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**General Criteria | Request for Comment:**

## **Request For Comment: Methodology For National And Regional Scale Credit Ratings**

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## General Criteria | Request for Comment:

# Request For Comment: Methodology For National And Regional Scale Credit Ratings

## OVERVIEW AND SCOPE

1. S&P Global Ratings is requesting comments on proposed updates to key aspects of its methodology for determining and assigning national and regional scale credit ratings (together referred to as national 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. The proposed changes to our current methodology primarily update our approach to specifying national scale mappings (see Appendix 1 for our proposed standard mappings of global to national scale credit ratings). If adopted, the revised methodology would enable us to expedite potential re-mappings of global to national scale ratings. These re-mappings may be in response to changes in sovereign ratings, country risk assessments, local ratings distribution, or other relevant circumstances. The proposed revisions would also promote the consistency and transparency of mapping specifications among the various national credit rating scales.
2. If adopted, the proposed methodology would supersede the national scale framework for calibrating and applying credit rating scales and mappings outlined in our criteria article "National And Regional Scale Credit Ratings," published Sept. 22, 2014.
3. This proposed methodology would apply to all new and existing in-scope national and regional scale credit ratings. The proposal excludes out-of-scope scales, for example those that have their own separate symbols and/or methodologies or their own definitions, such as Canadian national scale ratings. These proposed criteria would also apply to national scale insurer financial strengths ratings and national scale fund credit quality ratings. These criteria would not supersede our country-specific national scale rating criteria. National scale ratings that are in-scope are typically denoted with market-specific prefixes.

### Key Publication Information

- Publication date: Dec. 21, 2017
- Response deadline: Feb. 9, 2018
- Effective date: Immediately upon publication of final criteria, except for those markets that require prior notification to and/or registration by the local regulator, where the criteria will become effective when so notified by S&P Global Ratings and/or registered by the regulator.
- Impact on outstanding ratings: A moderate overall impact expected. See the impact on outstanding ratings section.
- These criteria address the fundamentals set out in "Principles Of Credit Ratings," published on Feb. 16, 2011.

## IMPACT ON OUTSTANDING RATINGS

4. We expect the proposed criteria revisions, if adopted, to have a moderate overall impact on our outstanding national scale credit ratings. However, there may be a more significant impact, with a typically upward bias, on the ratings assigned on a particular national scale if that scale were to be materially revised as a result of the proposed standard mapping options and potential changes to anchors and specifications (see table 1 for the list of potential anchors and specifications for existing national scale mappings and Appendix 1 for the proposed standard mapping options). In general, a national scale rating change that arises only from a national scale mapping recalibration does not represent a change in our view of the issuer's or issue's credit quality. Such rating changes are purely a result of the change to the configuration of the mapping table, with the intention of creating the most appropriate distinction among ratings on the national scale.

**Table 1**

Current And Potential Mapping Options For National And Regional Scales*						
Scale name	Prefix	Sovereign rating (local currency/foreign currency)	Current anchor§	Potential new anchor§	Potential new specification	Potential anchor change
Argentina national scale	ra	B+/Stable; B+/Stable	BB-	BB-	9	No
Brazil national scale	br	BB/Neg; BB/Neg	BB+	BB+	7	No
Chile national scale	cl	AA-/Stable; A+/Stable	A	A-	3	Yes
Gulf Cooperation Council regional scale†	gc	AA/Stable to B+/Stable	A-	A-	3	No
Israel (Maalot) national scale‡	il	A+/Pos; A+/Pos	A-	A-	NA	No
Kazakhstan national scale	kz	BBB-/Stable; BBB-/Stable	BBB+	BBB	5	Yes
Mexico (CaVal) national scale	mx	A-/Stable; BBB+/Stable	BBB+	BBB+	4	No
Nigeria national scale	ng	B/Stable; B/Stable	BB+	BB-	9	Yes
South Africa national scale	za	BB+/Stable; BB/Stable	BBB-	BB+	7	Yes
Taiwan ratings national scale	tw	AA-/Stable; AA-/Stable	A+	A+	1	No
Turkey national scale	tr	BB+/Neg; BB/Neg	BBB-	BB+	7	Yes
Ukraine national scale	ua	B-/Stable; B-/Stable	BB	BB-	9	Yes
Uruguay national scale	uy	BBB/Stable; BBB Stable	BBB-	BBB-	6	No

\*See Appendix 1 for the proposed nine standard national scale mapping options with anchors and specifications. §A national scale anchor is the lowest global scale credit rating that would map to 'xxAAA' on the national scale standard specification. The standard national scale mapping specifications are in reference to nine anchor points ranging from 'A+' to 'BB-'. †Gulf Cooperation Council Regional Scale's countries include Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and United Arab Emirates. ‡The Israel national scale will not follow the nine standard specifications in Appendix 1. See Appendix 2 for the Israeli national scale mapping.

