, A-3	B, C, D	

Banque de France

<i>From entry into force of this Regulation to 31 December 2018</i>							
Global long-term issuer credit ratings scale		3++	3+, 3	4+	4, 5+	5, 6	7, 8, 9, P
<i>Banque de France</i>							
<i>From 1 January 2019 onwards</i>							
Global long-term issuer credit ratings scale		3++	3+	3, 4+	4, 5+	5, 6	7, 8, 9, P
<i>Capital Intelligence</i>							
<i>From entry into force of this Regulation to 31 December 2018</i>							
International long-term issuer rating scale	AAA	AA	A	BBB	BB	B	C, RS, SD, D
International long-term issue rating scale	AAA	AA	A	BBB	BB	B	CCC, CC, C, D
International short-term issuer rating scale		A-1+	A-1	A-2, A-3	B, C, D		
International short-term issue rating scale		A-1+	A-1	A-2, A-3	B, C, D		
<i>Capital Intelligence</i>							
<i>From 1 January 2019 onwards</i>							
International long-term issuer rating scale			AAA, AA, A	BBB	BB	B	C, RS, SD, D
International long-term issue rating scale			AAA, AA, A	BBB	BB	B	CCC, CC, C, D
International short-term issuer rating scale			A-1+, A-1	A-2, A-3	B, C, D		
International short-term issue rating scale			A-1+, A-1	A-2, A-3	B, C, D		

<i>Cerved Rating Agency S.p.A.</i>							
<i>From entry into force of this Regulation to 31 December 2018</i>							
Corporate long-term rating scale	A1.1	A1.2, A1.3	A2.1, A2.2, A3.1	B1.1, B1.2	B2.1, B2.2	C1.1	C1.2, C2.1
<i>Cerved Rating Agency S.p.A.</i>							
<i>From 1 January 2019 onwards</i>							
Corporate long-term rating scale			A1.1, A1.2, A1.3, A2.1, A2.2, A3.1	B1.1, B1.2	B2.1, B2.2	C1.1	C1.2, C2.1
<i>Creditreform Ratings AG</i>							
<i>From entry into force of this Regulation to 31 December 2018</i>							
Long-term rating scale	AAA	AA	A	BBB	BB	B	C, D
<i>Creditreform Ratings AG</i>							
<i>From 1 January 2019 onwards</i>							
Long-term rating scale			AAA, AA, A	BBB	BB	B	C, D
<i>CRIF S.p.A.</i>							
<i>From entry into force of this Regulation to 31 December 2018</i>							
Global long-term rating scale	AAA	AA	A	BBB	BB	B	CCC, D1, D2
<i>CRIF S.p.A.</i>							
<i>From 1 January 2019 onwards</i>							

Global long-term rating scale			AAA, AA, A	BBB	BB	B	CCC, D1, D2
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Dagong Europe Credit Rating

From entry into force of this Regulation to 31 December 2018

Long-term credit rating scale	AAA	AA	A	BBB	BB	B	CCC, CC, C, D
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Short-term credit rating scale		A-1		A-2, A-3	B, C, D		
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Dagong Europe Credit Rating

From 1 January 2019 onwards

Long-term credit rating scale			AAA, AA, A	BBB	BB	B	CCC, CC, C, D
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Short-term credit rating scale		A-1		A-2, A-3	B, C, D		
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DBRS Ratings Limited

Long-term obligations rating scale	AAA	AA	A	BBB	BB	B	CCC, CC, C, D
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Commercial paper and short-term debt rating scale		R-1 H, R-1 M	R-1 L	R-2, R-3	R-4, R-5, D		
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Claims paying ability rating scale		IC-1	IC-2	IC-3	IC-4	IC-5	D
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European Rating Agency

From entry into force of this Regulation to 31 December 2018

Long-term rating scale			AAA, AA, A	BBB	BB	B	CCC, CC, C,
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								D
Short-term rating scale			S1	S2	S3, S4, NS			
<i>European Rating Agency</i>								
<i>From 1 January 2019 onwards</i>								
Long-term rating scale			AAA, AA, A	BBB	BB			B, CCC, CC, C, D
Short-term rating scale			S1	S2	S3, S4, NS			
<i>EuroRating Sp. z o.o.</i>								
<i>From entry into force of this Regulation to 31 December 2018</i>								
Global long-term rating scale	AAA	AA	A	BBB	BB	B		CCC, CC, C, D
<i>EuroRating Sp. z o.o.</i>								
<i>From 1 January 2019 onwards</i>								
Global long-term rating scale			AAA, AA, A	BBB		BB		B, CCC, CC, C, D
<i>Euler Hermes Rating</i>								
<i>From entry into force of this Regulation to 31 December 2018</i>								
Global long-term rating scale	AAA	AA	A	BBB	BB	B		CCC, CC, C, SD, D
<i>Euler Hermes Rating</i>								

