

The EBA logo consists of the letters 'EBA' in a bold, white, sans-serif font. To the left of the letters is a vertical bar with a blue-to-orange gradient and a wavy pattern. To the right of the letters, the words 'EUROPEAN BANKING AUTHORITY' are written in a smaller, white, sans-serif font, stacked vertically.

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Draft implementing technical standards amending
Implementing Regulation (EU) 2016/1801 on the
mapping of ECAs' credit assessments for securitisation
in accordance with Regulation (EU) No 575/2013

Public hearing, 18 January 2022

Public Hearing on revised draft ITS ECAs mapping under SA

Welcome and best practices for online meetings

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Public Hearing Outline

- **Background**
 - Mandate
 - Milestones

- **Rationale revised draft ITS**
 - Amendments new securitization framework
 - New ECAIs producing securitization credit assessments
 - De-registrations

- **Proposed amendments**
 - Scope review
 - Supporting materials: individual mapping reports

- **Next steps**

- **Q&A**

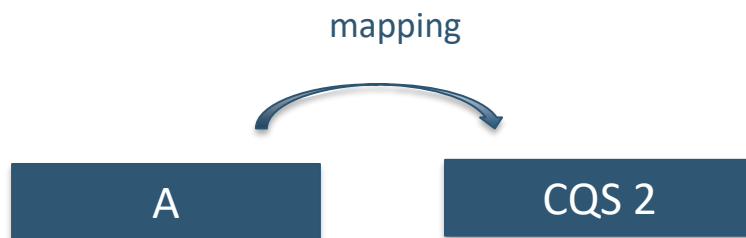
Background: mandate

Mapping of ECAI's credit assessments

EBA shall develop draft implementing technical standards to determine, for all ECAIs, which of the credit quality steps set out in Chapter 5 of the CRR are associated with the relevant credit assessments of an ECAI.

Implementing Regulation

CRR



Credit quality step	Risk weight
1	
2	
3	
..	...

CRR
 - Chapter 5:
 Securitisation
 - Section 3 on risk-
 weighted exposure
 amounts

Background: Milestones: original draft ITS

- Based on the draft ITS submitted by the EBA, the Commission adopted on **12 October 2016** Implementing Regulation 2016/1801 specifying **mappings for 11 ECAIs**, under the Standardised Approach and Ratings Based Method

ANNEX I – Mapping table under the Standardised Approach as referred to in Article 1

Credit quality step	1	2	3	4	All other
<i>ARC Ratings S.A.</i>					
Medium and Long-Term Issues	AAA _{SF} to AA _{-SF}	A ⁺ _{SF} to A _{-SF}	BBB ⁺ _{SF} to BBB _{-SF}	BB ⁺ _{SF} to BB _{-SF}	Below BB _{-SF}
Short-Term Issues	A-1 ⁺ _{SF} , A-1 _{SF}	A-2 _{SF}	A-3 _{SF}		Below A-3 _{SF}
<i>Axesor SA</i>					
Structured finance rating scale	AAA _(sf) to AA _{-(sf)}	A ⁺ _(sf) to A _{-(sf)}	BBB ⁺ _(sf) to BBB _{-(sf)}	BB ⁺ _(sf) to BB _{-(sf)}	Below BB _{-(sf)}

ANNEX II – Mapping table under the Ratings Based Method as referred to in Article 2