## QUESTIONS

5. S&P Global Ratings is seeking responses to the following questions, in addition to any other general comments on the proposed criteria:
- What are your views on our proposed methodology for national scale mappings and the use of standard specifications as a basis for most national scale mappings?
  - What are your views on the flexibility provided by the proposed framework?
  - What are your views on the distinct treatment proposed for the Israel and Nordic national scales?
  - Are there any other factors that you believe we should consider in the proposed methodology for our national scale credit ratings, which are not already addressed in this proposal?

## RESPONSE DEADLINE

6. We encourage interested market participants to submit their written comments on the proposed criteria by Feb. 9, 2018, to [http://www.standardandpoors.com/en\\_US/web/guest/ratings/rfc](http://www.standardandpoors.com/en_US/web/guest/ratings/rfc) where participants must choose from the list of available Requests for Comment links to launch the upload process (you may need to log in or register first). We will review and take such comments into consideration before publishing our definitive criteria once the comment period is over. S&P Global Ratings, in concurrence with regulatory standards, will receive and post comments made during the comment period to [www.standardandpoors.com/en\\_US/web/guest/ratings/ratings-criteria/-/articles/criteria/requests-for-comment/filter/all#rfc](http://www.standardandpoors.com/en_US/web/guest/ratings/ratings-criteria/-/articles/criteria/requests-for-comment/filter/all#rfc). Comments may also be sent to [CriteriaComments@spglobal.com](mailto:CriteriaComments@spglobal.com) should participants encounter technical difficulties. All comments must be published but those providing comments may choose to have their remarks published anonymously or they may identify themselves. Generally, we publish comments in their entirety, except when the full text, in our view, would be unsuitable for reasons of tone or substance.

## PROPOSED METHODOLOGY

7. The proposed methodology primarily updates our national scale mapping framework and recalibration criteria for global scale ratings. There are three key parts: national scale definitions, revised mapping framework and mapping applications.

## National Scale Credit Rating Principles, Definitions, And Symbols

8. An S&P Global Ratings national scale credit rating is an opinion of an obligor's creditworthiness (issuer credit rating or ICR) or overall capacity to meet specific financial obligations (issue credit rating) relative to other issuers and issues in a given country. We may assign national scale ratings to entities residing in the country or to non-domestic entities issuing in a given national scale market.
9. National scale credit ratings provide a wider range of relative credit quality indicators in jurisdictions where sovereign ratings limit the range of global scale credit ratings assigned to local market issuers or issues. While global scale credit

ratings are comparable across all regions, national scale credit ratings are not—they provide a rank ordering of credit risk within that country only. In addition, national scale ratings may change more often, including multi-notch rating actions, rendering them more volatile than global scale ratings. For example, a one-notch change in the underlying global scale rating may result in a multiple-notch change on the national scale.

10. S&P Global Ratings may also assign regional scale credit ratings. Regional scale credit ratings have the same attributes as national scale credit ratings in that neither is comparable to other regional or national scales, and they represent a relative rank order of creditworthiness within a specific region. Our rating definitions for both scales are the same.
11. National scale credit rating definitions are similar to global scale credit rating definitions but are generally expressed relative to other national scale issuers or obligations, except for three rating levels that are not defined in relative terms: 'R' (regulatory intervention), 'SD' (selective default), and 'D' (default). For example, the general 'xxAAA' national scale long-term issue rating definition is: "An obligation rated 'xxAAA' has the highest credit rating assigned on S&P Global Ratings' national scale. The obligor's capacity to meet its financial commitments on the obligation, relative to other national obligors, is extremely strong." Most national scales use an identical set of credit rating definitions. (See the Related Criteria And Research section for our current national scale rating definitions.)
12. National scale credit ratings use S&P Global Ratings' global credit rating symbols, including pluses and minuses, with the addition of a two-letter, lower-case prefix to denote the country, except for Nordic regional scale credit ratings, which have unique symbols (K-scale). For example, the Brazil national scale uses the prefix 'br', as in 'brAAA' or 'brBBB'. National scale credit ratings can be assigned for both long- and short-term issues, and we can assign long- and short-term ICRs. We use CreditWatch in the same manner as we do for global scale ratings. Some of the national scales incorporate rating outlooks. See table 2 for a hypothetical mapping example and "S&P Global Ratings Definitions" in the Related Criteria And Research Section for a list of country prefixes, scale names, and the associated country or countries for regional scales.

