
S&P Global Ratings

Policy: Methodology
Date: 09 July 2018

Policy Statement

S&P Global Ratings establishes and maintains Criteria to support the issuance of its Credit Ratings. Covered Models may also be used to apply Criteria.

S&P Global Ratings' Criteria are rigorous, systematic, continuous and based upon historical experience (including back-testing) and objective validation. S&P Global Ratings' Criteria and Covered Models are developed and changed in accordance with its policies and procedures to allow for consistent application in the issuance and surveillance of Credit Ratings.

S&P Global Ratings' new and materially changed Criteria and Covered Models are validated by persons who are independent from the persons who developed the Criteria and Covered Models and from the Practice Areas performing the relevant Credit Rating Activities. S&P Global Ratings' new or materially changed Criteria and associated Covered Models are also subject to management approval and, as required by law or regulation, S&P Financial Services LLC Board of Managers' approval, prior to use. S&P Global Ratings will also ensure that any other jurisdictional legal and regulatory requirements are met before Criteria and Covered Models are used in the jurisdictions in which S&P Global Ratings operates. S&P Global Ratings will ensure consistent application of its Criteria and the use of its Covered Models through training, including training on changes where applicable.

Once approved for use, Criteria used in the determination of a Credit Rating are disclosed to the public on the Free Website in a timely manner and as required by legal and regulatory requirements. S&P Global Ratings also publishes Guidance Documents to further aid in the consistent application of its Criteria. Information relating to Covered Models used in the determination of Credit Ratings is also disclosed to the public on the Free Website.

S&P Global Ratings promptly publishes to the Free Website material changes to Criteria, the reason for the changes, and the likely scope of Credit Ratings to be affected. Prior to public disclosure, S&P Global Ratings will protect Confidential Information, which includes pending changes to Criteria, Covered Models and Guidance Documents in accordance with its policies and procedures.

S&P Global Ratings provides market participants an opportunity to provide comments on its in-use Criteria through submission of External Written Comments on the Free Website. S&P Global Ratings will consider those comments and make them publicly available on the Free Website. S&P Global Ratings also provides market participants an opportunity to comment on newly developed and material changes to in-use Criteria for determining Credit Ratings for a set time period prior to the proposed or updated Criteria being employed. S&P Global Ratings does so by publicly disclosing on the Free Website proposed new or materially changed Criteria. Any External Written Comments received on its proposed Criteria will be considered by S&P Global Rating prior to implementing the new or materially changed Criteria and will be made publicly available on the Free Website when the final Criteria is published. Any changes between the proposed Criteria and final Criteria based on External Written Comments or any other feedback will be made at the discretion of S&P Global Ratings based on its independent and objective assessment of the feedback.

S&P Global Ratings ensures that new and materially changed Criteria and Covered Models are applied consistently to all new and existing Credit Ratings in a timely manner as prescribed by legal and regulatory requirements. The impact of new or materially changed Criteria on existing Credit Ratings is evaluated in accordance with S&P Global Ratings' policies and procedures. S&P Global Ratings periodically reviews, at least annually, its Criteria by evaluating the performance of its Credit Ratings using metrics (for example, statistics). S&P Global Ratings also ensures that Covered Models that apply in-use Criteria are periodically reviewed and back-tested. S&P Global Ratings ensures that those who conduct the periodic reviews of Criteria and Covered Models are independent from the persons who developed the Criteria and Covered Models and from the Practice Areas performing the relevant Credit Rating Activities.

S&P Global Ratings also monitors performance of its Credit Ratings through default and transition studies, which are made publicly available.

S&P Global Ratings will disclose to the public all information on the Free Website that it is required to disclose pursuant to its legal and regulatory requirements, including significant errors in Criteria and Covered Models that may result in a change to current Credit Ratings.

S&P Global Ratings clearly defines its rating symbols and applies those symbols in a consistent manner. When required by law or regulation or where otherwise feasible and appropriate, S&P Global Ratings will differentiate Credit Ratings of structured finance products from other Credit Ratings, including through additional disclosures or the use of different rating symbols. Additional detail regarding rating symbols is found in the [Rating Definitions](#) document on the Free Website.

In certain circumstances, S&P Global Ratings Criteria may permit the use of ratings from another Credit Rating Agency subject to a comparison analysis of the other Credit Rating Agencies ratings as compared to S&P Global Ratings Credit Ratings.

Additional information on the distinction between Criteria and Guidance Documents may be found in the [Criteria and Guidance: Understanding the Difference](#) article on the Free Website.