

S&P Global Ratings Definitions

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S&P Global Ratings Definitions

(Editor's Note: We republished this article on Aug. 18, 2016, to revise the definition of 'unsolicited' ratings, paragraph 112.)

S&P Global Ratings Disclaimers

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1. This document contains S&P Global Ratings' credit rating definitions. The definitions are classified into two types; general-purpose credit ratings and special-purpose ratings. S&P Global Ratings' credit ratings scales use letters, numbers, and/or words to summarize the opinion. The rating definition provides the meaning of the letters, numbers and/or words. Additionally, some ratings are expressed with qualifiers, suffixes and/or identifiers attached. Definitions of this supplementary information are included.
2. Section I describes the general-purpose credit rating, both issue and issuer credit ratings, and the long-term and short-term credit ratings. Section II provides information on CreditWatch, rating outlooks and local currency and foreign currency ratings. Special-purpose ratings are detailed in section III. Qualifiers are covered in section IV. Section V details national and regional scale ratings. Other credit related opinions are described in section VI. Section VII details seven identifiers. Section IX includes a list of contacts for further information.
3. S&P Global Ratings provides other services not covered in this ratings definitions document. Information about other products and services is located on the S&P Global Ratings website at <http://www.standardandpoors.com>.

I. GENERAL-PURPOSE CREDIT RATINGS

4. The following sets of rating definitions are for long-term and short-term credit ratings for both issuer and issue ratings. These types of credit ratings cover the broadest set of credit risk factors and are not limited in scope. Some refer to these as the "traditional" credit ratings.

A. Issue Credit Ratings

5. An S&P Global Ratings issue credit rating is a forward-looking opinion about the creditworthiness of an obligor with respect to a specific financial obligation, a specific class of financial obligations, or a specific financial program

(including ratings on medium-term note programs and commercial paper programs). It takes into consideration the creditworthiness of guarantors, insurers, or other forms of credit enhancement on the obligation and takes into account the currency in which the obligation is denominated. The opinion reflects S&P Global Ratings' view of the obligor's capacity and willingness to meet its financial commitments as they come due, and may assess terms, such as collateral security and subordination, which could affect ultimate payment in the event of default.

6. Issue credit ratings can be either long-term or short-term. Short-term ratings are generally assigned to those obligations considered short-term in the relevant market. In the U.S., for example, that means obligations with an original maturity of no more than 365 days—including commercial paper. Short-term ratings are also used to indicate the creditworthiness of an obligor with respect to put features on long-term obligations. Medium-term notes are assigned long-term ratings.

1. Long-Term Issue Credit Ratings

7. Issue credit ratings are based, in varying degrees, on S&P Global Ratings' analysis of the following considerations:
- The likelihood of payment—the capacity and willingness of the obligor to meet its financial commitment on a financial obligation in accordance with the terms of the obligation;
 - The nature and provisions of the financial obligation, and the promise we impute; and
 - The protection afforded by, and relative position of, the financial obligation in the event of a bankruptcy, reorganization, or other arrangement under the laws of bankruptcy and other laws affecting creditors' rights.
8. Issue ratings are an assessment of default risk, but may incorporate an assessment of relative seniority or ultimate recovery in the event of default. Junior obligations are typically rated lower than senior obligations, to reflect the lower priority in bankruptcy, as noted above. (Such differentiation may apply when an entity has both senior and subordinated obligations, secured and unsecured obligations, or operating company and holding company obligations.)

Table 1

Long-Term Issue Credit Ratings*	
Category	Definition
AAA	An obligation rated 'AAA' has the highest rating assigned by S&P Global Ratings. The obligor's capacity to meet its financial commitment on the obligation is extremely strong.
AA	An obligation rated 'AA' differs from the highest-rated obligations only to a small degree. The obligor's capacity to meet its financial commitment on the obligation is very strong.
A	An obligation rated 'A' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitment on the obligation is still strong.
BBB	An obligation rated 'BBB' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.
BB; B; CCC; CC; and C	Obligations rated 'BB', 'B', 'CCC', 'CC', and 'C' are regarded as having significant speculative characteristics. 'BB' indicates the least degree of speculation and 'C' the highest. While such obligations will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposures to adverse conditions.
BB	An obligation rated 'BB' is less vulnerable to nonpayment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation.
B	An obligation rated 'B' is more vulnerable to nonpayment than obligations rated 'BB', but the obligor currently has the capacity to meet its financial commitment on the obligation. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitment on the obligation.

Table 1

Long-Term Issue Credit Ratings* (cont.)	
Category	Definition
CCC	An obligation rated 'CCC' is currently vulnerable to nonpayment, and is dependent upon favorable business, financial, and economic conditions for the obligor to meet its financial commitment on the obligation. In the event of adverse business, financial, or economic conditions, the obligor is not likely to have the capacity to meet its financial commitment on the obligation.
CC	An obligation rated 'CC' is currently highly vulnerable to nonpayment. The 'CC' rating is used when a default has not yet occurred, but S&P Global Ratings expects default to be a virtual certainty, regardless of the anticipated time to default.
C	An obligation rated 'C' is currently highly vulnerable to nonpayment, and the obligation is expected to have lower relative seniority or lower ultimate recovery compared to obligations that are rated higher.
D	An obligation rated 'D' is in default or in breach of an imputed promise. For non-hybrid capital instruments, the 'D' rating category is used when payments on an obligation are not made on the date due, unless S&P Global Ratings believes that such payments will be made within five business days in the absence of a stated grace period or within the earlier of the stated grace period or 30 calendar days. The 'D' rating also will be used upon the filing of a bankruptcy petition or the taking of similar action and where default on an obligation is a virtual certainty, for example due to automatic stay provisions. An obligation's rating is lowered to 'D' if it is subject to a distressed exchange offer.
NR	This indicates that no rating has been requested, or that there is insufficient information on which to base a rating, or that S&P Global Ratings does not rate a particular obligation as a matter of policy.

*The ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

2. Short-Term Issue Credit Ratings

Table 2

Short-Term Issue Credit Ratings	
Category	Definition
A-1	A short-term obligation rated 'A-1' is rated in the highest category by S&P Global Ratings. The obligor's capacity to meet its financial commitment on the obligation is strong. Within this category, certain obligations are designated with a plus sign (+). This indicates that the obligor's capacity to meet its financial commitment on these obligations is extremely strong.
A-2	A short-term obligation rated 'A-2' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rating categories. However, the obligor's capacity to meet its financial commitment on the obligation is satisfactory.
A-3	A short-term obligation rated 'A-3' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.
B	A short-term obligation rated 'B' is regarded as vulnerable and has significant speculative characteristics. The obligor currently has the capacity to meet its financial commitments; however, it faces major ongoing uncertainties which could lead to the obligor's inadequate capacity to meet its financial commitments.
C	A short-term obligation rated 'C' is currently vulnerable to nonpayment and is dependent upon favorable business, financial, and economic conditions for the obligor to meet its financial commitment on the obligation.
D	A short-term obligation rated 'D' is in default or in breach of an imputed promise. For non-hybrid capital instruments, the 'D' rating category is used when payments on an obligation are not made on the date due, unless S&P Global Ratings believes that such payments will be made within any stated grace period. However, any stated grace period longer than five business days will be treated as five business days. The 'D' rating also will be used upon the filing of a bankruptcy petition or the taking of a similar action and where default on an obligation is a virtual certainty, for example due to automatic stay provisions. An obligation's rating is lowered to 'D' if it is subject to a distressed exchange offer.

B. Issuer Credit Ratings

- An S&P Global Ratings issuer credit rating is a forward-looking opinion about an obligor's overall creditworthiness. This opinion focuses on the obligor's capacity and willingness to meet its financial commitments as they come due. It does not apply to any specific financial obligation, as it does not take into account the nature of and provisions of the obligation, its standing in bankruptcy or liquidation, statutory preferences, or the legality and enforceability of the

obligation.

10. Counterparty credit ratings, corporate credit ratings and sovereign credit ratings are all forms of issuer credit ratings.
11. Issuer credit ratings can be either long-term or short-term.

1. Long-Term Issuer Credit Ratings

Table 3

Long-Term Issuer Credit Ratings*	
Category	Definition
AAA	An obligor rated 'AAA' has extremely strong capacity to meet its financial commitments. 'AAA' is the highest issuer credit rating assigned by S&P Global Ratings.
AA	An obligor rated 'AA' has very strong capacity to meet its financial commitments. It differs from the highest-rated obligors only to a small degree.
A	An obligor rated 'A' has strong capacity to meet its financial commitments but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in higher-rated categories.
BBB	An obligor rated 'BBB' has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments.
BB; B; CCC; and CC	Obligors rated 'BB', 'B', 'CCC', and 'CC' are regarded as having significant speculative characteristics. 'BB' indicates the least degree of speculation and 'CC' the highest. While such obligors will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposures to adverse conditions.
BB	An obligor rated 'BB' is less vulnerable in the near term than other lower-rated obligors. However, it faces major ongoing uncertainties and exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitments.
B	An obligor rated 'B' is more vulnerable than the obligors rated 'BB', but the obligor currently has the capacity to meet its financial commitments. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitments.
CCC	An obligor rated 'CCC' is currently vulnerable, and is dependent upon favorable business, financial, and economic conditions to meet its financial commitments.
CC	An obligor rated 'CC' is currently highly vulnerable. The 'CC' rating is used when a default has not yet occurred, but S&P Global Ratings expects default to be a virtual certainty, regardless of the anticipated time to default.
R	An obligor rated 'R' is under regulatory supervision owing to its financial condition. During the pendency of the regulatory supervision the regulators may have the power to favor one class of obligations over others or pay some obligations and not others.
SD and D	An obligor rated 'SD' (selective default) or 'D' is in default on one or more of its financial obligations including rated and unrated financial obligations but excluding hybrid instruments classified as regulatory capital or in non-payment according to terms. An obligor is considered in default unless S&P Global Ratings believes that such payments will be made within five business days of the due date in the absence of a stated grace period, or within the earlier of the stated grace period or 30 calendar days. A 'D' rating is assigned when S&P Global Ratings believes that the default will be a general default and that the obligor will fail to pay all or substantially all of its obligations as they come due. An 'SD' rating is assigned when S&P Global Ratings believes that the obligor has selectively defaulted on a specific issue or class of obligations but it will continue to meet its payment obligations on other issues or classes of obligations in a timely manner. An obligor's rating is lowered to 'D' or 'SD' if it is conducting a distressed exchange offer.
NR	An issuer designated 'NR' is not rated.

*The ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

2. Short-Term Issuer Credit Ratings

Table 4

Short-Term Issuer Credit Ratings	
Category	Definition
A-1	An obligor rated 'A-1' has strong capacity to meet its financial commitments. It is rated in the highest category by S&P Global Ratings. Within this category, certain obligors are designated with a plus sign (+). This indicates that the obligor's capacity to meet its financial commitments is extremely strong.

Table 4

Short-Term Issuer Credit Ratings (cont.)	
Category	Definition
A-2	An obligor rated 'A-2' has satisfactory capacity to meet its financial commitments. However, it is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in the highest rating category.
A-3	An obligor rated 'A-3' has adequate capacity to meet its financial obligations. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments.
B	An obligor rated 'B' is regarded as vulnerable and has significant speculative characteristics. The obligor currently has the capacity to meet its financial commitments; however, it faces major ongoing uncertainties which could lead to the obligor's inadequate capacity to meet its financial commitments.
C	An obligor rated 'C' is currently vulnerable to nonpayment that would result in a 'SD' or 'D' issuer rating, and is dependent upon favorable business, financial, and economic conditions for it to meet its financial commitments.
R	An obligor rated 'R' is under regulatory supervision owing to its financial condition. During the pendency of the regulatory supervision the regulators may have the power to favor one class of obligations over others or pay some obligations and not others.
SD and D	An obligor rated 'SD' (selective default) or 'D' has failed to pay one or more of its financial obligations (rated or unrated), excluding hybrid instruments classified as regulatory capital or in nonpayment according to terms, when it came due. An obligor is considered in default unless S&P Global Ratings believes that such payments will be made within any stated grace period. However, any stated grace period longer than five business days will be treated as five business days. A 'D' rating is assigned when S&P Global Ratings believes that the default will be a general default and that the obligor will fail to pay all or substantially all of its obligations as they come due. An 'SD' rating is assigned when S&P Global Ratings believes that the obligor has selectively defaulted on a specific issue or class of obligations, excluding hybrid instruments classified as regulatory capital, but it will continue to meet its payment obligations on other issues or classes of obligations in a timely manner. An obligor's rating is lowered to 'D' or 'SD' if it is conducting a distressed exchange offer.
NR	An issuer designated 'NR' is not rated.

II. CREDITWATCH, RATING OUTLOOK , LOCAL CURRENCY AND FOREIGN CURRENCY RATINGS

12. The following section explains CreditWatch and rating outlooks and how they are used. Additionally, this section explains local currency and foreign currency ratings.

A. CreditWatch

13. CreditWatch highlights our opinion regarding the potential direction of a short-term or long-term rating. It focuses on identifiable events and short-term trends that cause ratings to be placed under special surveillance by S&P Global Ratings' analytical staff. Ratings may be placed on CreditWatch under the following circumstances:
- When an event has occurred or, in our view, a deviation from an expected trend has occurred or is expected and when additional information is necessary to evaluate the current rating. Events and short-term trends may include mergers, recapitalizations, voter referendums, regulatory actions, performance deterioration of securitized assets, or anticipated operating developments.
 - When we believe there has been a material change in performance of an issue or issuer, but the magnitude of the rating impact has not been fully determined, and we believe that a rating change is likely in the short-term.
 - A change in criteria has been adopted that necessitates a review of an entire sector or multiple transactions and we believe that a rating change is likely in the short-term.
14. A CreditWatch listing, however, does not mean a rating change is inevitable, and when appropriate, a range of potential alternative ratings will be shown. CreditWatch is not intended to include all ratings under review, and rating

changes may occur without the ratings having first appeared on CreditWatch. The "positive" designation means that a rating may be raised; "negative" means a rating may be lowered; and "developing" means that a rating may be raised, lowered, or affirmed.

B. Rating Outlooks

15. An S&P Global Ratings outlook assesses the potential direction of a long-term credit rating over the intermediate term (typically six months to two years). In determining a rating outlook, consideration is given to any changes in the economic and/or fundamental business conditions. An outlook is not necessarily a precursor of a rating change or future CreditWatch action.
- Positive means that a rating may be raised.
 - Negative means that a rating may be lowered.
 - Stable means that a rating is not likely to change.
 - Developing means a rating may be raised or lowered.
 - N.M. means not meaningful.

C. Local Currency and Foreign Currency Ratings

16. S&P Global Ratings' issuer credit ratings make a distinction between foreign currency ratings and local currency ratings. An issuer's foreign currency rating will differ from its local currency rating when the obligor has a different capacity to meet its obligations denominated in its local currency, vs. obligations denominated in a foreign currency.

III. SPECIAL-PURPOSE RATINGS

17. Section III includes a description of different types of special-purpose ratings. Special-purpose ratings can be for capital market transactions or entities. Such a rating type can cover a specific group of the entities (i.e., insurance companies). Another type of special-purpose rating is a recovery rating which is very different than a traditional issuer credit rating. Some ratings are limited by the type of credit such as funds or municipal short-term note ratings. Other special-purpose ratings are for the specific types of transaction structures, such as those with embedded put options.