**Table 2**

Hypothetical Global To National Scale Long-Term Rating Mapping	
Global scale long-term local currency rating	National scale long-term rating
BBB and higher	xxAAA
BBB-	xxAA+
BB+	xxAA, xxAA-
BB	xxA+, xxA
BB-	xxA-, xxBBB+
B+	xxBBB, xxBBB-
B	xxBB+, xxBB
B-	xxBB-, xxB+
CCC+	xxB, xxB-
CCC	xxCCC+, xxCCC
CCC-	xxCCC-
CC	xxCC
C	xxC
R	R

**Table 2**

**Hypothetical Global To National Scale Long-Term Rating Mapping (cont.)**

<b>Global scale long-term local currency rating</b>	<b>National scale long-term rating</b>
SD	SD
D	D

Note: For corporate and government entities (except project finance), mappings are for issuer credit ratings, and issue ratings may be notched incrementally on the national scale for subordination (ranking) or our expectations for post-default recovery. As a result, the national scale issue credit rating may not be in line with the global scale issue credit rating. R--Regulatory supervision. SD--Selective default. D--Default.

## National Scale Design And Calibration

13. The guiding principle for national scale calibration is to provide greater differentiation among issuer and issue credit quality than is possible with the global rating scale. This is because in some countries, sovereign and country risk may constrain credit quality on the global scale to a limited number of global scale ratings, whereas the national scale allows us to communicate our views using the entire ratings range. For example, issuers rated 'B+' on the global scale, using the hypothetical mapping in table 2 could be rated 'xxBBB' or 'xxBBB-' on a particular national scale, depending on their rank ordering within that jurisdiction.
14. The highest rating on a given national scale ('xxAAA') is usually aligned with a global scale rating level that is at or towards the top of the distribution of global scale ratings assigned to issuers in that country. The lowest ratings on each national scale (i.e. 'xxCC' and below) are directly aligned with the equivalent global scale ratings, since the concepts of default are the same for both the national and global rating scales. After we have determined the mapping correspondence between the highest national scale credit rating and the global rating scale (the national scale "anchor point"), we then determine the rest of the national rating scale mapping as a function of the global scale rating levels between the anchor point and the bottom of the scale. ('CCC' range ratings on a national scale are not subject to specific criteria provisions governing global scale 'CCC' range ratings.)
15. The sovereign is often, but not always, the strongest credit in a given country. If some entities' global scale credit ratings exceed the global sovereign credit rating, the national scale sovereign rating may well be below 'xxAAA', and the non-sovereigns with credit ratings that exceed the sovereign credit rating may be rated above the sovereign and up to 'xxAAA'. Alternatively, the anchor point may be aligned below the sovereign global scale rating if the resulting national scale mapping would be more relevant to the current or potential distribution of global issuer and issue ratings in a given local market.
16. We use one of nine standard national scale mappings as a starting point to determine the mapping used for a specific country (see Appendix 1). While our goal is to preserve relative ranking behavior in national scale ratings, we may choose in some cases to further adjust these national scale mappings by up to two notches above or below the standard mapping specifications at various points on the scale, especially if we believe that the adjusted mapping scale better addresses a specific country's current range of relative credit quality. We would consider several factors to determine and further modify a country's national scale mapping such as established market practices, sovereign and other rating outlooks, and the distribution of outstanding national scale ratings. Any adjustments applied to these specifications should result in a national scale mapping that is continuous and that avoids the possibility of inverted

global scale/national scale rating relativities.

