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COVER NOTE

From:	Secretary-General of the European Commission, signed by Ms Martine DEPREZ, Director
To:	Ms Thérèse BLANCHET, Secretary-General of the Council of the European Union
No. Cion doc.:	C(2026) 7817 final
Subject:	COMMISSION DELEGATED REGULATION (EU) .../... amending Annex I to Regulation (EC) No 1060/2009 of the European Parliament and of the Council as regards transparency, review and validation of methodologies

Delegations will find attached document C(2026) 7817 final.

Encl.: C(2026) 7817 final

EUROPEAN
COMMISSION

Brussels, 9.11.2026
C(2026) 7817 final

COMMISSION DELEGATED REGULATION (EU) …/...

of 9.11.2026

amending Annex I to Regulation (EC) No 1060/2009 of the European Parliament and of the Council as regards transparency, review and validation of methodologies

(Text with EEA relevance)

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE DELEGATED ACT

The objectives of the Commission Delegated Regulation are to better incorporate environmental, social and governance (ESG) factors in the credit rating methodologies and subsequent disclosure to the public; and to enhance transparency and credibility in the credit rating process.

Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies[1] established the EU regulatory framework for credit rating agencies (CRAs). This Regulation establishes rules to prevent conflicts of interest, ensure methodological rigour and enhance transparency for investors. Its Annex I mandates detailed disclosures on ratings and methodologies.

Under the 2018 Sustainable Finance Action Plan, the 2020 Disclosure Guidelines of the European Securities and Markets Authority (ESMA) [2] improved transparency on ESG factors in ratings. ESMA's 2022 Trends, Risks, and Vulnerabilities (TRV) risk analysis [3] assessed the incorporation of ESG factors in CRA methodologies. On the basis of these findings, the Commission committed itself to taking any further action necessary to ensure that ESG risks are systematically captured in credit ratings and that transparency on ESG inclusion is enhanced.

One of the key issues arising from ESMA's assessment, stakeholder consultations and the 2023 impact assessment for the ESG Ratings Regulation [4] concerns inadequate ESG disclosure. While ESG disclosures in CRAs' press releases have improved since the introduction of relevant guidelines, they remain insufficient, particularly regarding how ESG factors influence rating changes, leaving room for further enhancement.

In order to address these issues, the Commission submitted a request for Technical Advice to ESMA in 2023 seeking input on amendments to the CRA Regulatory Framework how it could be updated in order to ensure a better incorporation of ESG factors in the methodologies. ESMA delivered its final technical advice by the end of 2024[5].

In order to further improve transparency, Annex I of the CRA Regulation should be amended by specifying that CRAs need to disclose the information on ESG factors that have influenced the credit ratings.

This Delegated Regulation introduces targeted updates to Annex I of the CRA Regulation to strengthen transparency requirements. The key objective is to achieve a more consistent outcome of disclosure and enhanced traceability on whether and how CRAs integrate ESG considerations in their creditworthiness analysis in accordance with their publicly available methodologies. The intention of these revised provisions is that they will be applicable to both new issuance and changes to credit ratings. In addition, the proposed amendments will help to improve transparency around CRA's validation process and deliver clarity as to the internal responsibility for this process.

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1 OJ L 302, 17.11.2009, p. 1 (OJ L 302, 17.11.2009, p. 1, ELI: http://data.europa.eu/eli/reg/2009/1060/oj).

2 Guidelines on Disclosure Requirements Applicable to Credit Ratings (ESMA33-9-320).

3 Text mining ESG disclosures in rating agency press releases (ESMA80-195-1352).

4 Commission Staff Working Document Impact Assessment Report accompanying the document Proposal for a Regulation of the European Parliament and of the Council on the transparency and integrity of Environmental, Social and Governance (ESG) rating activities (SWD(2023)204 final).

5 ESMA Technical Advice on Revisions to Commission Delegated Regulation (EU) 447/2012 and Annex I of CRA Regulation, ESMA84-2037069784-2196.

This Delegated Regulation aims to harmonise ESG factors' disclosures made under the ESMA guidelines in a way that improves consistency and comparability. The cost-benefit analysis prepared by ESMA in their technical advice[6] indicates that the proposed changes are expected to impose only a limited additional compliance burden on credit rating agencies (CRAs). As stated in the advice, these costs are even expected to diminish in the medium to long term, through the gradual implementation of the harmonised EU regulatory package on sustainable finance. Moreover, the benefits of greater convergence in CRAs' disclosures, through a reduction in informational asymmetries, are expected to outweigh the costs.