A. Dual Ratings

18. Dual ratings may be assigned to debt issues that have a put option or demand feature. The first component of the rating addresses the likelihood of repayment of principal and interest as due, and the second component of the rating addresses only the demand feature. The first component of the rating can relate to either a short-term or long-term transaction and accordingly use either short-term or long-term rating symbols. The second component of the rating relates to the put option and is assigned a short-term rating symbol (for example, 'AAA/A-1+' or 'A-1+/A-1'). With U.S. municipal short-term demand debt, the U.S. municipal short-term note rating symbols are used for the first component of the rating (for example, 'SP-1+/A-1+').

B. Fund Credit Quality Ratings

19. Fund credit quality ratings, identified by the 'f' suffix, are assigned to fixed-income funds and other actively managed funds that exhibit variable net asset values. These ratings are forward-looking opinions about the overall credit quality of a fund's portfolio. The ratings reflect the level of protection against losses from credit defaults and are based on an analysis of the credit quality of the portfolio investments and the likelihood of counterparty defaults.

Table 5

Fund Credit Quality Ratings*	
Category	Definition
AAAf	The fund's portfolio holdings provide extremely strong protection against losses from credit defaults.
AAf	The fund's portfolio holdings provide very strong protection against losses from credit defaults.
Af	The fund's portfolio holdings provide strong protection against losses from credit defaults.
BBBf	The fund's portfolio holdings provide adequate protection against losses from credit defaults.
BBf	The fund's portfolio holdings provide uncertain protection against losses from credit defaults.
Bf	The fund's portfolio holdings exhibit vulnerability to losses from credit defaults.
CCCf	The fund's portfolio holdings make it extremely vulnerable to losses from credit defaults.

*The ratings from 'AAf' to 'CCCf' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

C. Fund Volatility Ratings

20. A fund volatility rating is a forward-looking opinion about a fixed-income investment fund's sensitivity to changing market conditions relative to the risk of a portfolio composed of government securities and denominated in the base currency of the fund. (Government securities (for S1 through S4 categories) are intended to signify the most liquid, highest quality securities issued by a sovereign government.) Volatility ratings reflect S&P Global Ratings' view of the fund's sensitivity to interest rate movements, credit risk, investment diversification or concentration, liquidity, leverage, and other factors. Different symbology is used to distinguish the fund volatility ratings from S&P Global Ratings' traditional issue or issuer credit ratings.

Table 6

Fund Volatility Ratings	
Category	Definition
S1	Funds that possess low sensitivity to changing market conditions are rated S1. These funds possess an aggregate level of risk that is less than or equal to that of a portfolio comprised of government securities maturing within one to three years and denominated in the base currency of the fund. Within this category, certain funds are designated with a plus sign (+). This indicates the fund's extremely low sensitivity to changing market conditions. These funds possess an aggregate level of risk that is less than or equal to that of a portfolio comprising the highest quality fixed-income instruments with an average maturity of 12 months or less.
S2	Funds that possess low to moderate sensitivity to changing market conditions are rated S2. These funds possess an aggregate level of risk that is less than or equal to that of a portfolio comprising government securities maturing within three to seven years and denominated in the base currency of the fund.
S3	Funds that possess moderate sensitivity to changing market conditions are rated S3. These funds possess an aggregate level of risk that is less than or equal to that of a portfolio comprising government securities maturing within seven to 10 years and denominated in the base currency of the fund.

Table 6

Fund Volatility Ratings (cont.)	
Category	Definition
S4	Funds that possess moderate to high sensitivity to changing market conditions are rated S4. These funds possess an aggregate level of risk that is less than or equal to that of a portfolio comprising government securities maturing beyond 10 years and denominated in the base currency of the fund.
S5	Funds that possess high sensitivity to changing market conditions are rated S5. These funds may be exposed to a variety of significant risks including high concentration risks, high leverage, and investments in complex structured and/or illiquid securities.
S6	Funds that possess the highest sensitivity to changing market conditions are rated S6. These funds include those with highly speculative investment strategies with multiple forms of significant risks, with little or no diversification benefits.

D. Insurance Financial Enhancement Ratings

21. An S&P Global Ratings insurer financial enhancement rating is a forward-looking opinion about the creditworthiness of an insurer with respect to insurance policies or other financial obligations that are predominantly used as credit enhancement and/or financial guarantees. When assigning an insurer financial enhancement rating, S&P Global Ratings' analysis focuses on capital, liquidity, and company commitment necessary to support a credit enhancement or financial guaranty business.
22. Insurer financial enhancement ratings are based, in varying degrees, on S&P Global Ratings' analysis of the following considerations:
 - The likelihood of payment--capacity and willingness of the insurer to meet its financial commitment on an obligation in accordance with the terms of the obligation;
 - The nature and provisions of the financial obligation;
 - The protection afforded by, and relative position of, the financial obligation in the event of a bankruptcy, reorganization, or other arrangement under the laws of bankruptcy and other laws affecting creditors' rights.

Table 7

Insurer Financial Enhancement Ratings*	
Category	Definition
AAA	An insurer rated 'AAA' has extremely strong capacity to meet its financial commitments. 'AAA' is the highest insurer financial enhancement rating assigned by S&P Global Ratings.
AA	An insurer rated 'AA' has very strong capacity to meet its financial commitments. It differs from the highest-rated insurers only to a small degree.
A	An insurer rated 'A' has strong capacity to meet its financial commitments but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than insurers in higher-rated categories.
BBB	An insurer rated 'BBB' has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the insurer to meet its financial commitments.
BB; B; CCC; and CC	Insurers rated 'BB', 'B', 'CCC', and 'CC' are regarded as having significant speculative characteristics. 'BB' indicates the least degree of speculation and 'CC' the highest. While such insurers will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposures to adverse conditions.
BB	An insurer rated 'BB' is less vulnerable in the near term than other lower-rated insurers. However, it faces major ongoing uncertainties and exposure to adverse business, financial, or economic conditions which could lead to the insurer's inadequate capacity to meet its financial commitments.
B	An insurer rated 'B' is more vulnerable than the insurers rated 'BB', but the insurer currently has the capacity to meet its financial commitments. Adverse business, financial, or economic conditions will likely impair the insurer's capacity or willingness to meet its financial commitments.

Table 7

Insurer Financial Enhancement Ratings* (cont.)	
Category	Definition
CCC	An insurer rated 'CCC' is currently vulnerable, and is dependent upon favorable business, financial, and economic conditions to meet its financial commitments.
CC	An insurer rated 'CC' is currently highly vulnerable.
R	An insurer rated 'R' is under regulatory supervision owing to its financial condition. During the pendency of the regulatory supervision the regulators may have the power to favor one class of obligations over others or pay some obligations and not others.
SD	An insurer rated 'SD' has failed to pay one or more of its financial obligations when it came due. An 'SD' rating is assigned when S&P Global Ratings believes that the obligor has selectively defaulted on a specific issue or class of obligations but it will continue to meet its payment obligations on other issues or classes of obligations. A selective default includes the completion of a distressed exchange offer.
NR	An issuer designated 'NR' is not rated.

*Ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

E. Insurer Financial Strength Ratings

23. An S&P Global Ratings insurer financial strength rating is a forward-looking opinion about the financial security characteristics of an insurance organization with respect to its ability to pay under its insurance policies and contracts in accordance with their terms. Insurer financial strength ratings are also assigned to health maintenance organizations and similar health plans with respect to their ability to pay under their policies and contracts in accordance with their terms.
24. This opinion is not specific to any particular policy or contract, nor does it address the suitability of a particular policy or contract for a specific purpose or purchaser. Furthermore, the opinion does not take into account deductibles, surrender or cancellation penalties, timeliness of payment, nor the likelihood of the use of a defense such as fraud to deny claims.
25. Insurer financial strength ratings do not refer to an organization's ability to meet nonpolicy (i.e., debt) obligations. Assignment of ratings to debt issued by insurers or to debt issues that are fully or partially supported by insurance policies, contracts, or guarantees is a separate process from the determination of insurer financial strength ratings, and follows procedures consistent with those used to assign an issue credit rating. An insurer financial strength rating is not a recommendation to purchase or discontinue any policy or contract issued by an insurer.

1. Long-Term Insurer Financial Strength Ratings

Table 8

Long-Term Insurer Financial Strength Ratings*	
Category	Definition
AAA	An insurer rated 'AAA' has extremely strong financial security characteristics. 'AAA' is the highest insurer financial strength rating assigned by S&P Global Ratings.
AA	An insurer rated 'AA' has very strong financial security characteristics, differing only slightly from those rated higher.
A	An insurer rated 'A' has strong financial security characteristics, but is somewhat more likely to be affected by adverse business conditions than are insurers with higher ratings.
BBB	An insurer rated 'BBB' has good financial security characteristics, but is more likely to be affected by adverse business conditions than are higher-rated insurers.

Table 8

Long-Term Insurer Financial Strength Ratings* (cont.)	
Category	Definition
BB; B; CCC; and CC	An insurer rated 'BB' or lower is regarded as having vulnerable characteristics that may outweigh its strengths. 'BB' indicates the least degree of vulnerability within the range; 'CC' the highest.
BB	An insurer rated 'BB' has marginal financial security characteristics. Positive attributes exist, but adverse business conditions could lead to insufficient ability to meet financial commitments.
B	An insurer rated 'B' has weak financial security characteristics. Adverse business conditions will likely impair its ability to meet financial commitments.
CCC	An insurer rated 'CCC' has very weak financial security characteristics, and is dependent on favorable business conditions to meet financial commitments.
CC	An insurer rated 'CC' has extremely weak financial security characteristics and is likely not to meet some of its financial commitments.
R	An insurer rated 'R' is under regulatory supervision owing to its financial condition. During the pendency of the regulatory supervision, the regulators may have the power to favor one class of obligations over others or pay some obligations and not others. The rating does not apply to insurers subject only to nonfinancial actions such as market conduct violations.
SD or D	An insurer rated 'SD' (selective default) or 'D' is in default on one or more of its insurance policy obligations but is not under regulatory supervision that would involve a rating of 'R'. The 'D' rating also will be used upon the filing of a bankruptcy petition or the taking of similar action if payments on a policy obligation are at risk. A 'D' rating is assigned when S&P Global Ratings believes that the default will be a general default and that the obligor will fail to pay substantially all of its obligations in full in accordance with the policy terms. An 'SD' rating is assigned when S&P Global Ratings believes that the insurer has selectively defaulted on a specific class of policies but it will continue to meet its payment obligations on other classes of obligations. A selective default includes the completion of a distressed exchange offer. Claim denials due to lack of coverage or other legally permitted defenses are not considered defaults.
NR	An insurer designated 'NR' is not rated.

*Ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

F. Municipal Short-Term Note Ratings

26. An S&P Global Ratings U.S. municipal note rating reflects S&P Global Ratings' opinion about the liquidity factors and market access risks unique to the notes. Notes due in three years or less will likely receive a note rating. Notes with an original maturity of more than three years will most likely receive a long-term debt rating. In determining which type of rating, if any, to assign, S&P Global Ratings' analysis will review the following considerations:

- Amortization schedule—the larger the final maturity relative to other maturities, the more likely it will be treated as a note; and
- Source of payment—the more dependent the issue is on the market for its refinancing, the more likely it will be treated as a note.

Table 9

Municipal Short-Term Note Ratings	
Category	Definition
SP-1	Strong capacity to pay principal and interest. An issue determined to possess a very strong capacity to pay debt service is given a plus (+) designation.
SP-2	Satisfactory capacity to pay principal and interest, with some vulnerability to adverse financial and economic changes over the term of the notes.
SP-3	Speculative capacity to pay principal and interest.

G. Principal Stability Fund Ratings

27. An S&P Global Ratings principal stability fund rating (PSFR), also known as a "money market fund rating," is a forward-looking opinion about a fixed income fund's capacity to maintain stable principal (net asset value) and to limit exposure to principal losses due to credit risk. When assigning a principal stability rating to a fund, S&P Global Ratings' analysis focuses primarily on the creditworthiness of the fund's investments and counterparties, and also its investments' maturity structure and management's ability and policies to maintain the fund's stable net asset value.
28. We generally do not lower ratings to 'Dm' when the manager of any fund suspends redemptions for up to five business days or meets redemption requests with payments in-kind in lieu of cash, if this occurs because the fund is faced with an unanticipated level of redemption requests during periods of high market stress, and this suspension is permitted under the fund's prospectus.
29. Principal stability fund ratings, or money market fund ratings, are identified by the 'm' suffix (e.g., 'AAAm') to distinguish the principal stability rating from an S&P Global Ratings traditional issue or issuer credit rating. Principal stability fund ratings are neither commentaries on yield levels paid by the fund, nor are they commentaries on loss of principal due to negative yields.
30. Market losses arising from negative yields as a consequence of investment in low credit risk, short duration securities with negative coupon would not solely result in lowering a PSFR when the fund operating documents permit loss of principal reflected in variable NAV or stable NAV funds with share class reductions or similar mechanisms. These strategies are consistent with the risk mitigants addressed in our analysis of and tolerance for credit and duration risk at each PSFR rating level.

Table 10

Principal Stability Fund Ratings*	
Category	Definition
AAAm	A fund rated 'AAAm' demonstrates extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit risk. 'AAAm' is the highest principal stability fund rating assigned by S&P Global Ratings.
AAm	A fund rated 'AAm' demonstrates very strong capacity to maintain principal stability and to limit exposure to principal losses due to credit risk. It differs from the highest-rated funds only to a small degree.
Am	A fund rated 'Am' demonstrates strong capacity to maintain principal stability and to limit exposure to principal losses due to credit risk, but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than funds in higher-rated categories.
BBBm	A fund rated 'BBBm' demonstrates adequate capacity to maintain principal stability and to limit exposure to principal losses due to credit risk. However, adverse economic conditions or changing circumstances are more likely to lead to a reduced capacity to maintain principal stability.
BBm	A fund rated 'BBm' demonstrates speculative characteristics and uncertain capacity to maintain principal stability. It is vulnerable to principal losses due to credit risk. While such funds will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposure to adverse conditions.
Dm	A fund rated 'Dm' has failed to maintain principal stability resulting in a realized or unrealized loss of principal.

*The ratings from 'AAm' to 'BBm' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the rating categories.

H. Mid-Market Evaluation Rating

31. A Mid-Market Evaluation rating (MME rating) is S&P Global Ratings' forward-looking opinion about the creditworthiness of a mid-market company relative to other mid-market companies. It assesses a mid-market company's relative capacity and willingness to meet its financial commitments as they come due. We assign the MME rating at an obligor level, but can assign it at a debt instrument level as well. In cases where we assign an MME rating to a particular debt instrument, we may modify the MME rating with the symbols '+' or '-' to indicate our opinion about recovery prospects in case of default (including our opinion of the collateral security and structural or contractual subordination)
32. MME ratings are derived from a specific MME methodology and use a specific credit rating scale ranging from 'MM1' (highest) to 'MM8' and 'MMD' (default). We apply the MME rating scale and definitions to assign an obligor-level MME rating with respect to a company's overall capacity to meet its financial commitments, or to assign an issue-level MME rating with respect to a company's capacity to meet its financial commitment on a debt instrument (see table 11). Use of the MME rating scale on the issue level is only for long-term debt instruments. The symbols '+' and '-' apply only to debt instruments. For instance, a debt instrument could receive an evaluation of 'MM1+' or 'MM1-' according to our expectations of particularly high or low recovery.

