

Rating Research Services

Media Release:

Taiwan Ratings Responds To The Next Steps Outlined By S&P Global Ratings For Revising Its Fund Credit Quality Ratings Criteria

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S&P Global Ratings is updating the market about its plans for finalizing its fund credit quality ratings methodologies.

On Sept. 26, 2016, S&P Global Ratings published requests for comments on proposed changes to its methodologies for assigning fund credit quality ratings (FCQRs) on fixed-income funds globally (see "Request For Comment: Fund Credit Quality Ratings Methodology").

S&P Global Ratings would like to thank fund sponsors and other market participants who provided feedback during the six-week comment period that followed the publication of the proposed criteria. The rating agency is currently assessing the comments it has received to determine whether any potential revisions to the proposed criteria published in the requests for comments are warranted. The feedback includes comments on the following proposals: updated factors and thresholds in the fund credit quality matrix, introduction of a portfolio risk assessment, how S&P Global Ratings determines rating inputs, and the analysis and application of the qualitative and quantitative assessments.

S&P Global Ratings expects to publish the final FCQR criteria toward the end of second-quarter 2017. If the timeline changes, the rating agency will update the market about its expectations for finalizing and publishing the criteria.

Taiwan Ratings expect to adopt S&P Global Ratings' revised FCQR criteria in its rating analyses of fixed-income funds in Taiwan. When the revised FCQR criteria are published, Taiwan Ratings will assign a UCO (under criteria observation) identifier to all outstanding ratings we have assigned on Taiwan money market funds in the scope of the criteria that are under review. Our existing "Fixed-Income Funds: Methodology And Assumptions: Fund Credit Quality Rating Criteria," published on Nov. 28, 2014, is expected to be retired after the adoption of the revised criteria. The UCO designation indicates that the ratings are being reassessed due to the introduction of revised criteria (see "Standard & Poor's Announces "Under Criteria Observation" Identifier For Ratings Potentially Affected By Criteria Changes," published May 7, 2013). We expect to complete the review within a few weeks after the publication. Only a rating committee may determine a rating action, and a UCO designation does not constitute a rating action.

In addition to publishing the comments, S&P Global Ratings will also publish an article summarizing the feedback received and indicating how the final criteria differ from the criteria proposed in the request for comment.

Related Criteria And Research

Related Criteria

- **Methodology For Linking Long-Term And Short-Term Ratings**, April 7, 2017
- **Guarantee Criteria**, Oct. 21, 2016
- **Fixed-Income Funds: Methodology And Assumptions: Fund Credit Quality Rating Criteria**, www.taiwanratings.com, Nov. 24, 2014
- **Principal Stability Fund Rating Methodology**, June 23, 2016
- **Global Methodologies And Assumptions For Corporate Cash Flow And Synthetic CDOs**, Sept. 17, 2015
- **Mapping A Third Party's Internal Credit Scoring System To Standard & Poor's Global Rating Scale**, May 8, 2014
- **Group Rating Methodology**, Nov. 19, 2013
- **Assessing Bank Branch Creditworthiness**, Oct. 14, 2013
- **Counterparty Risk Framework Methodology And Assumptions**, June 25, 2013
- **Methodology: Updated Fund Credit Quality Ratings Criteria For Counterparty Transactions**, July 22, 2011
- **Australian And New Zealand Fund Credit Quality Ratings Criteria**, July 20, 2009
- **Fund Credit Quality Rating Criteria**, Feb. 2, 2007
- **Treatment Of Credit Default Swaps**, Jan. 17, 2007

Related Research

- **S&P Global Ratings Outlines The Next Steps For Revising Its Fund Credit Quality And Fund Volatility Ratings Criteria**, May 2, 2017
- **Request For Comment: Fund Credit Quality Ratings Methodology**, Sept. 26, 2016
- **Standard & Poor's Announces "Under Criteria Observation" Identifier For Ratings Potentially Affected By Criteria Changes**, May 7, 2013

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