17. The standard national scale mapping specifications are in reference to nine anchor points ranging from 'A+' to 'BB-'. The specification used for a given national scale would be based on an anchor point we would determine is appropriate for that national scale. We do not have any standard national scale specifications with anchor points above 'A+'. Conversely, we require a global scale rating of at least 'BB-' for an issuer to qualify for a 'xxAAA' national scale rating. Appendix 1 shows the proposed nine standard national scale specifications to be used as starting points for determining national scale mappings.
18. These proposed criteria describe standard specifications we would use for mapping (or remapping) most national scales. However, sometimes we may have scales that are not based on the standard set of mapping specifications. Proposed criteria for these scales are set out in Appendix 2. These are scales where, for example:
  - We use a different set of symbols (distinct from our traditional 'xxAA' rating symbology); or
  - The mapping is for a scale that we consider relatively deeply populated, diverges from our proposed standard specifications but is appropriate to the credit quality distribution in the local market, and where there may be limited remapping needs (e.g. the anchor is expected to be fairly stable, for example due to a relatively high sovereign rating).
19. The two scales currently not subject to standard specifications are:
  - Israel (Maalot) national scale: We consider this distinctive scale to be deeply populated, appropriate to the credit quality distribution in the local market, and with an anchor expected to be fairly stable. We would modify only the Israeli national scale mapping to support more effective ratings differentiation by eliminating the linkage between 'lIAA-' national scale rating and 'BBB-' global scale rating. We also would make the Israel short-term mapping identical to other national scales, as shown in table 3.
  - Nordic scale: This is a regional scale with only short-term ratings, expressed on a scale of K1 to K6. The scale uses a different set of symbols. We are not proposing any changes to the related mapping table.
20. The anchor point for a particular country determines the standard mapping used for that scale, but we could make further mapping adjustments. The anchor point specification considers the relevant sovereign global scale ratings, the highest-rated local issuers on the global scale, and the current and prospective overall distribution of ratings on the global scale in the local markets. The anchor point may be positioned above, below, or at the relevant sovereign global scale rating level.
21. For each global scale rating below the anchor point, there is usually one, two, or three corresponding national scale ratings. In certain cases, adjacent ratings may overlap such that the lowest national scale rating corresponding to a particular global scale rating may be the same as the highest national scale rating corresponding to the adjacent global scale rating.
22. We may or may not update the mapping specification used for a national scale if the relevant sovereign rating changes. For example, if a national scale with an anchor point of 'BB' is linked to a sovereign rating of 'BB-' and that sovereign rating is later raised to 'BB', the national scale could be remapped to the specification with an anchor point of 'BB+'. This would preserve the one-notch difference between the anchor point and the sovereign rating. The general aim of this remapping is to ensure that the national scale continues to address the relevant range of credit quality in that



country, and to avoid ratings "compression" (that is, having a large proportion of ratings clustered among two or three rating levels). Conversely, we may decide not to remap the national scale following a sovereign rating change if the remapping would not serve to restore or achieve enhanced ratings differentiation.

23. Finally, we may assign short- and long-term ratings on national scales. In most cases, short-term ratings are determined using the same short-/long-term mapping used for global scale ratings, but referencing the related long-term national scale ratings (see table 3). The Israeli national scale short-term scale will also follow the mapping provided in table 3.

**Table 3**

**National Scale Long- To Short-Term Rating Mapping**

National scale long-term rating	National scale short-term rating
xxAAA, xxAA+, xxAA, xxAA-	xxA-1+
xxA+, xxA	xxA-1
xxA-, xxBBB+, xxBBB	xxA-2
xxBBB-	xxA-3
xxBB+, xxBB, xxBB-, xxB+, xxB, xxB-	xxB
xxCCC+, xxCCC, xxCCC-, xxCC, xxC	xxC
R	R
SD	SD
D	D

R--Regulatory supervision. SD--Selective default. D--Default.

## Using Mapping Tables To Assign National Scale Credit Ratings

24. Each mapping table is specific to a given country (national scales) or region (regional scales), and national scale ratings on different scales cannot be directly compared to each other. For example, the global scale mapping for a 'brAAA' may be different from that of a 'mxAAA' or 'zaAAA'. (See the National Scale Design And Calibration section above for details.)
25. For issuers that have both foreign and local currency ICRs, we use the global scale local currency ICR as the reference point in the mapping tables to determine the national scale ICR. The global scale foreign currency issue credit rating is the reference point for issue-level ratings in foreign currency, as discussed in paragraph 35.