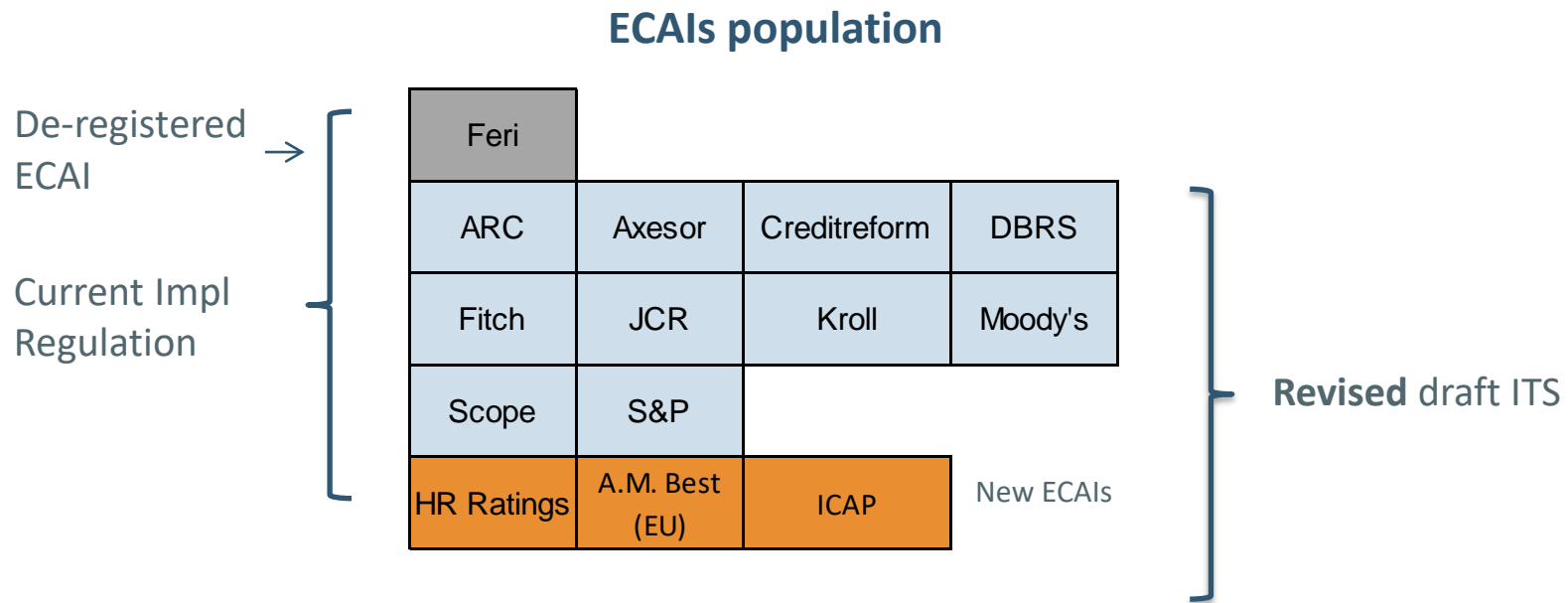
Credit quality step	1	2	3	4	5	6	7	8	9	10	11	All other
<i>ARC Ratings S.A.</i>												
Medium and Long-Term Issues	AAA _{SF}	AA ⁺ _{SF} to AA _{-SF}	A ⁺ _{SF}	A _{SF}	A _{-SF}	BBB ⁺ _{SF}	BBB _{SF}	BBB _{-SF}	BB ⁺ _{SF}	BB _{SF}	BB _{-SF}	Below BB _{-SF}
Short-Term Issues	A-1 ⁺ _{SF} , A-1 _{SF}	A-2 _{SF}	A-3 _{SF}									Below A-3 _{SF}
<i>Axesor SA</i>												
Structured finance rating scale	AAA _(sf)	AA ⁺ _(sf) to AA _{-(sf)}	A ⁺ _(sf)	A _(sf)	A _{-(sf)}	BBB ⁺ _(sf)	BBB _(sf)	BBB _{-(sf)}	BB ⁺ _(sf)	BB _(sf)	BB _{-(sf)}	Below BB _{-(sf)}

Rationale - New securitization framework

- **Reduce mechanistic reliance on external credit ratings**
- **New hierarchy methods: SEC-ERBA**
 - Enhanced granularity Credit Quality Step
 - 18 CQS for long-term external credit ratings
 - Previously Chapter 5 CRR considered:
 - 12 CQS for Ratings Based Method
 - 5 CQS Standardised Approach
- **Q&A 4274 set out in the interim**

Rationale - New ECAIs

- The draft ITS need amendment to reflect changes to the current ECAI population:
 - One newly established ECAI that produced securitisation rating
 - Two existing ECAIs that extended their ratings to cover securitisations
 - Remove references to de-registered ECAI



Scope revision

- **Reflect CRR Chapter 5 amendments**
 - SEC-ERBA CQS scheme
 - Remove references Standardised Approach and Ratings Based Method
- **New ECAIs producing securitization ratings**
 - Allows them to become operational
 - Increases competition CRA market
- **Cross-references in Regulation: amended LCR Delegated Act**

Mappings

- Information sources:
 - Qualitative: workstream questionnaire
- Bilateral calls with ECAIs
- Companion draft **Mapping Reports**: to be published

ANNEX

Mapping tables for the purposes of Article 1



CQS	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	All other		
<i>A.M. Best (EU) Rating Services B.V.</i>																				
Long-term issue credit rating scale																				
	aaa _{SE}	aa _{TSE}	aa _{SE}	aa-SF	a _{TSE}	a _{SE}	a-SF	bbb _{TSE}	bbb _{SE}	bbb-SF	bb _{TSE}	bb _{SE}	bb-SF	bt _{SE}	b _{SE}	b-SF	ccc _{TSE}	ccc _{SE}	ccc-SF	Below ccc-SF
Short-term issue rating scale																				
	AMB-1 ⁺ _(sf) AMB-1 _(sf)	AMB-2 _(sf)	AMB-3 _(sf)																AMB-4 _(sf)	
<i>ARC Ratings S.A.</i>																				
Medium- and long-term issue rating scale																				

Next steps

Date	Milestone
17 December 2021	Publication Consultation Paper
31 January 2022	Closure Consultation Period
2022Q1/Q2	Review Comments in response to the Consultation Paper and preparation final revised draft ITS
2022Q1/Q2	Approval process final revised draft ITS
	Submission revised draft ITS to the Commission

Q&A

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