

2 March 2021

By Electronic Submission

MIS RESPONSE TO EUROPEAN SUPERVISORY AUTHORITIES' JOINT CONSULTATION TO AMEND THE IMPLEMENTING REGULATIONS ON THE MAPPING OF ECAI CREDIT ASSESSMENTS ("CONSULTATION")

Moody's Investors Service (**MIS**) wishes to thank the Joint Committee of the European Supervisory Authorities (**ESAs**) for the opportunity to comment on its draft amendments to the Implementing Regulations on the mapping of credit assessments of External Credit Assessment Institutions (**ECAIs**). We also thank the ESAs for the time taken to engage with us on the supporting mapping report.

We have no reservations in respect of the ESA's proposed mapping, but wish to make two general points related to the exercise:

- (i) We welcome the ESAs' initiative of publishing mapping reports alongside the draft Implementing Regulations and believe that these reports provide additional clarity to the market.**

We understand that the mapping reports are not the subject of the Consultation but would like to recognise their value in helping market participants understand the ESAs' methodology. For example, the ESAs propose two mapping scales for MIS: (1) global long-term rating scale, and (2) global short-term rating scale. MIS' global credit ratings map to either of these two scales but we are aware that some market participants have been unclear as to the range of obligations and issuers that are covered by the ESAs' mapping exercise. The mapping report provides helpful clarification in this respect.

- (ii) We believe that there is scope for some additional transparency in the mapping exercise.**

We have reviewed the ESAs' proposals in respect of our own credit ratings and the data provided in the mapping report. In doing so, we have drawn on the data as

published on the European Securities and Markets Authority's central repository for publishing the rating activity statistics and rating performance statistics of credit rating agencies (**CEREP**). We applied the methodology as set out in the current Implementing Regulation (EU) 2016/1799.

On this basis, we were able to replicate the ESAs' calculations to the largest extent. While not material to the mapping outcome, we did however also find some discrepancies. We understand that the EBA used a different data set from the CEREP website and that this is likely to account for some of the discrepancies. In the time available, we have not been able to track the divergences back to the assumptions and implementation choices underlying the CEREP website as compared to the assumptions applied by the EBA for their calculations but intend to undertake this as a follow up exercise.

We thank you for your consideration and look forward to sharing our findings from this exercise with the EBA in due course.

Yours faithfully,

/S/ **Frederic Drevon**

Frederic Drevon
Managing Director - Rating Performance