### Determining the long-term national scale credit rating

26. To determine the national scale credit rating, we use criteria that are identical to, or consistent with, our global scale criteria. For corporate and government ratings, we first determine the global scale local currency credit rating, and then use the mapping tables to determine a national scale credit rating. When two or more outcomes are possible, we first consider the outlook on the global scale local currency rating, although the national scale sovereign rating will not necessarily be determined by its global rating scale outlook. Additional considerations include whether the entity is a relatively stronger or weaker credit within its global scale credit rating category, for example using a rank ordering of entities in the same global scale credit rating category within the entity's sector in the country (i.e., among domestic corporate ratings or domestic financial institution ratings), or a rank ordering of entities with the same global scale

credit rating globally within the industry (for example, among global rated steel companies). For an issuer with the same global scale rating as the sovereign, we would also consider its national scale rating relative to that of the sovereign, and its national scale mapping would not necessarily be determined by its global rating scale outlook. For sectors where we use the mappings to assign the national scale ICR, there are further steps to determine the national scale issue credit rating (see The Impact Of Subordination, Recovery, And Differentiated Default Risk section below).

27. For structured finance, we determine the national scale issue credit rating by using one of two methods: we apply the country-specific national scale issue criteria, or if we do not have any country-specific criteria, we first determine the global scale issue credit rating and then use the mapping tables to determine a national scale issue credit rating. To choose which national scale credit rating when two or more options are available, we consider whether a security is relatively stronger or weaker than others within the global scale credit rating category, for example, by considering the credit enhancements available relative to our loss projections at a particular global scale rating, or by considering qualitative factors as described in our operational risk criteria in structured finance (see Related Criteria and Research).

## **The Impact Of Subordination, Recovery, And Differentiated Default Risk (For Corporate And Government Ratings)**

28. We would apply the following sections to determine the national scale issue credit rating where we do not have country-specific issue rating criteria.

### **Subordination**

29. We use notching to reflect an issue's subordination relative to other debt issues or to reflect our recovery expectations in the event of a default. The national scale ICR is the starting point for determining such notching. We will typically notch up or down from the national scale ICR, according to the number of notches we would notch from the global scale ICR, if we were rating an issue on the global scale, applying our relevant criteria for the sector. Therefore, the national scale issue credit rating, when compared with a global scale issue credit rating on the same issue, may not correspond to the rating in the mapping table.
30. For example, if our global scale methodology calls for one notch down for issue credit rating subordination for an issuer with an ICR of 'BBB-' or higher, and two notches down for subordination for an ICR of 'BB+' or lower, we would notch down one from a national scale ICR that corresponds to a global scale ICR of 'BBB-' or higher, and notch down two from a national scale ICR that corresponds to a global scale ICR of 'BB+' or lower.
31. Because we use subordination notching to indicate priority among creditors, national scale issue credit ratings typically remain within one to three notches from the national scale ICR, similar to the typical notching range between global scale issuer and issue credit ratings.

### **Recovery ratings**

32. For entities rated on a national scale, we may determine recovery ratings, and related issue rating adjustments when our view of issuer creditworthiness corresponds to an issuer credit rating of 'BB+' or lower on the global scale. Recovery ratings are determined the same way for national scale ratings as for global scale ratings, expressed on a 1 to 6 scale that indicates our estimated recovery expectations in the event of a payment default for a specific issue. We

notch issue credit ratings up or down from the national scale ICR based on our expectations for post-default recovery, using the number of notches as per our recovery rating criteria (see the Related Criteria and Research). Where our recovery rating criteria may refer to caps on recovery ratings as related to global scale ratings, we would apply those caps for national scale ratings if we believe issuer creditworthiness corresponds to the referenced global scale rating or rating category. For example, if the recovery rating criteria referred to a cap at "3" when the global scale rating is in the 'BB' category, we would apply that cap to issuers rated between 'xxAA' and 'xxBBB+' on a national scale using specification 5 from Appendix 1 to map it.