2. CONSULTATIONS PRIOR TO THE ADOPTION OF THE ACT

The ESMA provided input in the form of technical advice which has been submitted to the Commission[7].

ESMA has conducted an open public consultation on the draft Commission Delegated Regulation and analysed the potential related costs and benefits, consulted the European Banking Authority (EBA) and the European Insurance and Occupational Pensions Authority (EIOPA) and requested the advice of the Securities and Markets Stakeholder Group established in accordance with Article 37 of Regulation (EU) 1095/2010 of the European Parliament and of the Council.

The Member States Expert Group of the European Securities Committee was consulted on 15 July 2026.

3. LEGAL ELEMENTS OF THE DELEGATED ACT

The Delegated Regulation contains targeted revisions to Annex I of the CRA Regulation.

Point 1 of the Annex to this Delegated Regulation requires CRAs to establish clear processes for validating their methodologies, models, and key rating assumptions.

Point 2a of the Annex to this Delegated Regulation introduces a new disclosure obligation. It requires that credit rating agencies (CRAs) must highlight ESG factors driving ratings or outlooks, with a brief explanation, to ensure transparency and align with EU sustainable finance objectives.

Point 2b of the Annex to this Delegated Regulation requires CRAs to disclose not only the methodologies they use but also the processes by which they validate those methodologies when presenting credit ratings or rating outlooks.

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6 See above footnote 5, Technical Advice on Revisions to Commission Delegated Regulation (EU) 447/2012 and Annex I of CRA Regulation, ESMA84-2037069784-2196

7 See above, footnote 6.

COMMISSION DELEGATED REGULATION (EU) …/...

of 9.11.2026

amending Annex I to Regulation (EC) No 1060/2009 of the European Parliament and of the Council as regards transparency, review and validation of methodologies

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies[1], and in particular Article 37 thereof,

Whereas:

(1) To ensure consistent and comparable disclosure of credit ratings, and to enhance their adoption by credit ratings agencies, the European Securities and Markets Authority's (ESMA) guidelines on disclosure requirements applicable to credit ratings[2] should be integrated in Regulation (EC) No 1060/2009.

(2) Transparency in credit ratings is essential to ensure that investors, issuers, and other market participants can make well-informed decisions. The increasing relevance of environmental, social and governance factors (ESG factors) in credit risk assessment necessitates clear disclosure where such factors materially influence a credit rating or rating outlook. To enhance market confidence, credit rating agencies should identify and explain the ESG factors considerations in their publications.

(3) The review and validation of methodologies are critical components of ensuring the integrity and reliability of credit ratings. To reflect the importance of methodological validation in the organisational framework of credit rating agencies, it is necessary to explicitly include validation of methodologies alongside reviewing in the relevant organisational requirements.

(4) The validation of methodologies is a fundamental step in ensuring that credit ratings are based on sound, reliable, and consistently applied criteria. To enhance transparency regarding the methodological foundations of ratings, and to ensure that market participants are better informed about the rigour underlying credit rating determinations, credit rating agencies should disclose not only the methodologies they use but also the processes by which those methodologies are validated.

(5) Annex I to Regulation (EC) No 1060/2009 should therefore be amended accordingly.

(6) The date of application of this Regulation should be deferred by allowing sufficient time for credit rating agencies to better incorporate environmental, social and governance (ESG) factors into their credit rating methodologies and related public disclosures, and to enhance transparency and credibility in the credit rating process.

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1 OJ L 302, 17.11.2009, p. 1, ELI: http://data.europa.eu/eli/reg/2009/1060/oj.

2 Guidelines on Disclosure Requirements Applicable to Credit Ratings (ESMA33-9-320)

(7) The provisions of this Regulation take into account technical advice submitted to the Commission by ESMA,[3]

HAS ADOPTED THIS REGULATION:

Article 1

Annex I to Regulation (EC) No 1060/2009 is amended in accordance with the Annex to this Regulation.

Article 2

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

It shall apply from [OP: Please insert a date 12 months from its date of entry into force].

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 9.11.2026

For the Commission
The President
Ursula VON DER LEYEN

[3] ESMA Technical Advice on Revisions to Commission Delegated Regulation (EU) 447/2012 and Annex I of CRA Regulation, ESMA84-2037069784-2196.