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**TO** : Issuers<sup>1</sup>

**FROM** : Cyprus Securities and Exchange Commission

**DATE** : July 21, 2014

**CIRCULAR No** : CI-Issuers-2014-02

**FILE No** : E.K. 6.1.14

**SUBJECT** : Obligations that arise from Regulation (EU) No 462/2013 on entities other than Credit Rating Agencies ('CRAs')

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The Cyprus Securities and Exchange Commission (the 'Commission') would like to inform the Issuers the following:

1. Regulation (EC) No 1060/2009 ('Regulation'), as amended by Regulation (EU) No 462/2013, includes provisions which impose obligations on entities other than CRAs <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:146:0001:0033:EN:PDF>.
2. According to Article 4(1) of the Regulation, where a prospectus contains a reference to credit ratings, the issuer, offeror or person asking for admission to trading on a regulated market shall ensure that the prospectus also includes clear and prominent information as to whether such ratings are issued by a CRA established in the Union and registered in accordance with the Regulation.
3. The issuer, the originator<sup>2</sup> and the sponsor<sup>3</sup> of a structured finance instrument, shall jointly publish, on the website set up by ESMA, information on the credit quality and the performance of the underlying assets of the structured finance instrument as well as other information relevant to the instrument as provided for in article 8b of the Regulation.
4. According to Article 8c, where an issuer or a related third party intends to solicit a credit rating of a structured finance instrument, it shall appoint at least two CRAs to provide credit ratings independently of each other. Such an issuer or related third party shall ensure that the appointed CRA complies with the conditions provided for in Article 8c(2).
5. Article 8d provides that where an issuer or a related third party intends to appoint at least two CRAs for the credit rating of the same issuance or entity, the issuer or a related third party shall consider appointing at least one CRA with no more than 10% of the total market

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<sup>1</sup> For the purposes of this circular, issuer means the legal person which issues or intends to issue securities.

<sup>2</sup> Originator means an originator as defined in point (13) of Article 4(1) of Regulation (EU) 575/2013.

<sup>3</sup> Sponsor means a sponsor as defined in point (14) of Article 4(1) of Regulation (EU) 575/2013.

share, which can be evaluated by the issuer or a related third party as capable of rating the relevant issuance or entity. This obligation arises provided that there is a CRA available for rating the specific issuance or entity, according to a relevant list published by ESMA. The list of registered CRAs which is published by ESMA annually on its website indicates the total market share of registered CRAs and the types of credit ratings issued. The issuer or a related third party can use the list which was published by ESMA on 16 December 2013 as a starting point for their evaluation: [http://www.esma.europa.eu/system/files/esma\\_cra\\_market\\_share\\_calculation.pdf](http://www.esma.europa.eu/system/files/esma_cra_market_share_calculation.pdf). It is noted that where the issuer or related third party does not comply with the obligation provided for in Article 8d, this shall be documented.

The Commission invites issuers to fully comply with the abovementioned provisions arising from the Regulation.

Yours sincerely

Demetra Kalogerou  
Chairman of the Cyprus Securities and Exchange Commission