### **Notching for hybrid capital instruments and non-operating bank-holding companies: differentiated default risk**

#### **Hybrid capital instruments:**

33. We also notch the national scale issue credit rating for differentiated default risk, such as for equity hybrid capital instruments (e.g., preferred stock and certain subordinated instruments). First, we establish on the global scale the rating level that reflects the instrument's default risk. Second, we use this rating level on the global scale to map to the indicative national scale rating. Third, we apply incremental notches down from the indicative national scale rating for subordination. In some cases, as per our hybrid capital criteria, the global scale hybrid capital issue credit rating is set to 'CCC', in which case the national scale credit rating would be set at a rating level that maps to a global scale rating of 'CCC'.

#### **Financial services non-operating holding companies:**

34. We may view a financial services non-operating holding company's (NOHC's) credit quality as weaker than the credit quality of the related operating companies because the NOHC relies on dividends and other distributions from operating companies to meet its obligations. In rating an NOHC, we first establish our view of the NOHC's creditworthiness on our global scale, and then we use the mapping tables to determine the national scale ICR.

### **National Scale Issue Credit Ratings: Foreign Currency**

35. Historically, for most national scales, the rated debt issues have been primarily local currency issues. To rate a foreign currency issue on the national scale, we first establish on the global scale the rating level corresponding to the instrument's foreign currency default risk. Second, we use this rating level on the global scale to map to the indicative national scale rating. Third, we notch up or down from the indicative national scale rating if the instrument has subordination or recovery characteristics. In this way, we take into account any transfer and convertibility constraints. To clarify the reference point for the first step, the "rating level corresponding to the foreign currency default risk" will typically be, for most corporate and government issuers, the foreign currency ICR. For hybrid capital instruments, there may be a differentiated default risk. We would then apply incremental notching, if relevant, to rate the instrument. For project finance and securitizations, the first step will apply to the global scale foreign currency issue credit rating, which is mapped to the national scale as in step two, and the third step (notching for subordination or recovery) is not relevant for those sectors.

## **Application Of Rating Above The Sovereign Criteria To National Scale Ratings**

36. In order to be rated above the sovereign on the national scale, the entity or issue should pass the relevant stress test or other constraints in our criteria for ratings above the sovereign (see the Related Criteria And Research). As mentioned, to determine the national scale rating, we typically first determine our view of creditworthiness on the global scale, which would include the impact of our criteria for ratings above the sovereign, and then apply the mapping tables. Where the entity or issue does pass the relevant stress test, but is not rated above the sovereign on the global scale due to other constraints, the entity may still be rated above the sovereign on the national scale, as per the steps outlined in the Determining The Long-Term National Scale Credit Rating section.
37. For structured finance issues, we may alternatively use country-specific national scale criteria, but they may not contemplate a stress level commensurate with the severe level of stress used in our ratings above the sovereign criteria. In that case, for a potential rating above the sovereign on the national scale, we may refer to the most applicable global scale criteria to determine the relevant severe stress scenario, then determine the maximum rating differential above the sovereign according to our ratings above the sovereign criteria, and then apply the country-specific mapping table to reflect the maximum rating differential in national scale terms.

## **Reverse Application Of National And Regional Scale Mapping Tables**

38. We can use country or regional mappings (see the Related Criteria And Research section) in reverse to estimate a rating or creditworthiness in the global scale. That is, for limited uses, we may start from a national scale rating, and map that rating back to the corresponding global scale rating, as indicated in that table. Limited uses may include:
- Analyzing potential national scale rating transitions per our "Methodology: Credit Stability Criteria," published May 3, 2010;
  - Applying our criteria for ratings above the sovereign (see the Related Criteria And Research section), considering the relevant sovereign rating and the relevant number of notches above the rating; or
  - If we are requested to assign a global scale rating on a transaction rated under country-specific national scale criteria.
39. In some cases, there may be more than one global scale-equivalent option to choose from for a given national scale rating. In these cases, we would follow a similar logic as for assigning national scale ratings starting off from a global scale rating (i.e., consider the outlook if there is one, or relative strength versus other credits in the same category or industry).
40. For the analysis of historical transitions per our "Methodology: Credit Stability Criteria" (see the Related Criteria And Research section), we choose the highest potential global scale rating for the beginning of the period and the lowest potential global scale rating for the end of the period. If the mapping tables have been updated between the beginning and end of the one- and three-year horizons, we would use the mapping table in effect at each relevant point in time to determine the global scale rating equivalents.
41. Any determination we make of creditworthiness on the global scale may include public ratings, confidential ratings and

any rating analysis performed for internal purposes and not released publicly.