Table 11

Mid-Market Evaluation Rating Scale	
Category	Definition
MM1	The company has a very strong capacity to meet its financial commitments relative to other mid-market companies. Companies rated at this level are less susceptible to the adverse effects of changes in circumstances and economic conditions than other mid-market companies.
MM2	The company has a strong capacity to meet its financial commitments relative to other mid-market companies. However, the company is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than other mid-market companies in the higher category.
MM3	The company has a good capacity to meet its financial commitments relative to other mid-market companies. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the company to meet its financial commitments.
MM4	The company has an adequate capacity to meet its financial commitments relative to other mid-market companies. However, it is more exposed to adverse economic conditions or changing circumstances than other mid-market companies with a higher MME Rating.
MM5	The company has reasonably adequate capacity to meet its financial commitments relative to other mid-market companies. It faces ongoing uncertainties or exposure to adverse business, financial, or economic conditions, which could result in an inadequate capacity on the part of the company to meet its financial commitments.
MM6	The company has a weak capacity to meet financial commitments, although it is less vulnerable relative to other mid-market companies with a lower MME Rating. Adverse business, financial, or economic conditions are likely to impair the company's capacity or willingness to meet its financial commitments.
MM7	The company is currently vulnerable to defaulting and is dependent upon favorable business and financial conditions to meet financial commitments. In the event of adverse business, financial, or economic conditions, the company is not likely to have the capacity to meet its financial commitments.
MM8	The company is currently highly vulnerable to defaulting and is dependent upon favorable business and financial conditions to meet its financial commitments. We expect default to be a virtual certainty, either through a missed payment, a distressed exchange, or similar debt restructuring, or a bankruptcy filing.
MMD	The company has either failed to pay one or more of its financial obligations when due, or it has been placed into bankruptcy, or it has completed a distressed exchange or similar debt restructuring.

Table 11**Mid-Market Evaluation Rating Scale (cont.)**

Category	Definition
NR	An issuer designated 'NR' is not rated. For an obligation, an NR designation indicates that no rating has been requested, or that there is insufficient information on which to base a rating, or that S&P Global Ratings does not rate a particular obligation as a matter of policy.

I. Recovery Ratings

33. Recovery ratings focus solely on expected recovery in the event of a payment default of a specific issue, and utilize a numerical scale that runs from 1+ to 6. The recovery rating is not linked to, or limited by, the Issuer Credit Rating or any other rating, and provides a specific opinion about the expected recovery.

Table 12**Recovery Ratings**

Category	Definition
1+	A recovery rating of '1+' denotes the highest expectation of full recovery in the event of default.
1	A recovery rating of '1' denotes an expectation of very high (i.e., 90%-100%) recovery in the event of default.
2	A recovery rating of '2' denotes an expectation of substantial (i.e., 70%-90%) recovery in the event of default.
3	A recovery rating of '3' denotes an expectation of meaningful (i.e., 50%-70%) recovery in the event of default.
4	A recovery rating of '4' denotes an expectation of average (i.e., 30%-50%) recovery in the event of default.
5	A recovery rating of '5' denotes an expectation of modest (i.e., 10%-30%) recovery in the event of default.
6	A recovery rating of '6' denotes an expectation of negligible (i.e., 0-10%) recovery in the event of default.

J. SPUR (Standard & Poor's Underlying Rating)

34. A SPUR rating is an opinion about the stand-alone capacity of an obligor to pay debt service on a credit-enhanced debt issue, without giving effect to the enhancement that applies to it. These ratings are published only at the request of the debt issuer/obligor with the designation SPUR to distinguish them from the credit-enhanced rating that applies to the debt issue. S&P Global Ratings maintains surveillance of an issue with a published SPUR.

K. Swap Risk Ratings

35. An S&P Global Ratings Swap Risk Rating is a forward-looking opinion about the likelihood of loss associated with a specific swap transaction (the "Swap Transaction") entered into by two counterparties.
36. A swap risk rating takes into consideration S&P Global Ratings view on the terms of the Swap Transaction including, without limitation, the creditworthiness of one or more reference or underlying obligations or obligors (the "Portfolio") above a certain specified threshold percentage/amount, termination events, and potential recovery percentage or amount on the Portfolio. All swap risk ratings take into consideration the creditworthiness of the Portfolio.
37. A swap risk rating may be modified by the designation "Portfolio," "Single Counterparty--Protection Buyer" and "Single Counterparty--Protection Seller." A Swap Risk Rating (Portfolio) takes into consideration only S&P Global Ratings'

view on the creditworthiness of the credit default swap Portfolio. A Swap Risk Rating (Single Counterparty--Protection Buyer) takes into consideration S&P Global Ratings' view on the creditworthiness of the Portfolio and the buyer of protection under the Swap Transaction. A Swap Risk Rating (Single Counterparty--Protection Seller) takes into consideration S&P Global Ratings' view on the creditworthiness of the Portfolio and the seller of protection under the Swap Transaction. Because the terms of each Swap Transaction are highly customized, a swap risk rating may address different risks; therefore the swap risk ratings should not be viewed as benchmarks related to swap risk across different swap transactions.

38. Swap risk ratings will be modified by a suffix that identifies the type of swap risk rating assigned. The letter ratings will be followed by the designations 'srp,' 'srb,' and 'srs' to correspond with related designations:
- Portfolio ('srp') ratings only take into consideration the creditworthiness of the reference portfolio of the credit default swap;
 - Single counterparty--Protection Buyer ('srb') ratings take into consideration the creditworthiness of the reference portfolio and the buyer of protection under the swap transaction; and
 - Single counterparty--Protection Seller ('srs') ratings take into consideration the creditworthiness of the reference portfolio and the seller of protection under the swap transaction.
39. A Swap Risk Rating (Portfolio) does not address either counterparty risk (including risk of periodic payments). Each of Swap Risk Ratings (Single Counterparty--Protection Buyer) or (Single Counterparty--Protection Seller) addresses the counterparty risk of one of the Counterparties to the Swap Transaction, respectively. None of the swap risk ratings address the specific amount of termination payments that would be payable under the Swap Transaction. The specific risks addressed by each swap risk rating are stated in the rating letter and the terms and conditions issued for each rated Swap Transaction.

Table 13**Swap Risk Ratings* (see paragraph 38 for suffix)**

Category	Definition
AAA	A Swap Transaction with a swap risk rating of 'AAA' has the highest rating assigned by S&P Global Ratings. The likelihood of loss under the Swap Transaction is extremely low.
AA	A Swap Transaction with a swap risk rating of 'AA' differs from the highest-rated Swap Transaction only to a small degree. The likelihood of loss under the Swap Transaction is very low.
A	A Swap Transaction with a swap risk rating of 'A' is somewhat more susceptible to the adverse effects or changes in circumstances and economic conditions than Swap Transactions in higher-rated categories. However, the likelihood of loss under the Swap Transaction is still low.
BBB	A Swap Transaction with a swap risk rating of 'BBB' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to an increased likelihood of loss under the Swap Transaction.
BB; B; CCC; and CC	A Swap Transaction with a swap risk rating of 'BB', 'B', 'CCC', and 'CC' is regarded as having significant speculative characteristics.
BB	A Swap Transaction with a swap risk rating of 'BB' indicates less vulnerability to a risk of loss than other speculative issues. However, major ongoing uncertainties or exposure to adverse business, financial or economic conditions could lead to a substantial increase in the likelihood of loss under the Swap Transaction.
B	A Swap Transaction with a swap risk rating of 'B' is more vulnerable to a risk of loss than a Swap Transaction with a swap risk rating of 'BB'. However, major ongoing uncertainties or exposure to adverse business, financial or economic conditions will likely lead to a substantial increase in the likelihood of loss under the Swap Transaction.
CCC	A Swap Transaction with a swap risk rating of 'CCC' is currently vulnerable to a risk of loss. In the event of adverse business, financial or economic conditions, the Swap Transaction is likely to incur loss.
CC	A Swap Transaction with a swap risk rating of 'CC' is currently highly vulnerable to loss.

Table 13**Swap Risk Ratings* (see paragraph 38 for suffix) (cont.)**

Category	Definition
D	A Swap Transaction with a swap risk rating of 'D' has incurred or experienced loss.
NR	A Swap Transaction designated 'NR' is not rated, which implies no opinion about its swap risk rating, including without limitation, that a swap risk rating has not been requested or that a swap risk rating has been withdrawn.

*A swap risk rating from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major swap risk rating categories.

L. Counterparty Instrument Ratings

40. An S&P Global Ratings counterparty instrument rating is a forward-looking opinion about the creditworthiness of an issuer in a securitization structure with respect to a specific financial obligation to a counterparty (including interest rate swaps, currency swaps, and liquidity facilities) on an ultimate payment basis. It takes into consideration the creditworthiness of guarantors, insurers, or other forms of credit enhancement on the financial obligation to a counterparty and takes into account the currency in which the financial obligation is denominated. The opinion reflects S&P Global Ratings' view of the issuer's capacity and willingness to meet its financial commitments as funds become available, and may assess terms, such as collateral security and subordination, which could affect ultimate payment in the event of a default.
41. This opinion does not take into account timeliness of payment. As such, counterparty instrument ratings are long-term ratings only.
42. Counterparty instrument ratings are identified by the 'cir' suffix to distinguish the counterparty instrument rating from S&P Global Ratings' issue or issuer credit rating.

Long-term counterparty instrument ratings

43. Counterparty instrument ratings are based, in varying degrees, on S&P Global Ratings' analysis of the following considerations:
 - The likelihood of ultimate payment--capacity and willingness of the issuer to meet its financial commitment on a financial obligation to a counterparty on an ultimate payment basis, without regard to a specific repayment date that may be stated in the terms of the contract, as funds become available;
 - The nature and provisions of the financial obligation, not including timeliness of payment;
 - The protection afforded by, and relative position of, the financial obligation in the event of a bankruptcy, reorganization, or other arrangement under the laws of bankruptcy and other laws affecting creditors' rights.
44. Counterparty instrument ratings are an assessment of default risk, as well as an assessment of relative seniority or ultimate recovery in the event of a default.

Table 14**CIR Definitions For Long-Term Counterparty Instrument Ratings***

Category	Definition
AAAcir	A counterparty instrument rated 'AAAcir' has the highest rating assigned by S&P Global Ratings. The issuer's capacity to meet its financial commitment on the obligation to a counterparty is extremely strong.

Table 14

CIR Definitions For Long-Term Counterparty Instrument Ratings* (cont.)

Category	Definition
AAcir	A counterparty instrument rated 'AAcir' differs from the highest-rated financial obligations only to a small degree. The issuer's capacity to meet its financial commitment on the obligation to a counterparty is very strong.
Acir	A counterparty instrument rated 'Acir' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than financial obligations in higher-rated categories. However, the issuer's capacity to meet its financial commitment on the obligation to a counterparty is still strong.
BBBcir	A counterparty instrument rated 'BBBcir' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the issuer to meet its financial commitment on the obligation to a counterparty.
BBcir, Bcir, CCCcir, and CCcir	Counterparty instruments rated 'BBcir', 'Bcir', 'CCCcir', and 'CCcir' are regarded as having significant speculative characteristics. 'BBcir' indicates the least degree of speculation and 'CCcir' the highest. While such financial obligations will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposures to adverse conditions.
BBcir	A counterparty instrument rated 'BBcir' is less vulnerable to nonpayment on an ultimate payment basis than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions, which could lead to the issuer's inadequate capacity to meet its financial commitment on the obligation to a counterparty.
Bcir	A counterparty instrument rated 'Bcir' is more vulnerable to nonpayment on an ultimate payment basis than a counterparty instrument rated 'BBcir', but the issuer currently has the capacity to meet its financial commitment on the obligation to a counterparty. Adverse business, financial, or economic conditions will likely impair the issuer's capacity or willingness to meet its financial commitment on the obligation to a counterparty.
CCCcir	A counterparty instrument rated 'CCCcir' is currently vulnerable to nonpayment on an ultimate payment basis, and is dependent upon favorable business, financial, and economic conditions for the issuer to meet its financial commitment on the obligation to a counterparty. In the event of adverse business, financial, or economic conditions, the issuer is not likely to have the capacity to meet its financial commitment on the obligation to a counterparty.
CCcir	A counterparty instrument rated 'CCcir' is currently highly vulnerable to nonpayment on an ultimate payment basis. The 'CCcir' rating is used when a default has not yet occurred, but S&P Global Ratings expects default to be a virtual certainty, regardless of the anticipated time to default.
Dcir	The 'Dcir' rating category is used when payments on a counterparty instrument are not made in full once funds become available, either due to insufficient funds or failure to pay. The 'Dcir' rating is also used upon the filing of a bankruptcy petition or the taking of similar action if we anticipate that the bankruptcy filing is likely to mean that the financial obligation to a counterparty will not be paid in full when funds become available.
NR	This indicates that no rating has been requested, that there is insufficient information on which to base a rating, or that S&P Global Ratings does not rate a particular financial obligation to a counterparty.

*The ratings from 'AAcir' to 'CCCcir' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

IV. QUALIFIERS

45. S&P Global Ratings assigns qualifiers to ratings when appropriate. This section details active and inactive qualifiers.

A. Active Qualifiers

46. S&P Global Ratings uses the following qualifiers that limit the scope of a rating. The structure of the transaction can require the use of a qualifier such as a 'p' qualifier, which indicates the rating addressed the principal portion of the obligation only. A qualifier appears as a suffix and is part of the rating.

Federal deposit insurance limit: 'L' qualifier

47. Ratings qualified with 'L' apply only to amounts invested up to federal deposit insurance limits.

Principal: 'p' qualifier

48. This suffix is used for issues in which the credit factors, the terms, or both, that determine the likelihood of receipt of payment of principal are different from the credit factors, terms or both that determine the likelihood of receipt of interest on the obligation. The 'p' suffix indicates that the rating addresses the principal portion of the obligation only and that the interest is not rated.

Preliminary Ratings: 'prelim' qualifier

49. Preliminary ratings, with the 'prelim' suffix, may be assigned to obligors or obligations, including financial programs, in the circumstances described below. Assignment of a final rating is conditional on the receipt by S&P Global Ratings of appropriate documentation. S&P Global Ratings reserves the right not to issue a final rating. Moreover, if a final rating is issued, it may differ from the preliminary rating.
- Preliminary ratings may be assigned to obligations, most commonly structured and project finance issues, pending receipt of final documentation and legal opinions.
 - Preliminary ratings may be assigned to obligations that will likely be issued upon the obligor's emergence from bankruptcy or similar reorganization, based on late-stage reorganization plans, documentation and discussions with the obligor. Preliminary ratings may also be assigned to the obligors. These ratings consider the anticipated general credit quality of the reorganized or post-bankruptcy issuer as well as attributes of the anticipated obligation(s).
 - Preliminary ratings may be assigned to entities that are being formed or that are in the process of being independently established when, in S&P Global Ratings' opinion, documentation is close to final. Preliminary ratings may also be assigned to the obligations of these entities.
 - Preliminary ratings may be assigned when a previously unrated entity is undergoing a well-formulated restructuring, recapitalization, significant financing or other transformative event, generally at the point that investor or lender commitments are invited. The preliminary rating may be assigned to the entity and to its proposed obligation(s). These preliminary ratings consider the anticipated general credit quality of the obligor, as well as attributes of the anticipated obligation(s), assuming successful completion of the transformative event. Should the transformative event not occur, S&P Global Ratings would likely withdraw these preliminary ratings.
 - A preliminary recovery rating may be assigned to an obligation that has a preliminary issue credit rating.

