

RFC Process Summary:

Methodology For National And Regional Scale Credit Ratings

June 25, 2018

On Dec. 21, 2017, S&P Global Ratings published a request for comment (RFC) on its proposed updates to key aspects of its methodology for determining national and regional scale credit ratings, which express its opinion of an issuer's or debt instrument's creditworthiness relative to other issuers and issues in a given country.

Following feedback, we updated and published our criteria entitled "Methodology For National And Regional Scale Credit Ratings," on June 25, 2018. On the same day, we also published the guidance article "S&P Global Ratings' National And Regional Scale Mapping Specifications" to show how we apply these criteria and determine the mapping specifications of the various national and regional scale credit ratings we use.

We'd like to thank market participants who provided feedback. Most comments we received were related to the application of these criteria, the selection of anchor points in relation to the relevant sovereign ratings, and mapping specifications.

Summary Of Changes And Points Of Clarification

We have adopted the proposed updates to key aspects of our methodology for determining mapping specifications for various national and regional scales. The main change from the RFC is how we select anchor points. The anchor point may be positioned above, below, or at the relevant sovereign global scale local currency rating level. When we position the anchor point relative to the sovereign rating for a given local market, we may or may not consider the number of ratings above the sovereign or the overall current or potential distribution of global issuers and issue ratings in a given local market. This is because the rating coverage universe varies in each country, and along with the number of sovereign-linked credits in a given country may distort the overall ratings distribution, and the resulting national scale mapping may not necessarily better differentiate ratings on the national scale.

We also clarified in the final criteria the use of alternative long-/short-term mapping when assigning short-term ratings on national scales in certain sectors with liquidity as either exceptional or as a key strength.

Our published criteria and mapping specifications mostly reflect the market's comments.

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