## APPENDIXES

### Appendix 1: Standard Global Scale To National Scale Mapping Options

Appendix Table 1

Proposed Global Scale To National Scale Mapping Options With Anchors And Specifications									
Global scale rating	Specification								
	1	2	3	4	5	6	7	8	9
	Anchor								
	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-
AAA, AA+, AA, AA-	xxAAA	xxAAA	xxAAA	xxAAA	xxAAA	xxAAA	xxAAA	xxAAA	xxAAA
A+	xxAAA	xxAAA	xxAAA	xxAAA	xxAAA	xxAAA	xxAAA	xxAAA	xxAAA
A	xxAA+	xxAAA	xxAAA	xxAAA	xxAAA	xxAAA	xxAAA	xxAAA	xxAAA
A-	xxAA	xxAA+	xxAAA	xxAAA	xxAAA	xxAAA	xxAAA	xxAAA	xxAAA
BBB+	xxAA-	xxAA	xxAA+	xxAAA	xxAAA	xxAAA	xxAAA	xxAAA	xxAAA
BBB	xxA+	xxAA-	xxAA	xxAA+	xxAAA	xxAAA	xxAAA	xxAAA	xxAAA
BBB-	xxA	xxA+	xxAA-	xxAA	xxAA+	xxAAA	xxAAA	xxAAA	xxAAA
BB+	xxA-, xxBBB+	xxA, xxA-	xxA+, xxA	xxAA-, xxA+	xxAA, xxAA-	xxAA+, xxAA	xxAAA	xxAAA	xxAAA
BB	xxBBB, xxBBB-	xxBBB+, xxBBB	xxA-, xxBBB+	xxA, xxA-	xxA+, xxA	xxAA-, xxA+	xxAA+, xxAA	xxAAA	xxAAA
BB-	xxBB+, xxBB	xxBBB-, xxBB+	xxBBB, xxBBB-	xxBBB+, xxBBB	xxA-, xxBBB+	xxA, xxA-	xxAA-, xxA+	xxAA+, xxAA	xxAAA
B+	xxBB-, xxB+	xxBB, xxBB-	xxBB+, xxBB	xxBBB-, xxBB+	xxBBB, xxBBB-	xxBBB+, xxBBB	xxA, xxA-	xxAA-, xxA+	xxAA+, xxAA, xxAA-
B	xxB	xxB+, xxB	xxBB-, xxB+	xxBB, xxBB-	xxBB+, xxBB	xxBBB-, xxBB+	xxBBB+, xxBBB, xxBBB-	xxA, xxA-, xxBBB+	xxA+, xxA, xxA-
B-	xxB-	xxB-	xxB, xxB-	xxB+, xxB	xxBB-, xxB+	xxBB, xxBB-	xxBB+, xxBB, xxBB-	xxBBB, xxBBB-, xxBB+	xxBBB+, xxBBB, xxBBB-
CCC+	xxCCC+	xxCCC+	xxCCC+	xxB-, xxCCC+	xxB, xxB-	xxB+, xxB	xxB+, xxB	xxBB, xxBB-, xxB+	xxBB+, xxBB, xxBB-
CCC	xxCCC	xxCCC	xxCCC	xxCCC	xxCCC+, xxCCC	xxB-, xxCCC+	xxB-, xxCCC+	xxB, xxB-, xxCCC+	xxB+, xxB, xxB-
CCC-	xxCCC-	xxCCC-	xxCCC-	xxCCC-	xxCCC-	xxCCC, xxCCC-	xxCCC, xxCCC-	xxCCC, xxCCC-	xxCCC+, xxCCC, xxCCC-
CC	xxCC	xxCC	xxCC	xxCC	xxCC	xxCC	xxCC	xxCC	xxCC
C	xxC	xxC	xxC	xxC	xxC	xxC	xxC	xxC	xxC
R	R	R	R	R	R	R	R	R	R

**Appendix Table 1**

Proposed Global Scale To National Scale Mapping Options With Anchors And Specifications (cont.)									
SD	SD	SD	SD	SD	SD	SD	SD	SD	SD
D	D	D	D	D	D	D	D	D	D

Note: A national scale anchor is the lowest global scale credit rating that would map to 'xxAAA' on the national scale standard specification. The standard national scale mapping specifications are in reference to nine anchor points ranging from 'A+' to 'BB-'. R--Regulatory supervision. SD--Selective default. D--Default.

