

PRESS RELEASE

ESMA fines Moody's €1.24 million for credit ratings breaches

The European Securities and Markets Authority (ESMA) has fined Moody's Deutschland GmbH (Moody's Germany) €750,000 and Moody's Investors Service Limited (Moody's UK) €490,000, and issued a [public notice](#), for two negligent breaches of the Credit Rating Agencies Regulation (CRAR).

ESMA found that Moody's Germany and Moody's UK negligently committed two infringements of the CRAR regarding their public announcement of certain ratings and their public disclosure of methodologies used to determine those ratings. These failures concern nineteen ratings issued between June 2011 and December 2013 for nine supranational entities including the European Investment Bank, the European Investment Fund, the European Stability Mechanism, the European Financial Stability Facility and the European Union.

Moody's breaches of the CRA Regulation

- Ratings Presentation Infringement

The public announcement of the nineteen ratings issued by Moody's Germany and Moody's UK between June 2011 and December 2013 included no other material sources of public information than press releases. These failed to indicate the principal methodology used for the ratings decisions and failed to refer to any comprehensive descriptions of the methodology used.

- Methodology Disclosure Infringement

The methodology used in each of the nineteen ratings issued by Moody's Germany and Moody's UK between June 2011 and December 2013 was not the subject of any separate public disclosure either before or after the public rating announcements. This Infringement continued for more than six months.

CRAR Obligations

The quality of credit rating methodologies, together with their full and timely public disclosure is a key objective of the CRAR. The disclosure of methodologies forms an integral part of the



rating process allowing investors and market participants to check and verify that issued ratings are sound and reliable. Given the role of CRAs and ratings in financial markets, and their impact on investor trust and confidence, it is essential that high standards of transparency, are maintained and enforced.

Right of appeal

Moody's Germany and Moody's UK may appeal against this decision to the Board of Appeal of the European Supervisory Authorities. Such an appeal does not have suspensive effect, although it is possible for the Board of Appeal to suspend the application of the decision in accordance with Article 60(3) of the CRA Regulation.

Notes for editors

1. [ESMA71-99-478 Public Notice Moodys Germany and Moodys United Kingdom](#)
2. [ESMA41-137-1005 Decision of the Board of Supervisors to adopt a supervisory measure and impose fines with respect to infringements by Moody's Deutschland GmbH and Moody's Investors Service Limited.](#)
3. Moody's Deutschland GmbH and Moody's Investor Services Limited are two credit rating agencies (CRA) registered in the European Union and are part of the Moody's group of companies.
4. The supranational institutions that were the subject of the affected ratings were: the European Investment Bank; the European Investment Fund; the European Stability Mechanism; the European Financial Stability Facility; the Council of Europe Development Bank; the East African Development Bank; EUROFIMA; Euratom; and the European Union.
 - The fine of €1.24 million is made up of the following elements:
 - a. Moody's Germany:
 - i. Ratings Presentation Infringement: €420,000
 - ii. Methodology Disclosure Infringement: €330,000
 - b. Moody's UK:
 - i. Ratings Presentation Infringement: €160,000
 - ii. Methodology Disclosure Infringement: €330,000
5. List of ESMA's previous enforcement actions against CRAs:
 - Fitch Ratings Ltd fined €1.38 million [Decision](#)
 - DBRS Ratings Ltd [Decision](#) fined €30,000
 - Standard & Poor's Credit Market Services France SAS and Standard & Poor's Credit Market Services Europe Ltd [Decision](#)
6. Since July 2011, ESMA has been solely responsible for the supervision of credit rating agencies in the European Union, including their registration, in line with the requirements of the CRA Regulation. ESMA has the power to take appropriate enforcement action where it discovers a breach of the CRA Regulation, ranging from the issuance of public notices to the imposition of fines and withdrawal of registration.
7. More information on ESMA's enforcement activities can be found on ESMA's dedicated webpage: <https://www.esma.europa.eu/supervision/enforcement>
8. [Regulation \(EC\) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies.](#)



9. ESMA's mission is to enhance investor protection and promote stable and orderly financial markets.

10. It achieves these objectives through four activities:

- assessing risks to investors, markets and financial stability;
- completing a single rulebook for EU financial markets;
- promoting supervisory convergence; and
- directly supervising specific financial entities.

11. ESMA achieves its mission within the European System of Financial Supervision (ESFS) through active cooperation with the European Banking Authority (EBA), the European Insurance and Occupational Pensions Authority (EIOPA), the European Systemic Risk Board, and with national authorities with competencies in securities markets (NCAs).

Further information:

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