Termination Structures: 't' qualifier

50. This symbol indicates termination structures that are designed to honor their contracts to full maturity or, should certain events occur, to terminate and cash settle all their contracts before their final maturity date.

Counterparty Instrument Rating: 'cir' qualifier

51. This symbol indicates a Counterparty Instrument Rating (CIR), which is a forward-looking opinion about the creditworthiness of an issuer in a securitization structure with respect to a specific financial obligation to a counterparty (including interest rate swaps, currency swaps, and liquidity facilities). The CIR is determined on an ultimate payment basis; these opinions do not take into account timeliness of payment.

B. Inactive Qualifiers

52. Inactive qualifiers are no longer applied or outstanding.

Contingent upon final documentation: '*' inactive qualifier

53. This symbol that indicated that the rating was contingent upon S&P Global Ratings' receipt of an executed copy of the escrow agreement or closing documentation confirming investments and cash flows. Discontinued use in August 1998.

Termination of obligation to tender: 'c' inactive qualifier

54. This qualifier was used to provide additional information to investors that the bank may terminate its obligation to purchase tendered bonds if the long-term credit rating of the issuer was lowered to below an investment-grade level and/or the issuer's bonds were deemed taxable. Discontinued use in January 2001.

U.S. direct government securities: 'G' inactive qualifier

55. The letter 'G' followed the rating symbol when a fund's portfolio consisted primarily of direct U.S. government securities.

Public Information Ratings: 'pi' qualifier

56. This qualifier was used to indicate ratings that were based on an analysis of an issuer's published financial information, as well as additional information in the public domain. Such ratings did not, however, reflect in-depth meetings with an issuer's management and therefore, could have been based on less comprehensive information than ratings without a 'pi' suffix. Discontinued use as of December 2014 and as of August 2015 for Lloyd's Syndicate Assessments.

Provisional Ratings: 'pr' inactive qualifier

57. The letters 'pr' indicate that the rating was provisional. A provisional rating assumed the successful completion of a project financed by the debt being rated and indicates that payment of debt service requirements was largely or entirely dependent upon the successful, timely completion of the project. This rating, however, while addressing credit quality subsequent to completion of the project, made no comment on the likelihood of or the risk of default upon failure of such completion.

Quantitative Analysis of public information: 'q' inactive qualifier

58. A 'q' subscript indicates that the rating is based solely on quantitative analysis of publicly available information. Discontinued use in April 2001.

Extraordinary risks: 'r' inactive qualifier

59. The 'r' modifier was assigned to securities containing extraordinary risks, particularly market risks, which are not covered in the credit rating. The absence of an 'r' modifier should not be taken as an indication that an obligation would not exhibit extraordinary non-credit related risks. S&P Global Ratings discontinued the use of the 'r' modifier for most obligations in June 2000 and for the balance of obligations (mainly structured finance transactions) in November 2002.

V. NATIONAL AND REGIONAL SCALE RATINGS

60. National and regional scale ratings are special-purpose ratings that only apply to issues/issuers in a specific country or region.

A. National And Regional Scale Ratings

61. S&P Global Ratings' national scale credit ratings are an opinion of an obligor's creditworthiness (issuer, corporate, or counterparty credit rating) or overall capacity to meet specific financial obligations (issue credit rating), relative to other issuers and issues in a given country or region. National scale credit ratings provide a rank ordering of credit risk within the country. Given the focus on credit quality within a single country, national scale credit ratings are not comparable between countries. S&P Global Ratings also assigns regional scale credit ratings for certain groups of countries. Regional scale credit ratings have the same attributes as national scale credit ratings in that they are not comparable to other national or regional scales, and are a relative rank order within the region. The national and regional scale credit ratings use S&P Global Ratings symbols with the addition of a two-letter prefix to denote the country or region. Table 15 notes three countries where prefixes are not used. The regional scale rating definitions are the same as the national scale rating definitions but with the word "national" replaced with the word "regional."
62. Table 15 lists the national or regional scales, the country or regional prefixes and the associated countries or regions.

Table 15

National/Regional Scale Credit Rating Prefix		
Scale Name	Prefix	Countries
Argentina National Scale	ra	Argentina
ASEAN Regional Scale	ax	Association of South-East Asian Nations (Indonesia, Malaysia, Philippines, Singapore, Thailand, Brunei Darussalam, Vietnam, Laos, Myanmar, and Cambodia)
Brazil National Scale	br	Brazil
Canada National Scale	no prefix	Canada
CaVal (Mexico) National Scale	mx	Mexico
Chile National Scale	cl	Chile
Greater China Regional Scale	cn	China, Hong Kong, Macau and Taiwan
Gulf Cooperation Council Regional Scale	gc	Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates
Japan SME National Scale	no prefix	Japan
Kazakhstan National Scale	kz	Kazakhstan
Maalot (Israel) National Scale	il	Israel
Nigeria National Scale	ng	Nigeria
Nordic Regional Scale	no prefix	Denmark, Finland, Sweden
Russia National Scale	ru	Russia
South Africa National Scale	za	South Africa
Taiwan Ratings National Scale	tw	Taiwan
Turkey National Scale	tr	Turkey
Ukraine National Scale	ua	Ukraine
Uruguay National Scale	uy	Uruguay

63. Fourteen national and regional scales use an identical set of rating definitions. Tables 16-19 detail the set of definitions applied to the 14 national or regional scales. Canada, Israel, and Japan use different national scales. The Nordic regional short-term scale is also a different scale. In addition, the Taiwan Ratings fund credit quality ratings use a

separate scale. These unique five scales appear after the general national scale ratings.

64. The national scale credit rating definitions include a country prefix denoted as 'xx'. See table 15 for a list of country prefixes, the scale name and the associated countries. For example, 'brBBB' is a Brazil national scale 'BBB' rating for entities/obligations in Brazil.

B. General National And Regional Scale Ratings

1. National Scale Issue Credit Ratings

65. An S&P Global Ratings national scale issue credit rating is a forward-looking opinion about the creditworthiness of an obligor with respect to a specific debt, bond, lease, commercial paper program, certificate of deposit, or other financial instrument ("obligation") relative to the creditworthiness of other national obligors with respect to their own financial obligations. National obligors include all active borrowers, guarantors, insurers, and other providers of credit enhancement residing in the country, as well as any foreign obligor active in country's financial markets.
66. S&P Global Ratings' national scale issue credit ratings are based, in varying degrees, on the analysis of the following considerations:
- The relative likelihood of payment--the rating assesses the obligor's capacity and willingness to meet its financial commitments in accordance with the terms of the financial obligation, compared with other national obligors;
 - The nature and provisions of the financial obligation; and
 - The protection afforded by, and the relative position of, the financial obligation in the event of a bankruptcy, reorganization, or other arrangement under the laws of bankruptcy and other laws affecting creditors' rights.

2. National Scale Long-Term Issue Credit Ratings

Table 16

National Scale Long-Term Issue Credit Ratings*	
Category	Definition
xxAAA	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.
xxAA	An obligation rated 'xxAA' differs from the highest-rated debt only to a small degree. The obligor's capacity to meet its financial commitments on the obligation, relative to other national obligors, is very strong.
xxA	An obligation rated 'xxA' is somewhat more susceptible to adverse effects of changes in circumstances and economic conditions than higher-rated debt. Still, the obligor's capacity to meet its financial commitments on the obligation, relative to other national obligors, is strong.
xxBBB	An obligation rated 'xxBBB' exhibits adequate protection parameters relative to other national obligations. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity on the part of the obligor to meet its financial commitments on the obligation.
xxBB; xxB; xxCCC; xxCC; and xxC	Obligations rated 'xxBB', 'xxB', 'xxCCC', 'xxCC', and 'xC' on the S&P Global Ratings national credit rating scale are regarded as having high risk relative to other national obligations. While such obligations will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposure to adverse conditions relative to other national obligations.
xxBB	An obligation rated 'xxBB' denotes somewhat weak protection parameters relative to other national obligations. The obligor's capacity to meet its financial commitments on the obligation is somewhat weak because of major ongoing uncertainties or exposure to adverse business, financial, or economic conditions.
xxB	An obligation rated 'xxB' is more vulnerable than obligations rated 'xxBB' relative to other national obligations. The obligor currently has a weak capacity to meet its financial obligations. Adverse business, financial, or economic conditions, however, would likely impair capacity or willingness of the obligor to meet its financial commitments on the obligation.

Table 16**National Scale Long-Term Issue Credit Ratings* (cont.)**

Category	Definition
xxCCC	An obligation rated 'xxCCC' is currently vulnerable to nonpayment, relative to other national obligations, and is dependent upon favorable business and financial conditions for the obligor to meet its financial commitments on the obligation. In the event of adverse business, financial, or economic conditions, the obligor is not likely to have the capacity to meet its financial commitment on the obligation.
xxCC	An obligation rated 'xxCC' is currently highly vulnerable to nonpayment relative to other national obligations. The 'xxCC' rating is used when a default has not yet occurred, but S&P Global Ratings expects default to be a virtual certainty, regardless of the anticipated time to default.
xxC	An obligation rated 'xxC' is currently highly vulnerable to nonpayment, and the obligation is expected to have lower relative seniority or lower ultimate recovery compared to obligations that are rated higher.
D	An obligation rated 'D' is in default or in breach of an imputed promise. For non-hybrid capital instruments, the 'D' rating category is used when payments on an obligation are not made on the date due, unless S&P Global Ratings believes that such payments will be made within five business days in the absence of a stated grace period or within the earlier of the stated grace period or 30 calendar days. The 'D' rating also will be used upon the filing of a bankruptcy petition or the taking of similar action and where default on an obligation is a virtual certainty, for example due to automatic stay provisions. An obligation's rating is lowered to 'D' if it is subject to a distressed exchange offer.

*The credit ratings from 'xxAA' to 'xxCCC' may be modified by the addition of a plus (+) or minus (-) to show relative strength with the rating category.

3. National Scale Short-Term Issue Credit Ratings**Table 17****National Scale Short-Term Issue Credit Ratings***

Category	Definition
xxA-1	A short-term obligation rated 'xxA-1' is rated in the highest category on S&P Global Ratings' national scale. The obligor's capacity to meet its commitments on the obligation, relative to other national obligors, is strong. Within this category, certain obligations are designated with a plus sign (+). This indicates that the obligor's capacity to meet its financial commitment on these obligations, relative to other national obligors, is extremely strong.
xxA-2	A short-term obligation rated 'xxA-2' is slightly more susceptible to adverse changes in circumstances and economic conditions than obligations rated 'xxA-1'. The obligor's capacity to meet its financial commitments on the obligation, relative to other national obligors, is satisfactory.
xxA-3	A short-term obligation rated 'xxA-3' denotes adequate protection parameters relative to other short-term national obligations. It is, however, more vulnerable to adverse effects of changes in circumstances than obligations carrying the higher designations.
xxB	A short-term obligation rated 'xxB' denotes weak protection parameters relative to other short-term national obligations. It is vulnerable to adverse business, financial, or economic conditions.
xxC	A short-term obligation rated 'xxC' denotes doubtful capacity for payment.
D	A short-term obligation rated 'D' is in default or in breach of an imputed promise. For non-hybrid capital instruments, the 'D' rating category is used when payments on an obligation are not made on the date due, unless S&P Global Ratings believes that such payments will be made within any stated grace period. However, any stated grace period longer than five business days will be treated as five business days. The 'D' rating also will be used upon the filing of a bankruptcy petition or the taking of a similar action and where default on an obligation is a virtual certainty, for example due to automatic stay provisions. An obligation's rating is lowered to 'D' if it is subject to a distressed exchange offer.

*Apply to obligations with an original maturity of less than one year.

4. National Scale Issuer Credit Ratings

67. An S&P Global Ratings national scale issuer credit rating is a forward-looking opinion about the overall creditworthiness of a debt issuer, guarantor, insurer, or other provider of credit enhancement ("obligor") to meet its financial obligations as they come due, relative to other national obligors. Such national obligors include all active borrowers, guarantors, insurers, and other providers of credit enhancement residing in the country, as well as foreign obligors active in national financial markets.

68. Issuer credit ratings do not apply to specific obligations, as they do not take into account the nature and provisions of the obligation, its standing in bankruptcy or liquidation, statutory preferences, or the legality and enforceability of the obligation. In addition, they do not take into account the creditworthiness of the guarantors, insurers, or other forms of credit enhancement on the obligation.

5. National Scale Long-Term Issuer Credit Ratings

Table 18

National Scale Long-Term Issuer Credit Ratings*	
Category	Definition
xxAAA	An obligor rated 'xxAAA' has an extremely strong capacity to meet its financial commitments relative to that of other national obligors. 'xxAAA' is the highest issuer credit rating assigned according to the S&P Global Ratings national scale.
xxAA	An obligor rated 'xxAA' differs from the highest-rated obligors only to a small degree, and has a very strong capacity to meet its financial commitments relative to that of other national obligors.
xxA	An obligor rated 'xxA' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than higher-rated obligors. Still, the obligor has a strong capacity to meet its financial commitments relative to that of other national obligors.
xxBBB	An obligor rated 'xxBBB' has an adequate capacity to meet its financial commitments relative to that of other national obligors. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments.
xxBB;, xxB; xxCCC; and xxCC	Obligors rated 'xxBB', 'xxB', 'xxCCC', and 'xxCC' on the S&P Global Ratings national credit rating scale are regarded as having high risk relative to other national obligors. While such obligors will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposure to adverse conditions relative to other national obligors.
xxBB	An obligor rated 'xxBB' denotes somewhat weak capacity to meet its financial commitments, although it is less vulnerable than other lower-rated national obligors. However, it faces ongoing uncertainties or exposure to adverse business, financial, or economic conditions, which could result in an inadequate capacity on the part of the obligor to meet its financial commitments.
xxB	An obligor rated 'xxB' is more vulnerable than obligors rated 'xxBB'. The obligor currently has a weak capacity to meet its financial commitments relative to other national obligors. Adverse business, financial, or economic conditions would likely impair the obligor's capacity or willingness to meet its financial commitments.
xxCCC	An obligor rated 'xxCCC' is currently vulnerable relative to other national obligors and is dependent upon favorable business and financial conditions to meet its financial commitments.
xxCC	An obligor rated 'xxCC' is currently highly vulnerable to defaulting on its financial commitments relative to other national obligors. The 'xxCC' rating is used when a default has not yet occurred, but S&P Global Ratings expects default to be a virtual certainty, regardless of the anticipated time to default.
R	An obligor rated 'R' is under regulatory supervision owing to its financial condition. During the pendency of the regulatory supervision, the regulators may have the power to favor one class of obligations over others or pay some obligations and not others.
SD and D	An obligor rated 'SD' (selective default) or 'D' is in default on one or more of its financial obligations including rated and unrated financial obligations but excluding hybrid instruments classified as regulatory capital or in non-payment according to terms. An obligor is considered in default unless S&P Global Ratings believes that such payments will be made within five business days of the due date in the absence of a stated grace period, or within the earlier of the stated grace period or 30 calendar days. A 'D' rating is assigned when S&P Global Ratings believes that the default will be a general default and that the obligor will fail to pay all or substantially all of its obligations as they come due. An 'SD' rating is assigned when S&P Global Ratings believes that the obligor has selectively defaulted on a specific issue or class of obligations but it will continue to meet its payment obligations on other issues or classes of obligations in a timely manner. An obligor's rating is lowered to 'D' or 'SD' if it is conducting a distressed exchange offer.