## Appendix 2: Scales Not Subject To Standard Specifications

### Israeli (Maalot) national scale

42. The changes we propose are:

- Removing the mapping of 'BBB-' to 'ilAA-'.
- Modifying the national scale short-term rating mapping to align with the long- to short-term mapping provided in table 3.

**Appendix Table 2a**

Current Israeli National Scale Mapping		
Global scale long-term local currency rating	National scale long-term rating	National scale short-term rating
A- and above	ilAAA	ilA-1+
BBB+	ilAAA, ilAA+	ilA-1+
BBB	ilAA+, ilAA	ilA-1+
BBB-	ilAA	ilA-1+
BBB-	ilAA-	ilA-1
BB+	ilAA-	ilA-1
BB	ilAA-, ilA+	ilA-1
BB-	ilA+, ilA	ilA-1
B+	ilA	ilA-1
B+	ilA-	ilA-2
B	ilA-, ilBBB+, ilBBB	ilA-2
B-	ilBBB, ilBBB-	ilA-3
CCC+	ilBB+, ilBB, ilBB-	ilB
CCC	ilB	ilB
CCC-	ilCCC	ilC
CC	ilCC	ilC
C	ilC	ilC
R	R	R
SD	SD	SD
D	D	D

R--Regulatory supervision. SD--Selective default. D--Default.

**Appendix Table 2b**

Modified Israeli National Scale Mapping		
Global scale long-term local currency rating	National scale long-term rating	National scale short-term rating
A- and above	ilAAA	ilA-1+
BBB+	ilAAA, ilAA+	ilA-1+
BBB	ilAA+, ilAA	ilA-1+
BBB-	ilAA	ilA-1+
BBB-	ilAA-	ilA-1+
BB	ilAA-	ilA-1+
BB	ilA+	ilA-1
BB-	ilA+, ilA	ilA-1
B+	ilA	ilA-1
B+	ilA-	ilA-2
B	ilA-, ilBBB+, ilBBB	ilA-2
B-	ilBBB	ilA-2
B-	ilBBB-	ilA-3
CCC+	ilBB+, ilBB, ilBB-	ilB
CCC	ilB	ilB
CCC-	ilCCC	ilC
CC	ilCC	ilC
C	ilC	ilC
R	R	R
SD	SD	SD
D	D	D

R--Regulatory supervision. SD--Selective default. D--Default.

## Nordic regional scale

43. We do not propose any changes to this mapping.

### Appendix Table 2c

Nordic Regional Scale Mapping	
Global-scale long-term local-currency rating	Regional-scale short-term rating
BBB+ and above	K-1
BBB	K-2
BBB-	K-3
BB+ to BB-	K-4
B+ to B-	K-5
CCC+ to C	K-6
SD	SD
D	D

SD--Selective default. D--Default.

## RELATED CRITERIA AND RESEARCH

### Criteria To Be Superseded

- S&P Global Ratings' National And Regional Scale Mapping Tables, Aug. 14, 2017
- National And Regional Scale Credit Ratings, Sept. 22, 2014
- Methodology For Applying Recovery Ratings To National Scale Issue Ratings, Sept. 22, 2014

### Related Criteria

- Reflecting Subordination Risk In Corporate Issue Ratings, Sept. 21, 2017
- Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- Recovery Rating Criteria For Speculative-Grade Corporate Issuers, Dec. 7, 2016
- Ratings Above the Sovereign-Structured Finance, Aug. 8, 2016
- Global Framework For Assessing Operational Risk In Structured Finance Transactions, Oct. 9, 2014
- Ratings Above The Sovereign--Corporate And Government Ratings: Methodology And Assumptions, Nov. 19, 2013
- Principles Of Credit Ratings, Feb. 16, 2011
- Methodology: Credit Stability Criteria, May 3, 2010

### Related Research

- S&P Global Ratings Definitions, June 26, 2017

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