

# Rating Research Services

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## Media Release:

# Taiwan Ratings Adopts Updated Fund Ratings Methodology; All Fund Ratings Placed Under Criteria Observation

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Taiwan Ratings Corp. today adopts the updated global fund credit quality ratings methodology published by S&P Global Ratings. At the same time, we placed all our fixed-income fund credit quality ratings on Taiwan money market funds under criteria observation.

On June 26, 2017, S&P Global Ratings published its revised criteria to its fund credit quality ratings methodology [see "**Criteria | Financial Institutions | Fund Credit Quality Ratings Methodology**" (FCQR Criteria), published on [www.standardandpoors.com](http://www.standardandpoors.com), and its Chinese translation on [www.taiwanratings.com.tw](http://www.taiwanratings.com.tw)] and started using the criteria for its analyses of global fixed-income fund credit quality ratings. The fund credit quality ratings on fixed-income funds reflect a forward-looking opinion about the credit quality of a fixed-income investment fund, including portfolio investments and counterparty exposures, as well as a fund manager's ability and willingness to maintain current fund credit quality.

As communicated previously, Taiwan Ratings is adopting this FCQR Criteria in its rating analyses of fixed-income funds in Taiwan. Our existing "Fixed-Income Funds: Methodology And Assumptions: Fund Credit Quality Rating Criteria," published on Nov. 28, 2014, is retired at the same time.

As all funds ratings we currently maintain are potentially affected by the adoption of the FCQR Criteria, we are assigning a "UCO" (under criteria observation) identifier to all outstanding ratings we have assigned on Taiwan money market funds. The UCO designation indicates that the ratings are being reviewed 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 of these ratings under the FCQR Criteria within a few weeks. Only a rating committee may determine a rating action, and a UCO designation does not constitute a rating action.

## Related Criteria and Research

### Related Criteria

- Fund Credit Quality Ratings Methodology - June 26, 2017
- Fixed-Income Funds: Methodology And Assumptions: Fund Credit Quality Rating Criteria, [www.taiwanratings.com](http://www.taiwanratings.com) - November 28, 2014
- Understanding Taiwan Ratings' Rating Definitions, [www.taiwanratings.com](http://www.taiwanratings.com) – November 18, 2014

### Related Research

- Standard & Poor's Announces "Under Criteria Observation" Identifier For Ratings Potentially Affected By Criteria Changes – May 7, 2013

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