*The credit ratings from 'xxAA' to 'xxCCC' may be modified by the addition of a plus (+) or minus (-) to show relative strength with the rating category.

6. National Scale Short-Term Issuer Credit Ratings

Table 19

National Scale Short-Term Issuer Credit Ratings*	
Category	Definition
xxA-1	An obligor with a 'xxA-1' short-term credit rating has a strong capacity to meet financial commitments relative to that of other national obligors. Within this category, certain obligations are designated with a plus sign (+). This indicates that the obligor's capacity to meet its financial commitment on these obligations, relative to that of other obligors in the national market, is extremely strong.
xxA-2	An obligor with a 'xxA-2' short-term credit rating has a satisfactory capacity to meet financial obligations relative to that of other national obligors.
xxA-3	An obligor with a 'xxA-3' short-term credit rating has an adequate capacity to meet financial commitments relative to that of other national obligors. However, the obligor is more vulnerable to adverse changes in business circumstances or economic conditions than higher-rated obligors.
xxB	An obligor with a 'xxB' short-term credit rating has a weak capacity to meet financial commitments, relative to that of other national obligors, and is vulnerable to adverse business, financial, or economic conditions.
xxC	An obligor with a 'xxC' short-term credit rating has a doubtful capacity to meet financial commitments.
R	An obligor rated 'R' is under regulatory supervision owing to its financial condition. During the pendency of the regulatory supervision, the regulators may have the power to favor one class of obligations over others or pay some obligations and not others.
SD and D	An obligor rated 'SD' (selective default) or 'D' has failed to pay one or more of its financial obligations (rated or unrated), excluding hybrid instruments classified as regulatory capital or in nonpayment according to terms, when it came due. An obligor is considered in default unless S&P Global Ratings believes that such payments will be made within any stated grace period. However, any stated grace period longer than five business days will be treated as five business days. A 'D' rating is assigned when S&P Global Ratings believes that the default will be a general default and that the obligor will fail to pay all or substantially all of its obligations as they come due. An 'SD' rating is assigned when S&P Global Ratings believes that the obligor has selectively defaulted on a specific issue or class of obligations, excluding hybrid instruments classified as regulatory capital, but it will continue to meet its payment obligations on other issues or classes of obligations in a timely manner. An obligor's rating is lowered to 'D' or 'SD' if it is conducting a distressed exchange offer.

*Apply to an obligor's capacity to meet financial commitments over a time horizon of less than one year.

C. National Scale Insurer Financial Strength Ratings

69. A national scale insurer financial strength rating is a forward-looking opinion about the financial security characteristics of an insurance organization with respect to its ability to pay under its insurance policies and contracts in accordance with their terms, relative to other insurers in the national market.
70. This opinion is not specific to any particular policy or contract, nor does it address the suitability of a particular policy or contract for a specific purpose or purchaser. Furthermore, the opinion does not take into account deductibles, surrender or cancellation penalties, timeliness of payment, nor the likelihood of the use of a defense such as fraud to deny claims.
71. Insurer financial strength ratings do not refer to an organization's ability to meet nonpolicy (i.e., debt) obligations. Assignment of ratings to debt issued by insurers or to debt issues that are fully or partially supported by insurance policies, contracts, or guarantees is a separate process from the determination of insurer financial strength ratings, and follows procedures consistent with those used to assign an issue credit rating.

Table 20

National Scale Insurer Financial Strength Ratings*	
Category	Definition
nsAAA	An insurer rated 'nsAAA' has extremely strong financial security characteristics, relative to other insurers in the national market. 'nsAAA' is the highest insurer financial strength rating assigned by S&P Global Ratings on the national scale.

Table 20

National Scale Insurer Financial Strength Ratings* (cont.)	
Category	Definition
nsAA	An insurer rated 'nsAA' has very strong financial security characteristics, relative to other insurers in the national market, differing only slightly from those rated higher.
nsA	An insurer rated 'nsA' has strong financial security characteristics, relative to other insurers in the national market but is somewhat more likely to be affected by adverse business conditions than are insurers with higher ratings.
nsBBB	An insurer rated 'nsBBB' has good financial security characteristics, relative to other insurers in the national market but is more likely to be affected by adverse business conditions than are higher-rated insurers.
nsBB, nsB, nsCCC, and nsCC	An insurer rated 'nsBB' or lower is regarded as having vulnerable financial security characteristics, relative to other insurers in the national market that may outweigh its strengths. 'nsBB' indicates the least degree of vulnerability within the range; 'nsCC' the highest.
nsBB	An insurer rated 'nsBB' has marginal financial security characteristics, relative to other insurers in the national market. Positive attributes exist, but adverse business conditions could lead to insufficient ability to meet financial commitments.
nsB	An insurer rated 'nsB' has weak financial security characteristics, relative to other insurers in the national market. Adverse business conditions will likely impair its ability to meet financial commitments.
nsCCC	An insurer rated 'nsCCC' has very weak financial security characteristics, relative to other insurers in the national market, and is dependent on favorable business conditions to meet financial commitments.
nsCC	An insurer rated 'nsCC' has extremely weak financial security characteristics, relative to other insurers in the national market and is likely not to meet some of its financial commitments.
R	An insurer rated 'R' is under regulatory supervision owing to its financial condition. During the pendency of the regulatory supervision, the regulators may have the power to favor one class of obligations over others or pay some obligations and not others. The rating does not apply to insurers subject only to nonfinancial actions such as market conduct violations.
SD and D	An insurer rated 'SD' (selective default) or 'D' is in default on one or more of its insurance policy obligations but is not under regulatory supervision that would involve a rating of 'R'. The 'D' rating also will be used upon the filing of a bankruptcy petition or the taking of similar action if payments on a policy obligation are at risk. A 'D' rating is assigned when S&P Global Ratings believes that the default will be a general default and that the obligor will fail to pay substantially all of its obligations in full in accordance with the policy terms. An 'SD' rating is assigned when S&P Global Ratings believes that the insurer has selectively defaulted on a specific class of policies, but it will continue to meet its payment obligations on other classes of obligations. A selective default includes the completion of a distressed exchange offer. Claim denials due to lack of coverage or other legally permitted defenses are not considered defaults.
NR	An insurer designated 'NR' is not rated.

*Ratings from 'nsAA' to 'nsCCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

D. Canada National Scale Ratings

72. Canadian national scale ratings use a unique set of rating definitions detailed in paragraphs 73-78 and tables 21-23.

1. Canadian Commercial Paper Ratings

73. A Canadian commercial paper rating is a forward-looking opinion about the capacity of an obligor to meet the financial commitments associated with a specific commercial paper program or other short-term financial instrument ("obligation") relative to the debt servicing and repayment capacity of other obligors active in the Canadian domestic financial markets ("obligors") with respect to their own financial obligations.

Table 21

Canada National Scale Commercial Paper Ratings	
Category	Definition
A-1(High)	A short-term obligation rated 'A-1(High)' is rated in the highest category by S&P Global Ratings. The obligor's capacity to meet its financial commitment on the obligation is extremely strong. Obligations would qualify for a rating of 'A-1(High)' on the Canadian commercial paper rating scale where the issuer qualifies for a rating of 'A-1+' on S&P Global Ratings' global short-term rating scale.

Table 21

Canada National Scale Commercial Paper Ratings (cont.)	
Category	Definition
A-1(Mid)	Short-term obligations rated 'A-1(Mid)' reflect a strong capacity for the obligor to meet its financial commitment on the obligation. Obligations would qualify for a rating of 'A-1(Mid)' on the Canadian commercial paper rating scale where the issuer qualifies for a rating of 'A-1' on S&P Global Ratings' global short-term rating scale.
A-1(Low)	A short-term obligation rated 'A-1(Low)' is slightly more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rating categories. However, the obligor's capacity to meet its financial commitment on the obligation is satisfactory. Obligations would qualify for a rating of 'A-1(Low)' on the Canadian commercial paper rating scale where the issuer qualifies for a rating of 'A-2' on S&P Global Ratings' global short-term rating scale, and for a long-term issuer credit rating of 'A-' or 'BBB+' on S&P Global Ratings' global long-term rating scale.
A-2(Cdn)	Obligations rated 'A-2(Cdn)' reflect a satisfactory capacity of the obligor to fulfill its financial commitment on the obligation, while exhibiting higher susceptibility to changing circumstances or economic conditions than obligations rated 'A-1(Low)'. Obligations would qualify for a rating of 'A-2(Cdn)' on the Canadian commercial paper rating scale where the issuer qualifies for a rating of 'A-2' on S&P Global Ratings' global short-term rating scale, and for a long-term issuer credit rating of 'BBB' on S&P Global Ratings' global long-term rating scale.
A-3(Cdn)	A short-term obligation rated 'A-3(Cdn)' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation. Obligations would qualify for a rating of 'A-3(Cdn)' on the Canadian commercial paper rating scale where the issuer qualifies for a rating of 'A-3' on S&P Global Ratings' global short-term rating scale.
B(Cdn)	A short-term obligation rated 'B(Cdn)' is regarded as having significant speculative characteristics. The obligor currently has the capacity to meet its financial commitment on the obligation; however, it faces major ongoing uncertainties that could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation. Obligations would qualify for a rating of 'B(Cdn)' on the Canadian commercial paper rating scale where the issuer qualifies for a rating of 'B' on S&P Global Ratings' global short-term rating scale.
C(Cdn)	A short-term obligation rated 'C(Cdn)' is currently vulnerable to nonpayment and is dependent upon favorable business, financial, and economic conditions for the obligor to meet its financial commitment on the obligation. Obligations would qualify for a rating of 'C(Cdn)' on the Canadian commercial paper rating scale where the issuer qualifies for a rating of 'C' on S&P Global Ratings' global short-term rating scale.
D	A short-term obligation rated 'D' is in payment default or in breach of an imputed promise. For non-hybrid capital instruments, the 'D' rating category is used when payments on an obligation are not made on the date due, unless S&P Global Ratings believes that such payments will be made within any stated grace period. However, any stated grace period longer than five business days will be treated as five business days. The 'D' rating also will be used upon the filing of a bankruptcy petition or the taking of a similar action and where default on an obligation is a virtual certainty, for example due to automatic stay provisions. An obligation's rating is lowered to 'D' if it is subject to a distressed exchange offer.

2. Canadian Fund Sensitivity Ratings

74. A fund sensitivity rating is a forward-looking opinion about a fund's inherent share price and return sensitivity to changing market conditions, as measured by the variability of its share price and return. The rating is based on a fund's Value at Risk (VaR; see paragraph 75) relative to a 1-year risk free benchmark. For each sensitivity rating category, risk limits are established that are based on a multiple of VaR compared to the 1-year market benchmark.

Table 22

Canada National Scale Fund Sensitivity Ratings (see paragraph 74)	
Category	Definition
Low Sensitivity	Funds that possess low share price and return variability compared to a 1-year risk free benchmark are rated 'Low Sensitivity.' Within the category, certain funds are rated 'Extremely Low Sensitivity', indicating extremely low sensitivity to changing market conditions.
Low to Moderate Sensitivity	Funds that possess low to moderate share price and return variability compared to a 1-year risk free benchmark are rated 'Low to Moderate Sensitivity.'
Moderate Sensitivity	Funds that possess moderate share price and return variability compared to a 1-year risk free benchmark are rated 'Moderate Sensitivity.'
Moderate to High Sensitivity	Funds that possess moderate to high share price and return variability compared to a 1-year risk free benchmark are rated 'Moderate to High Sensitivity.'

Table 22**Canada National Scale Fund Sensitivity Ratings (see paragraph 74) (cont.)**

Category	Definition
High Sensitivity	Funds that possess high share price and return variability compared to a 1-year risk free benchmark are rated 'High Sensitivity.'
Extremely High Sensitivity	Funds that possess extremely high share price and return variability compared to a 1-year risk free benchmark are rated 'Extremely High Sensitivity.'

75. Value at Risk (VaR) is a probability-based metric for quantifying the market risk of assets and portfolios. VaR is often used as an approximation of the "maximum reasonable loss" over a chosen time horizon. To quantify a fund's sensitivity rating profile, S&P Global Ratings utilizes the 250-day historical 99% VaR of the fund's return versus the same VaR of the benchmark.

76. Risk free benchmark for the country of domicile for each rated fund. Where no risk free benchmark is available, S&P Global Ratings utilizes the most appropriate benchmark for that market. Below is a list of the benchmarks used in the analysis:

- United States: 1-Year T-Bill Index
- Canada: Scotia 1-Year Canadian T-Bill Index

3. Canadian Preferred Share Scale Ratings

77. The S&P Global Ratings Canadian preferred share rating scale serves issuers, investors, and intermediaries in the Canadian financial markets by expressing preferred share ratings (determined in accordance with global rating criteria) in terms of rating symbols that have been actively used in the Canadian market over a number of years. An S&P Global Ratings preferred share rating on the Canadian scale is a forward-looking opinion about the creditworthiness of an obligor with respect to a specific preferred share obligation issued in the Canadian market, relative to preferred shares issued by other issuers in the Canadian market. There is a direct correspondence between the specific ratings assigned on the Canadian preferred share scale and the various rating levels on the global debt rating scale of S&P Global Ratings. The Canadian scale rating is fully determined by the applicable global scale rating, and there are no additional analytical criteria associated with the determination of ratings on the Canadian scale. It is the practice of S&P Global Ratings to present an issuer's preferred share ratings on both the global rating scale and on the Canadian national scale when listing the ratings for a particular issuer.

78. The following table shows the national scale preferred share ratings and the corresponding global scale preferred share ratings:

Table 23**Canada National Scale Preferred Share Scale**

National Scale Preferred Share Rating	Global Scale Preferred Share Rating	National Scale Preferred Share Rating	Global Scale Preferred Share Rating
P-1(High)	AA	P-3(Low)	BB-
P-1	AA-	P-4(High)	B+
P-1	A+	P-4	B
P-1(Low)	A	P-4(Low)	B-
P-1(Low)	A-	P-5(High)	CCC+

Table 23

Canada National Scale Preferred Share Scale (cont.)			
National Scale Preferred Share Rating	Global Scale Preferred Share Rating	National Scale Preferred Share Rating	Global Scale Preferred Share Rating
P-2(High)	BBB+	P-5	CCC
P-2	BBB	P-5(Low)	CCC-
P-2(Low)	BBB-	CC	CC
P-3(High)	BB+	C	C
P-3	BB	D	D

E. Nordic Regional Scale Short-Term Ratings

79. Nordic regional scale ratings use a unique set of rating definitions detailed in paragraph 80 and tables 24 and 25.
80. The following is the Nordic Regional Scale that applies to short-term obligations. The Nordic regional scale that applies to short-term issue credit ratings appears in table 24. The Nordic regional scale that applies to short-term issuer credit ratings appears in table 25.

