

Press Comment

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AFME comment on ESMA endorsement of credit ratings issued by ratings agencies in US, Canada, Hong Kong and Singapore

Commenting on today's announcement by the European Securities and Markets Authority (ESMA) that credit rating agency regulation in US, Canada, Hong Kong and Singapore is in line with European rules, Mark Bearman, a director at the Association for Financial Markets in Europe (AFME) said:

"ESMA's announcement should allow firms to continue to use ratings from these major jurisdictions, thereby avoiding the potential for multiple increases in regulatory capital requirements. The inability of banks to use ratings from these third-country jurisdictions could also have led to increased concentration risks, unintended consequences for the management of liquidity and the non-viability of some business models, so this is good news for the industry and alleviates much of the impending market disruption.

"Similar announcements in relation to the ability to use ratings from Mexico, Brazil and Argentina would be welcome ahead of the end-April deadline."

-ENDS-

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Notes:

1. The Association for Financial Markets in Europe advocates stable, competitive and sustainable European financial markets that support economic growth and benefit society.
2. AFME (Association for Financial Markets in Europe) promotes fair, orderly, and efficient European wholesale capital markets and provides leadership in advancing the interests of all market participants. AFME represents a broad array of European and global participants in the wholesale financial markets. Its members comprise pan-EU and global banks as well as key regional banks, brokers, law firms, investors and other financial market participants. AFME participates in a global alliance with the Securities Industry and Financial Markets Association (SIFMA) in the US, and the Asia Securities Industry and Financial Markets Association through the GFMA (Global Financial Markets Association). For more information please visit the AFME website, www.afme.eu