<i>From 1 January 2019 onwards</i>								
Global long-term rating scale			AAA, AA, A	BBB	BB	B	CCC, CC, C, SD, D	
<i>FERI EuroRating Services AG</i>								
FERI EuroRating rating scale		AAA	AA	A		BBB, BB	B	CCC, CC, D
<i>Fitch France S.A.S. , Fitch Deutschland GmbH , Fitch Italia S.p.A. , Fitch Polska S.A. , Fitch Ratings España S.A.U. , Fitch Ratings Limited UK, Fitch Ratings CIS Limited</i>								
Long-term issuer credit ratings scale		AAA	AA	A	BBB	BB	B	CCC, CC, C, RD, D
Corporate finance obligations - Long-term ratings scale		AAA	AA	A	BBB	BB	B	CCC, CC, C
Long-term international IFS ratings scale		AAA	AA	A	BBB	BB	B	CCC, CC, C
Short-term rating scale			F1+	F1	F2, F3	B, C, RD, D		
Short-term IFS ratings scale			F1+	F1	F2, F3	B, C		
<i>GBB-Rating Gesellschaft fuer Bonitaetsbeurteilung GmbH</i>								
<i>From entry into force of this Regulation to 31 December 2018</i>								
Global long-term rating scale		AAA	AA		A, BBB	BB	B	CCC, CC, C, D
<i>GBB-Rating Gesellschaft fuer Bonitaetsbeurteilung GmbH</i>								
<i>From 1 January 2019 onwards</i>								

Global long-term rating scale			AAA, AA	A, BBB	BB	B	CCC, CC, C, D
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ICAP Group S.A

Global long-term rating scale			AA, A	BB, B	C, D	E, F	G, H
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Japan Credit Rating Agency Ltd

Long-term issuer ratings scale	AAA	AA	A	BBB	BB	B	CCC, CC, C, LD, D
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Long-term issue ratings scale	AAA	AA	A	BBB	BB	B	CCC, CC, C, D
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Short-term issuer ratings scale		J-1+	J-1	J-2	J-3, NJ, LD, D		
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Short-term issue credit ratings scale		J-1+	J-1	J-2	J-3, NJ, D		
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Kroll Bond Rating Agency

From entry into force of this Regulation to 31 December 2018

Long-term credit rating scale	AAA	AA	A	BBB	BB	B	CCC, CC, C, D
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Short-term credit rating scale		K1+	K1	K2, K3	B, C, D		
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Kroll Bond Rating Agency

From 1 January 2019 onwards

Long-term credit rating scale			AAA, AA, A	BBB		BB	B, CCC, CC, C, D
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Short-term credit rating scale			K1+, K1	K2, K3	B, C, D		
<i>Moody's Investors Service Cyprus Ltd, Moody's France S.A.S. , Moody's Deutschland GmbH, Moody's Italia S.r.l., Moody's Investors Service España S.A., Moody's Investors Service Ltd</i>							
Global long-term rating scale	Aaa	Aa	A	Baa	Ba	B	Caa, Ca, C
Bond fund rating scale	Aaa-bf	Aa-bf	A-bf	Baa-bf	Ba-bf	B-bf	Caa-bf, Ca-bf, C-bf
Global short-term rating scale		P-1	P-2	P-3	NP		
<i>Standard & Poor's Credit Market Services France S.A.S., Standard & Poor's Credit Market Services Italy S.r.l., Standard & Poor's Credit Market Services Europe Limited</i>							
Long-term issuer credit ratings scale	AAA	AA	A	BBB	BB	B	CCC, CC, R, SD/D
Long-term issue credit ratings scale	AAA	AA	A	BBB	BB	B	CCC, CC, C, D
Insurer financial strength ratings scale	AAA	AA	A	BBB	BB	B	CCC, CC, SD/D, R
Fund credit quality ratings scale	AAAf	AAf	Af	BBBf	BBf	Bf	CCCf
Mid market evaluation ratings scale			MM1	MM2	MM3, MM4	MM5, MM6	MM7, MM8, MMD
Short-term issuer credit ratings scale		A-1+	A-1	A-2, A-3	B, C, R, SD/D		
Short-term issue credit ratings scale		A-1+	A-1	A-2, A-3	B, C, D		

<i>Scope Rating</i>							
<i>From entry into force of this Regulation to 31 December 2018</i>							
Global long-term rating scale	AAA	AA	A	BBB	BB	B	CCC, CC, C, D
Global short-term rating scale		S-1+	S-1	S-2	S-3, S-4		
<i>Scope Rating</i>							
<i>From 1 January 2019 onwards</i>							
Global long-term rating scale			AAA, AA, A	BBB	BB	B	CCC, CC, C, D
Global short-term rating scale			S-1+, S-1	S-2	S-3, S-4		
<i>Spread Research</i>							
<i>From entry into force of this Regulation to 31 December 2018</i>							
International long-term rating scale	AAA	AA	A	BBB	BB	B	CCC, CC, C, D
<i>Spread Research</i>							
<i>From 1 January 2019 onwards</i>							
International long-term rating scale			AAA, AA, A	BBB		BB	B, CCC, CC, C, D
<i>The Economist Intelligence Unit Ltd</i>							
Sovereign rating band scale	AAA	AA	A	BBB	BB	B	CCC, CC, C,