Table 24

Nordic Regional Scale Short-Term Issue Credit Ratings	
Category	Definition
K-1	A short-term obligation rated 'K-1' exhibits strong protection parameters. This indicates that the obligor's capacity to meet its financial commitment on these obligations is strong.
K-2	A short-term obligation rated 'K-2' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rating categories. However, the obligor's capacity to meet its financial commitment on the obligation is satisfactory.
K-3	A short-term obligation rated 'K-3' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.
K-4	A short-term obligation rated 'K-4' has speculative characteristics but is less vulnerable in the near term than other lower-rated obligations. However, it faces major ongoing uncertainties and exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitments.
K-5	A short-term obligation rated 'K-5' is regarded as vulnerable and has significant speculative characteristics, but the obligor currently has the capacity to meet its financial commitments. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitments.
K-6	A short-term obligation rated 'K-6' is currently vulnerable to nonpayment, and the obligor is dependent upon favorable business, financial, and economic conditions to meet its financial commitments.
D	A short-term obligation rated 'D' is in default or in breach of an imputed promise. For non-hybrid capital instruments, the 'D' rating category is used when payments on an obligation are not made on the date due, unless S&P Global Ratings believes that such payments will be made within any stated grace period. However, any stated grace period longer than five business days will be treated as five business days. The 'D' rating also will be used upon the filing of a bankruptcy petition or the taking of a similar action and where default on an obligation is a virtual certainty, for example due to automatic stay provisions. An obligation's rating is lowered to 'D' if it is subject to a distressed exchange offer.

Table 25

Nordic Regional Scale Short-Term Issuer Credit Ratings	
Category	Definition
K-1	An obligor rated 'K-1' is regarded as having a strong capacity to meet its financial commitments.

Table 25

Nordic Regional Scale Short-Term Issuer Credit Ratings (cont.)	
Category	Definition
K-2	An obligor rated 'K-2' is regarded as having a satisfactory capacity to meet its financial commitments. However, it is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in 'K-1'.
K-3	An obligor rated 'K-3' is regarded as having an adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments.
K-4	An obligor rated 'K-4' has speculative characteristics but is less vulnerable in the near term than other lower-rated obligors. However, it faces major ongoing uncertainties and exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitments.
K-5	An obligor rated 'K-5' is regarded as vulnerable and has significant speculative characteristics, but the obligor currently has the capacity to meet its financial commitments. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitments.
K-6	An obligor rated 'K-6' is currently vulnerable to nonpayment and is dependent upon favorable business, financial, and economic conditions to meet its financial commitments.
D/SD	An obligor rated 'SD' (selective default) or 'D' has failed to pay one or more of its financial obligations (rated or unrated), excluding hybrid instruments classified as regulatory capital or in non-payment according to terms, when it came due. An obligor is considered in default unless S&P Global Ratings believes that such payments will be made within any stated grace period. However, any stated grace period longer than five business days will be treated as five business days. A 'D' rating is assigned when S&P Global Ratings believes that the default will be a general default and that the obligor will fail to pay all or substantially all of its obligations as they come due. An 'SD' rating is assigned when S&P Global Ratings believes that the obligor has selectively defaulted on a specific issue or class of obligations, excluding hybrid instruments classified as regulatory capital, but it will continue to meet its payment obligations on other issues or classes of obligations in a timely manner. An obligor's rating is lowered to 'D' or 'SD' if it is conducting a distressed exchange offer.

F. Standard & Poor's Maalot (Israel) National Scale Ratings

81. Standard & Poor's Maalot (Israel) national scale uses a unique set of rating definitions detailed in paragraphs 82-92 and tables 26-30.
82. The Standard & Poor's Maalot (Israel) national scale serves issuers, insurers, counterparties, intermediaries, and investors in the financial markets of the State of Israel by providing both debt credit ratings, which apply to a specific debt instrument, and issuer credit ratings, which apply to an obligor (i.e., borrower, guarantor, bank, insurer, or other provider of credit enhancement). The Standard & Poor's Maalot national scale uses S&P Global Ratings global rating symbols with the addition of an 'il' prefix to denote "Israel" and the scale's focus on Israeli financial markets. For the most part, the criteria employed for determining ratings on the Standard & Poor's Maalot national scale are similar to those employed on the S&P Global Ratings global scale. Standard & Poor's Maalot national scale credit ratings provide a rank ordering of credit risk within the country. As a result, the Standard & Poor's Maalot national scale is not directly comparable to S&P Global Ratings global scale or to any other national rating scale.

1. Debt Credit Ratings

83. A Standard & Poor's Maalot national scale debt credit rating is a forward-looking opinion about the creditworthiness of an obligor with respect to a specific debt, bond, lease, commercial paper program, certificate of deposit, or other financial instrument ("obligation") relative to the creditworthiness of other Israeli obligors with respect to their own financial obligations. Israeli obligors include all active borrowers, guarantors, banks, insurers, and other providers of credit enhancement residing in Israel, as well as any foreign obligor active in Israeli financial markets.

2. Long-Term Debt Credit Ratings

84. Standard & Poor's Maalot national scale debt credit ratings are based, in varying degrees, on the analysis of the following considerations:
- The relative likelihood of payment--the rating assesses the obligor's capacity and willingness to meet its financial commitments in accordance with the terms of the financial obligation, compared with other Israeli obligors;
 - The nature and provisions of the financial obligation; and
 - The protection afforded by, and the relative position of, the financial obligation in the event of a bankruptcy, reorganization, or other arrangement under the laws of bankruptcy and other laws affecting creditors' rights.
85. Obligation ratings are an assessment of default risk, but may incorporate an assessment of relative seniority or ultimate recovery in the event of default. Junior obligations are typically rated lower than senior obligations, to reflect the lower priority in bankruptcy, as noted above. (Such differentiation may apply when an entity has both senior and subordinated obligations, secured and unsecured obligations, or operating company and holding company obligations.)

Table 26

Standard & Poor's Maalot (Israel) National Scale Long-Term Issue Ratings*	
Category	Definition
iAAA	An obligation rated 'iAAA' has the highest rating assigned on Standard & Poor's Maalot national scale. The obligor's capacity to meet its financial commitments on the obligation, relative to other Israeli obligors, is very strong.
iAA	An obligation rated 'iAA' differs from the highest-rated debt only to a small degree. The obligor's capacity to meet its financial commitments on the obligation, relative to other Israeli obligors, is strong.
iA	An obligation rated 'iA' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than higher –rated obligors. Still, the obligor has a moderately strong capacity to meet its financial commitments on the obligation, relative to other Israeli obligors.
iBBB	An obligation rated 'iBBB' exhibits reasonably adequate protection parameters relative to other Israeli obligations. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity on the part of the obligor to meet its financial commitments on the obligation.
iBB; iB; iCCC; iCC; and iC	Obligations rated 'iBB', 'iB', 'iCCC', 'iCC', and 'iC' on the Standard & Poor's Maalot national rating scale are regarded as having high risk relative to other Israeli obligations. While such obligations will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposure to adverse conditions relative to other Israeli obligations.
iBB	An obligation rated 'iBB' denotes somewhat weak protection parameters relative to other Israeli obligations. The obligor's capacity to meet its financial commitments on the obligation is somewhat weak because of major ongoing uncertainties or exposure to adverse business, financial, or economic conditions.
iB	An obligation rated 'iB' is more vulnerable than obligations rated 'iBB' relative to other Israeli obligations. The obligor currently has a weak capacity to meet its financial obligations. Adverse business, financial, or economic conditions, however, would likely impair capacity or willingness of the obligor to meet its financial commitments on the obligation.
iCCC	An obligation rated 'iCCC' is currently vulnerable to nonpayment, relative to other Israeli obligations, and is dependent upon favorable business and financial conditions for the obligor to meet its financial commitments on the obligation. In the event of adverse business, financial, or economic conditions, the obligor is unlikely to have the capacity to meet its financial commitment on the obligation.
iCC	An obligation rated 'iCC' is currently highly vulnerable to nonpayment relative to other Israeli obligations. The 'iCC' rating is used when a default has not yet occurred, but Standard & Poor's Maalot expects default to be a virtual certainty, regardless of the anticipated time to default.
iC	An obligation rated 'iC' is currently highly vulnerable to nonpayment, and the obligation is expected to have lower relative seniority or lower ultimate recovery compared to obligations that are rated higher.

Table 26**Standard & Poor's Maalot (Israel) National Scale Long-Term Issue Ratings* (cont.)**

Category	Definition
D	An obligation rated 'D' is in default or in breach of an imputed promise. For non-hybrid capital instruments, the 'D' rating category is used when payments on an obligation are not made on the date due, unless Standard & Poor's Maalot believes that such payments will be made within five business days in the absence of a stated grace period or within the earlier of the stated grace period or 30 calendar days. The 'D' rating also will be used upon the filing of a bankruptcy petition or the taking of similar action and where default on an obligation is a virtual certainty, for example due to automatic stay provisions. An obligation's rating is lowered to 'D' if it is subject to a distressed exchange offer.

*The ratings from 'iAAA' to 'iLCCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative strength within the rating category.

3. Short-Term Ratings

86. Apply to obligations with an original maturity of less than one year.

Table 27**Standard & Poor's Maalot (Israel) National Scale Short-Term Issue Ratings**

Category	Definition
iIA-1	A short-term obligation rated 'iIA-1' is rated in the highest category on Standard & Poor's Maalot Israeli national scale. The obligor's capacity to meet its commitments on the obligation, relative to other Israeli obligors, is strong. Within this category, certain obligations are designated with a plus sign (+). This indicates that the obligor's capacity to meet its financial commitment on these obligations, relative to that of other obligors in the Israeli market, is very strong.
iIA-2	A short-term obligation rated 'iIA-2' is slightly more susceptible to adverse changes in circumstances and economic conditions than obligations rated 'iIA-1'. The obligor's capacity to meet its financial commitments on the obligation, relative to other Israeli obligors, is satisfactory.
iIA-3	A short-term obligation rated 'iIA-3' denotes adequate protection parameters relative to other short-term Israeli obligations. It is, however, more vulnerable to adverse effects of changes in circumstances than obligations carrying the higher designations.
iIB	A short-term obligation rated 'iIB' denotes weak protection parameters relative to other short-term Israeli obligations. It is vulnerable to adverse business, financial, or economic conditions.
iIC	A short-term obligation rated 'iIC' denotes doubtful capacity for payment.
D	A short-term obligation rated 'D' is in default or in breach of an imputed promise. For non-hybrid capital instruments, the 'D' rating category is used when payments on an obligation are not made on the date due, unless Standard & Poor's Maalot believes that such payments will be made within any stated grace period. However, any stated grace period longer than five business days will be treated as five business days. The 'D' rating also will be used upon the filing of a bankruptcy petition or the taking of a similar action and where default on an obligation is a virtual certainty, for example due to automatic stay provisions. An obligation's rating is lowered to 'D' if it is subject to a distressed exchange offer.

4. Issuer Credit Ratings

87. A Standard & Poor's Maalot national scale issuer credit rating is a forward-looking opinion about the overall creditworthiness of a debt issuer, guarantor, bank, insurer, or other provider of credit enhancement ("obligor") to meet its financial obligations as they come due, relative to other Israeli obligors. Such Israeli obligors include all active borrowers, guarantors, banks, insurers, and other providers of credit enhancement residing in Israel, as well as foreign obligors active on Israeli financial markets. A counterparty credit rating is a form of issuer credit rating.
88. Issuer credit ratings do not apply to specific obligations, as they do not take into account the nature and provisions of the obligation, its standing in bankruptcy or liquidation, statutory preferences, or the legality and enforceability of the obligation. In addition, they do not take into account the creditworthiness of the guarantors, insurers, or other forms of credit enhancement on the obligation.

5. Long-Term Issuer Credit Ratings

Table 28

Standard & Poor's Maalot (Israel) National Scale Long-Term Issuer Ratings*	
Category	Definition
ilAAA	An obligor rated 'ilAAA' has a very strong capacity to meet its financial commitments relative to that of other Israeli obligors. 'ilAAA' is the highest issuer credit rating assigned according to the Standard & Poor's Maalot national scale.
ilAA	An obligor rated 'ilAA' differs from the highest-rated obligors only to a small degree, and has a strong capacity to meet its financial commitments relative to that of other Israeli obligors.
ilA	An obligor rated 'ilA' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than higher-rated obligors. Still, the obligor has a moderately strong capacity to meet its financial commitments relative to that of other Israeli obligors.
ilBBB	An obligor rated 'ilBBB' has a reasonably adequate capacity to meet its financial commitments relative to that of other Israeli obligors. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments.
ilBB; ilB; ilCCC; and ilCC	Obligors rated 'ilBB', 'ilB', 'ilCCC', and 'ilCC' on the Standard & Poor's Maalot national rating scale are regarded as having high risk relative to other Israeli obligors. While such obligors will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposure to adverse conditions relative to other Israeli obligors.
ilBB	An obligor rated 'ilBB' denotes somewhat weak capacity to meet its financial commitments, although it is less vulnerable than other lower-rated Israeli obligors. However, it faces ongoing uncertainties or exposure to adverse business, financial, or economic conditions, which could result in an inadequate capacity on the part of the obligor to meet its financial commitments.
ilB	An obligor rated 'ilB' is more vulnerable than obligors rated 'ilBB'. The obligor currently has a weak capacity to meet its financial commitments relative to other Israeli obligors. Adverse business, financial, or economic conditions would likely impair the obligor's capacity or willingness to meet its financial commitments.
ilCCC	An obligor rated 'ilCCC' is currently vulnerable relative to other Israeli obligors and is dependent upon favorable business and financial conditions to meet its financial commitments.
ilCC	An obligor rated 'ilCC' is currently highly vulnerable to defaulting on its financial commitments relative to other Israeli obligors. The 'ilCC' rating is used when a default has not yet occurred, but Standard & Poor's Maalot expects default to be a virtual certainty, regardless of the anticipated time to default.
R	An obligor rated 'R' is under regulatory supervision owing to its financial condition. During the pendency of the regulatory supervision, the regulators may have the power to favor one class of obligations over others or pay some obligations and not others.
SD and D	An obligor rated 'SD' (selective default) or 'D' is in default on one or more of its financial obligations including rated and unrated financial obligations but excluding hybrid instruments classified as regulatory capital or in non-payment according to terms. An obligor is considered in default unless Standard & Poor's Maalot believes that such payments will be made within five business days of the due date in the absence of a stated grace period, or within the earlier of the stated grace period or 30 calendar days. A 'D' rating is assigned when Standard & Poor's Maalot believes that the default will be a general default and that the obligor will fail to pay all or substantially all of its obligations as they come due. An 'SD' rating is assigned when Standard & Poor's Maalot believes that the obligor has selectively defaulted on a specific issue or class of obligations but it will continue to meet its payment obligations on other issues or classes of obligations in a timely manner. An obligor's rating is lowered to 'D' or 'SD' if it is conducting a distressed exchange offer.

*The ratings from 'ilAA' to 'ilCCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative strength within the rating category.

6. Short-Term Issuer Credit Ratings

89. Apply to obligors' capacity to meet financial commitments over a time horizon of less than one year.

Table 29

Standard & Poor's Maalot (Israel) National Scale Short-Term Issuer Ratings	
Category	Definition
ilA-1	An obligor with an 'ilA-1' short-term rating has a strong capacity to meet financial commitments relative to that of other Israeli obligors. Within this category, certain obligations are designated with a plus sign (+). This indicates that the obligor's capacity to meet its financial commitment on these obligations, relative to that of other obligors in the Israeli market, is very strong.
ilA-2	An obligor with an 'ilA-2' short-term rating has a satisfactory capacity to meet financial obligations relative to that of other Israeli obligors.

Table 29

Standard & Poor's Maalot (Israel) National Scale Short-Term Issuer Ratings (cont.)	
Category	Definition
iA-3	An obligor with an 'iA-3' short-term rating has an adequate capacity to meet financial commitments relative to that of other Israeli obligors. However, the obligor is more vulnerable to adverse changes in business circumstances or economic conditions than higher-rated obligors.
iB	An obligor with an 'iB' short-term rating has a weak capacity to meet financial commitments, relative to that of other Israeli obligors, and is vulnerable to adverse business, financial, or economic conditions.
iC	An obligor with an 'iC' short-term rating has a doubtful capacity to meet financial commitments.
R	An obligor rated 'R' is under regulatory supervision owing to its financial condition. During the pendency of the regulatory supervision the regulators may have the power to favor one class of obligations over others or pay some obligations and not others.
SD and D	An obligor rated 'SD' (selective default) or 'D' has failed to pay one or more of its financial obligations (rated or unrated), excluding hybrid instruments classified as regulatory capital or in nonpayment according to terms, when it came due. An obligor is considered in default unless Standard & Poor's Maalot believes that such payments will be made within any stated grace period. However, any stated grace period longer than five business days will be treated as five business days. A 'D' rating is assigned when Standard & Poor's Maalot believes that the default will be a general default and that the obligor will fail to pay all or substantially all of its obligations as they come due. An 'SD' rating is assigned when Standard & Poor's Maalot believes that the obligor has selectively defaulted on a specific issue or class of obligations, excluding hybrid instruments classified as regulatory capital, but it will continue to meet its payment obligations on other issues or classes of obligations in a timely manner. An obligor's rating is lowered to 'D' or 'SD' if it is conducting a distressed exchange offer.

7. Insurer Financial Strength Ratings

90. A Standard & Poor's Maalot (Israel) national scale insurer financial strength rating is a forward-looking opinion about the financial security characteristics of an insurance organization with respect to its ability to pay under its insurance policies and contracts in accordance with their terms, relative to other insurers in the national market.
91. This opinion is not specific to any particular policy or contract, nor does it address the suitability of a particular policy or contract for a specific purpose or purchaser. Furthermore, the opinion does not take into account deductibles, surrender or cancellation penalties, timeliness of payment, nor the likelihood of the use of a defense such as fraud to deny claims.
92. Insurer financial strength ratings do not refer to an organization's ability to meet nonpolicy (i.e., debt) obligations. Assignment of ratings to debt issued by insurers or to debt issues that are fully or partially supported by insurance policies, contracts, or guarantees is a separate process from the determination of insurer financial strength ratings, and follows procedures consistent with those used to assign an issue credit rating.

Table 30

Standard & Poor's Maalot (Israel) National Scale Insurer Financial Strength Ratings*	
Category	Definition
iAAA	An insurer rated 'iAAA' has extremely strong financial security characteristics, relative to other insurers in the Israel market. 'iAAA' is the highest insurer financial strength rating assigned on the Standard & Poor's Maalot (Israel) national scale.
iAA	An insurer rated 'iAA' has very strong financial security characteristics, relative to other insurers in the Israel market, differing only slightly from those rated higher.
iA	An insurer rated 'iA' has strong financial security characteristics, relative to other insurers in the Israel market but is somewhat more likely to be affected by adverse business conditions than are insurers with higher ratings.
iBBB	An insurer rated 'iBBB' has good financial security characteristics, relative to other insurers in the Israel market but is more likely to be affected by adverse business conditions than are higher-rated insurers.
iBB, iB, iCCC, and iCC	An insurer rated 'iBB' or lower is regarded as having vulnerable financial security characteristics, relative to other insurers in the Israel market that may outweigh its strengths. 'iBB' indicates the least degree of vulnerability within the range; 'iCC' the highest.

Table 30

Standard & Poor's Maalot (Israel) National Scale Insurer Financial Strength Ratings* (cont.)	
Category	Definition
iBB	An insurer rated 'iBB' has marginal financial security characteristics, relative to other insurers in the Israel market. Positive attributes exist, but adverse business conditions could lead to insufficient ability to meet financial commitments.
iB	An insurer rated 'iB' has weak financial security characteristics, relative to other insurers in the Israel market. Adverse business conditions will likely impair its ability to meet financial commitments.
iCCC	An insurer rated 'iCCC' has very weak financial security characteristics, relative to other insurers in the Israel market, and is dependent on favorable business conditions to meet financial commitments.
iCC	An insurer rated 'iCC' has extremely weak financial security characteristics, relative to other insurers in the Israel market and is likely not to meet some of its financial commitments.
R	An insurer rated 'R' is under regulatory supervision owing to its financial condition. During the pendency of the regulatory supervision, the regulators may have the power to favor one class of obligations over others or pay some obligations and not others. The rating does not apply to insurers subject only to nonfinancial actions such as market conduct violations.
SD and D	An insurer rated 'SD' (selective default) or 'D' is in default on one or more of its insurance policy obligations but is not under regulatory supervision that would involve a rating of 'R'. The 'D' rating also will be used upon the filing of a bankruptcy petition or the taking of similar action if payments on a policy obligation are at risk. A 'D' rating is assigned when Standard & Poor's Maalot believes that the default will be a general default and that the obligor will fail to pay substantially all of its obligations in full in accordance with the policy terms. An 'SD' rating is assigned when Standard & Poor's Maalot believes that the insurer has selectively defaulted on a specific class of policies, but it will continue to meet its payment obligations on other classes of obligations. A selective default includes the completion of a distressed exchange offer. Claim denials due to lack of coverage or other legally permitted defenses are not considered defaults.
NR	An insurer designated 'NR' is not rated.

*Ratings from 'iAA' to 'iCCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

G. Taiwan Ratings National Scale Ratings

93. Taiwan Ratings Corporation (Taiwan Ratings) is a majority owned subsidiary of S&P Global Ratings operating as Taiwan Ratings Corporation (Taiwan Ratings). Taiwan Ratings national scale serves issuers, insurers, counterparties, intermediaries, and investors in Taiwan's financial markets providing:
- issue credit ratings, which apply to a specific obligation,
 - issuer credit ratings, which apply to an obligor (i.e. borrower, guarantor, bank, insurer, or other provider of credit enhancement),
 - insurer financial strength ratings, which apply to an insurer's ability to pay under its insurance policies and contracts in accordance with their terms, and
 - fixed-income fund credit quality ratings identified with an 'f' suffix to denote funds that exhibit variable net asset values.
94. Taiwan Ratings national scale uses S&P Global Ratings symbols with the addition of a 'tw' prefix to denote "Taiwan" and the scale's focus on the Taiwanese financial markets. The criteria employed for determining ratings on Taiwan Ratings national scale are comparable to those employed on the S&P Global Ratings global scale, and the mapping of Taiwan Ratings national scale ratings to S&P Global Ratings global scale ratings is publicly available and can be found at www.taiwanratings.com.
95. Taiwan Ratings' long-term and short-term issue and issuer credit rating definitions and insurer financial strength ratings definitions outlined in tables 31-35 are the same as those in tables 16-20 except they apply to Taiwan Ratings

rather than S&P Global Ratings. Taiwan Ratings fixed-income fund credit quality ratings definitions are described in table 36.

Taiwan Ratings Issue Credit Ratings

96. A Taiwan Ratings issue credit rating is a forward-looking opinion about the creditworthiness of an obligor with respect to a specific debt, bond, lease, commercial paper program, certificate of deposit, or other financial instrument ("obligation") relative to the creditworthiness of other Taiwanese obligors with respect to their own financial obligations. Taiwanese obligors include all active borrowers, guarantors, insurers, and other providers of credit enhancement residing in Taiwan, as well as any foreign obligor active in Taiwan's financial markets.
97. Taiwan Ratings issue credit ratings are based, in varying degrees, on the analysis of the following considerations:
- The relative likelihood of payment--the rating assesses the obligor's capacity and willingness to meet its financial commitments in accordance with the terms of the financial obligation, compared with other Taiwanese obligors;
 - The nature and provisions of the financial obligation; and
 - The protection afforded by, and the relative position of, the financial obligation in the event of a bankruptcy, reorganization, or other arrangement under the laws of bankruptcy and other laws affecting creditors' rights.

Taiwan Ratings Long-Term Issue Credit Ratings

Table 31

Taiwan Ratings Long-Term Issue Credit Ratings*	
Category	Definition
twAAA	An obligation rated 'twAAA' has the highest credit rating assigned on Taiwan Ratings national scale. The obligor's capacity to meet its financial commitments on the obligation, relative to other Taiwanese obligors, is extremely strong.
twAA	An obligation rated 'twAA' differs from the highest-rated debt only to a small degree. The obligor's capacity to meet its financial commitments on the obligation, relative to other Taiwanese obligors, is very strong.
twA	An obligation rated 'twA' is somewhat more susceptible to adverse effects of changes in circumstances and economic conditions than higher-rated debt. Still, the obligor's capacity to meet its financial commitments on the obligation, relative to other Taiwanese obligors, is strong.
twBBB	An obligation rated 'twBBB' exhibits adequate protection parameters relative to other Taiwanese obligations. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity on the part of the obligor to meet its financial commitments on the obligation.
twBB; twB; twCCC; twCC; and twC	Obligations rated 'twBB', 'twB', 'twCCC', 'twCC', and 'twC' on the Taiwan Ratings national credit rating scale are regarded as having high risk relative to other national obligations. While such obligations will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposure to adverse conditions relative to other Taiwanese obligations.
twBB	An obligation rated 'twBB' denotes somewhat weak protection parameters relative to other Taiwanese obligations. The obligor's capacity to meet its financial commitments on the obligation is somewhat weak because of major ongoing uncertainties or exposure to adverse business, financial, or economic conditions.
twB	An obligation rated 'twB' is more vulnerable than obligations rated 'twBB' relative to other Taiwanese obligations. The obligor currently has a weak capacity to meet its financial obligations. Adverse business, financial, or economic conditions, however, would likely impair capacity or willingness of the obligor to meet its financial commitments on the obligation.
twCCC	An obligation rated 'twCCC' is currently vulnerable to nonpayment, relative to other Taiwanese obligations, and is dependent upon favorable business and financial conditions for the obligor to meet its financial commitments on the obligation. In the event of adverse business, financial, or economic conditions, the obligor is not likely to have the capacity to meet its financial commitment on the obligation.
twCC	An obligation rated 'twCC' is currently highly vulnerable to nonpayment relative to other Taiwanese obligations. The 'twCC' rating is used when a default has not yet occurred, but Taiwan Ratings expects default to be a virtual certainty, regardless of the anticipated time to default.
twC	An obligation rated 'twC' is currently highly vulnerable to nonpayment, and the obligation is expected to have lower relative seniority or lower ultimate recovery compared to obligations that are rated higher.

Table 31**Taiwan Ratings Long-Term Issue Credit Ratings* (cont.)**

Category	Definition
D	An obligation rated 'D' is in default or in breach of an imputed promise. For non-hybrid instruments, the 'D' rating category is used when payments on an obligation are not made on the date due, unless Taiwan Ratings believes that such payments will be made within five business days, in the absence of a stated grace period or within the earlier of the stated grace period or 30 calendar days. The 'D' rating also will be used upon the filing of a bankruptcy petition or the taking of similar action and where default on an obligation is a virtual certainty, for example due to automatic stay provisions. An obligation's rating is lowered to 'D' upon completion of a distressed exchange offer.

*The credit ratings from 'twAA' to 'twCCC' may be modified by the addition of a plus (+) or minus (-) to show relative strength with the rating category.

Taiwan Ratings Short-Term Issue Credit Ratings**Table 32****Taiwan Ratings Short-Term Issue Credit Ratings***

Category	Definition
twA-1	A short-term obligation rated 'twA-1' is rated in the highest category on Taiwan Ratings national scale. The obligor's capacity to meet its commitments on the obligation, relative to other Taiwanese obligors, is strong. Within this category, certain obligations are designated with a plus sign (+). This indicates that the obligor's capacity to meet its financial commitment on these obligations, relative to other Taiwanese obligors, is extremely strong.
twA-2	A short-term obligation rated 'twA-2' is slightly more susceptible to adverse changes in circumstances and economic conditions than obligations rated 'twA-1'. The obligor's capacity to meet its financial commitments on the obligation, relative to other Taiwanese obligors, is satisfactory.
twA-3	A short-term obligation rated 'twA-3' denotes adequate protection parameters relative to other short-term Taiwanese obligations. It is, however, more vulnerable to adverse effects of changes in circumstances than obligations carrying the higher designations.
twB	A short-term obligation rated 'twB' denotes weak protection parameters relative to other short-term Taiwanese obligations. It is vulnerable to adverse business, financial, or economic conditions.
twC	A short-term obligation rated 'twC' denotes doubtful capacity for payment.
D	A short-term obligation rated 'D' is in default or in breach of an imputed promise. For non-hybrid instruments, the 'D' rating category is used when payments on an obligation are not made on the date due, unless Taiwan Ratings believes that such payments will be made within any stated grace period. However, any stated grace period longer than five business days will be treated as five business days. The 'D' rating also will be used upon the filing of a bankruptcy petition or the taking of a similar action and where default on an obligation is a virtual certainty, for example due to automatic stay provisions. An obligation's rating is lowered to 'D' if it is subject to a distressed exchange offer.

*Apply to obligations with an original maturity of less than one year.

Taiwan Ratings Issuer Credit Ratings

98. A Taiwan Ratings issuer credit rating is a forward-looking opinion about the overall creditworthiness of a debt issuer, guarantor, insurer, or other provider of credit enhancement ("obligor") to meet its financial obligations as they come due, relative to other Taiwanese obligors. Such Taiwanese obligors include all active borrowers, guarantors, insurers, and other providers of credit enhancement residing in Taiwan, as well as foreign obligors active in Taiwan's financial markets.
99. Issuer credit ratings do not apply to specific obligations, as they do not take into account the nature and provisions of the obligation, its standing in bankruptcy or liquidation, statutory preferences, or the legality and enforceability of the obligation. In addition, they do not take into account the creditworthiness of the guarantors, insurers, or other forms of credit enhancement on the obligation.
100. Counterparty credit ratings and corporate credit ratings are all forms of issuer credit ratings.

Taiwan Ratings Long-Term Issuer Credit Ratings

Table 33

Taiwan Ratings Long-Term Issuer Credit Ratings*	
Category	Definition
twAAA	An obligor rated 'twAAA' has an extremely strong capacity to meet its financial commitments relative to that of other Taiwanese obligors. 'twAAA' is the highest issuer credit rating assigned according to Taiwan Ratings national scale.
twAA	An obligor rated 'twAA' differs from the highest-rated obligors only to a small degree, and has a very strong capacity to meet its financial commitments relative to that of other Taiwanese obligors.
twA	An obligor rated 'twA' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than higher-rated obligors. Still, the obligor has a strong capacity to meet its financial commitments relative to that of other Taiwanese obligors.
twBBB	An obligor rated 'twBBB' has an adequate capacity to meet its financial commitments relative to that of other Taiwanese obligors. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments.
twBB; twB; twCCC; and twCC	Obligors rated 'twBB', 'twB', 'twCCC', and 'twCC' on the Taiwan Ratings credit rating scale are regarded as having high risk relative to other Taiwanese obligors. While such obligors will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposure to adverse conditions relative to other Taiwanese obligors.
twBB	An obligor rated 'twBB' denotes somewhat weak capacity to meet its financial commitments, although it is less vulnerable than other lower-rated Taiwanese obligors. However, it faces ongoing uncertainties or exposure to adverse business, financial, or economic conditions, which could result in an inadequate capacity on the part of the obligor to meet its financial commitments.
twB	An obligor rated 'twB' is more vulnerable than obligors rated 'twBB'. The obligor currently has a weak capacity to meet its financial commitments relative to other Taiwanese obligors. Adverse business, financial, or economic conditions would likely impair the obligor's capacity or willingness to meet its financial commitments.
twCCC	An obligor rated 'twCCC' is currently vulnerable relative to other Taiwanese obligors and is dependent upon favorable business and financial conditions to meet its financial commitments.
twCC	An obligor rated 'twCC' is currently highly vulnerable to defaulting on its financial commitments relative to other Taiwanese obligors. The 'twCC' rating is used when a default has not yet occurred, but Taiwan Ratings expects default to be a virtual certainty, regardless of the anticipated time to default.
R	An obligor rated 'R' is under regulatory supervision owing to its financial condition. During the pendency of the regulatory supervision, the regulators may have the power to favor one class of obligations over others or pay some obligations and not others.
SD and D	An obligor rated 'SD' (selective default) or 'D' is in default on one or more of its financial obligations including rated and unrated financial obligations but excluding hybrid instruments classified as regulatory capital or in non-payment according to terms. An obligor is considered in default unless Taiwan Ratings believes that such payments will be made within five business days, or within the earlier of the stated grace period or 30 calendar days. A 'D' rating is assigned when Taiwan Ratings believes that the default will be a general default and that the obligor will fail to pay all or substantially all of its obligations as they come due. A 'SD' rating is assigned when Taiwan Ratings believes that the obligor has selectively defaulted on a specific issue or class of obligations but it will continue to meet its payment obligations on other issues or classes of obligations in a timely manner. An obligor's rating is lowered to 'D' or 'SD' if it is conducting a distressed exchange offer.
NR	An issuer designated 'NR' is not rated.

*The credit ratings from 'twAA' to 'twCCC' may be modified by the addition of a plus (+) or minus (-) to show relative strength with the rating category.

Taiwan Ratings Short-Term Issuer Credit Ratings

Table 34

Taiwan Ratings Short-Term Issuer Credit Ratings*	
Category	Definition
twA-1	An obligor with a 'twA-1' short-term credit rating has a strong capacity to meet financial commitments relative to that of other Taiwanese obligors. Within this category, certain obligations are designated with a plus sign (+). This indicates that the obligor's capacity to meet its financial commitment on these obligations, relative to that of other obligors in the Taiwanese market, is extremely strong.
twA-2	An obligor with a 'twA-2' short-term credit rating has a satisfactory capacity to meet financial obligations relative to that of other Taiwanese obligors.

Table 34

Taiwan Ratings Short-Term Issuer Credit Ratings* (cont.)	
Category	Definition
twA-3	An obligor with a 'twA-3' short-term credit rating has an adequate capacity to meet financial commitments relative to that of other Taiwanese obligors. However, the obligor is more vulnerable to adverse changes in business circumstances or economic conditions than higher-rated obligors.
twB	An obligor with a 'twB' short-term credit rating has a weak capacity to meet financial commitments, relative to that of other Taiwanese obligors, and is vulnerable to adverse business, financial, or economic conditions.
twC	An obligor with a 'twC' short-term credit rating has a doubtful capacity to meet financial commitments.
R	An obligor rated 'R' is under regulatory supervision owing to its financial condition. During the pendency of the regulatory supervision, the regulators may have the power to favor one class of obligations over others or pay some obligations and not others.
SD and D	An obligor rated 'SD' (selective default) or 'D' has failed to pay one or more of its financial obligations (rated or unrated), excluding hybrid instruments classified as regulatory capital or that are in nonpayment according to terms, when it came due. An obligor is considered in default unless Taiwan Ratings believes that such payments will be made within any stated grace period. However, any stated grace period longer than five business days will be treated as five business days. A 'D' credit rating is assigned when Taiwan Ratings believes that the default will be a general default and that the obligor will fail to pay all or substantially all of its obligations as they come due. A 'SD' credit rating is assigned when Taiwan Ratings believes that the obligor has selectively defaulted on a specific issue or class of obligations, excluding hybrid instruments classified as regulatory capital, but it will continue to meet its payment obligations on other issues or classes of obligations in a timely manner. An obligor's rating is lowered to 'D' or 'SD' if it is conducting a distressed exchange offer.
NR	An issuer designated 'NR' is not rated.

*Apply to an obligor's capacity to meet financial commitments over a time horizon of less than one year.

Taiwan Ratings Insurer Financial Strength Ratings

101. A Taiwan Ratings' insurer financial strength rating is a forward-looking opinion about the financial security characteristics of an insurance organization with respect to its ability to pay under its insurance policies and contracts in accordance with their terms, relative to other insurers in the Taiwan market.
102. This opinion is not specific to any particular policy or contract, nor does it address the suitability of a particular policy or contract for a specific purpose or purchaser. Furthermore, the opinion does not take into account deductibles, surrender or cancellation penalties, timeliness of payment, nor the likelihood of the use of a defense such as fraud to deny claims.
103. Insurer financial strength ratings do not refer to an organization's ability to meet nonpolicy (i.e., debt) obligations. Assignment of ratings to debt issued by insurers or to debt issues that are fully or partially supported by insurance policies, contracts, or guarantees is a separate process from the determination of insurer financial strength ratings, and follows procedures consistent with those used to assign an issue credit rating.

Table 35

Taiwan Ratings Insurer Financial Strength Ratings*	
Category	Definition
twAAA	An insurer rated 'twAAA' has extremely strong financial security characteristics, relative to other insurers in the Taiwan market. 'twAAA' is the highest insurer financial strength rating assigned by Taiwan Ratings.
twAA	An insurer rated 'twAA' has very strong financial security characteristics, relative to other insurers in the Taiwan market, differing only slightly from those rated higher.
twA	An insurer rated 'twA' has strong financial security characteristics, relative to other insurers in the Taiwan market but is somewhat more likely to be affected by adverse business conditions than are insurers with higher ratings.
twBBB	An insurer rated 'twBBB' has good financial security characteristics, relative to other insurers in the Taiwan market but is more likely to be affected by adverse business conditions than are higher-rated insurers.

Table 35

Taiwan Ratings Insurer Financial Strength Ratings* (cont.)

Category	Definition
twBB, twB, twCCC, and twCC	An insurer rated 'twBB' or lower is regarded as having vulnerable financial security characteristics, relative to other insurers in the Taiwan market, which may outweigh its strengths. 'twBB' indicates the least degree of vulnerability within the range; 'twCC' the highest.
twBB	An insurer rated 'twBB' has marginal financial security characteristics, relative to other insurers in the Taiwan market. Positive attributes exist, but adverse business conditions could lead to insufficient ability to meet financial commitments.
twB	An insurer rated 'twB' has weak financial security characteristics, relative to other insurers in the Taiwan market. Adverse business conditions will likely impair its ability to meet financial commitments.
twCCC	An insurer rated 'twCCC' has very weak financial security characteristics, relative to other insurers in the Taiwan market, and is dependent on favorable business conditions to meet financial commitments.
twCC	An insurer rated 'twCC' has extremely weak financial security characteristics, relative to other insurers in the Taiwan market and is likely not to meet some of its financial commitments.
R	An insurer rated 'R' is under regulatory supervision owing to its financial condition. During the pendency of the regulatory supervision, the regulators may have the power to favor one class of obligations over others or pay some obligations and not others. The rating does not apply to insurers subject only to nonfinancial actions such as market conduct violations.
SD and D	An insurer rated 'SD' (selective default) or 'D' is in default on one or more of its insurance policy obligations but is not under regulatory supervision that would involve a rating of 'twR'. The 'D' rating also will be used upon the filing of a bankruptcy petition or the taking of similar action if payments on a policy obligation are at risk. A 'D' rating is assigned when Taiwan Ratings believes that the default will be a general default and that the obligor will fail to pay substantially all of its obligations in full in accordance with the policy terms. An 'SD' rating is assigned when Taiwan Ratings believes that the insurer has selectively defaulted on a specific class of policies, but it will continue to meet its payment obligations on other classes of obligations. A selective default includes the completion of a distressed exchange offer. Claim denials due to lack of coverage or other legally permitted defenses are not considered defaults.
NR	An insurer designated 'NR' is not rated.

*Ratings from 'twAA' to 'twCCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

Taiwan Ratings Fund Credit Quality Ratings

104. Taiwan Ratings Fund Credit Quality Ratings, identified by the 'f' suffix, are assigned to fixed-income funds and other actively managed funds that exhibit variable net asset values. The 'tw' prefix indicates that the funds are rated using the Taiwan Ratings rating scale. A fund credit quality rating is not directly comparable to a debt rating because of differences in rating criteria.
105. These ratings are forward-looking opinions about the overall credit quality of a fund's portfolio. The ratings reflect the level of protection against losses from credit defaults.

Table 36

Taiwan Fixed-Income Fund National Scale Credit Quality Ratings*

Category	Definition
twAAAf	The fund's portfolio holdings provide extremely strong protection against losses from credit defaults on the Taiwan Ratings' ratings scale.
twAAf	The fund's portfolio holdings provide very strong protection against losses from credit defaults on the Taiwan Ratings' ratings scale.
twAf	The fund's portfolio holdings provide strong protection against losses from credit defaults on the Taiwan Ratings' ratings scale.
twBBBf	The fund's portfolio holdings provide adequate protection against losses from credit defaults on the Taiwan Ratings' ratings scale.
twBBf	The fund's portfolio holdings provide uncertain protection against losses from credit defaults on the Taiwan Ratings' ratings scale.

Table 36**Taiwan Fixed-Income Fund National Scale Credit Quality Ratings* (cont.)**

Category	Definition
twBf	The fund's portfolio holdings exhibit vulnerability to losses from credit defaults on the Taiwan Ratings' ratings scale.
twCCCf	The fund's portfolio holdings make it extremely vulnerable to losses from credit defaults on the Taiwan Ratings' ratings scale.

*The ratings from 'twAAf' to 'twCCCf' can be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

H. Japan SME National Scale Ratings

106. The S&P Global Ratings Japan Small and Medium-Sized Enterprise (SME) national scale serves Japanese SMEs, lenders, suppliers, and other parties that have an interest in SME creditworthiness by providing enterprise credit ratings. An S&P Global Ratings Japan SME rating reflects S&P Global Ratings' opinion of the overall financial capacity of a Japanese SME to meet its financial obligations as they come due, relative to other Japanese SME obligors. An S&P Global Ratings SME rating is a quantitatively derived indicator of creditworthiness. Calculations differ significantly from S&P Global Ratings rating criteria and do not include subjective assessments or judgments of individual SMEs by analysts. Japan SME ratings are expressed using S&P Global Ratings' traditional credit rating symbols, but in lower case (e.g., 'bbb') to highlight that they are quantitatively derived.
107. S&P Global Ratings' Japan SME national scale is not directly comparable to S&P Global Ratings' global scale, to any other national rating scale or to scales for any quantitatively derived rating estimates. Japan SME ratings are assigned to small and medium-sized enterprises in Japan. For every rating category, firms with a Japan SME rating are typically smaller than firms with an "equivalent" S&P Global Ratings credit rating on the global scale. S&P Global Ratings analysts do not determine Japan SME ratings and, if S&P Global Ratings criteria were applied, it is unlikely that analysts would rate companies as indicated by the Japan SME ratings.
108. A Japan SME rating does not apply to any specific obligation, as it does not take into account the nature and provisions of the obligation, its standing in bankruptcy or liquidation, statutory preferences, or the legality and enforceability of the obligation. In addition, it does not take into account the creditworthiness of the guarantors, insurers, or other forms of credit enhancement on the obligation.

Table 37**Japan SME National Scale Ratings**

Category	Definition
aaa	An obligor rated 'aaa' has a very strong capacity to meet its financial commitments relative to that of other Japanese SMEs. 'aaa' is the highest credit rating assigned on the Standard & Poor's Japan SME rating scale.
aa	An obligor rated 'aa' differs from the highest-rated obligors only to a small degree, and has a strong capacity to meet its financial commitments relative to that of other Japanese SMEs.
a	An obligor rated 'a' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than higher-rated obligors. Still, the obligor has a moderately strong capacity to meet its financial commitments relative to that of other Japanese SMEs.
bbb	An obligor rated 'bbb' has a reasonably adequate capacity to meet its financial commitments relative to that of other Japanese SMEs. However, adverse economic conditions or changing circumstances could impair the obligor's capacity to meet its financial commitments.

Table 37

Japan SME National Scale Ratings (cont.)	
Category	Definition
bb	An obligor rated 'bb' has somewhat weak capacity to meet its financial commitments relative to that of other Japanese SMEs. However, it faces ongoing uncertainties or exposure to adverse business, financial, or economic conditions, which could result in an inadequate capacity to meet its financial commitments.
b	An obligor rated 'b' has a weak capacity to meet its financial commitments relative to that of other Japanese SMEs. Adverse business, financial, or economic conditions will likely impair the obligor's capacity to meet its financial commitments.
ccc	An obligor rated 'ccc' is currently vulnerable to nonpayment relative to other Japanese SMEs, and is dependent upon favorable business and financial conditions to meet its financial commitments. In the event of adverse business, financial or economic conditions, the obligor is not likely to have the capacity to meet its financial commitments.

VI. OTHER CREDIT RELATED OPINIONS

A. Credit Estimates

109. A credit estimate is an indication, provided to a third party, of the likely S&P Global Ratings issue or issuer credit rating on an unrated obligation or obligor. The estimate is based on input from a variety of sources including quantitative models, where applicable, and draws on analytical experience and sector knowledge of S&P Global Ratings analysts. These estimates do not involve direct contact with the obligor's management or in-depth insight into operating, financial, or strategic issues that such contact may allow. S&P Global Ratings does not maintain ongoing surveillance on credit estimates, but periodic updates may be provided. A credit estimate is generally confidential. Credit estimates are expressed using S&P Global Ratings' traditional credit rating symbols, but in lower case (e.g., 'bbb').

B. Credit Assessments

110. credit assessment is an indicator of S&P Global Ratings' opinion of creditworthiness that may be expressed in descriptive terms, a broad rating category or with the addition of a plus (+) or minus (-) sign to indicate relative strength within the category. It reflects our view of the general credit strengths and weaknesses of an issuer, obligor, a proposed financing structure, or elements of such structures. It may also pertain to limited credit matters or carve out certain elements of a credit that would ordinarily be taken into account in a credit rating. A credit assessment usually represents a point-in-time evaluation and S&P Global Ratings generally does not maintain ongoing surveillance of credit assessments. A credit assessment is generally confidential. Credit assessments are expressed using S&P Global Ratings' traditional credit rating symbols, but in lower case (e.g., 'bbb').

VII. OTHER IDENTIFIERS

A. Active Identifiers

111. S&P Global Ratings currently uses seven other identifiers. These words or symbols provide additional information but do not change the definition of a rating or our opinion about the issue's or issuer's creditworthiness. The identifiers are

often required by regulation.

Unsolicited: 'unsolicited' and 'u' identifier

112. The 'u' identifier and 'unsolicited' designation are assigned to credit ratings initiated by parties other than the issuer or its agents, including those initiated by S&P Global Ratings.

Structured finance: 'sf' identifier

113. The 'sf' identifier shall be assigned to ratings on "structured finance instruments" when required to comply with applicable law or regulatory requirement or when S&P Global Ratings believes it appropriate. The addition of the 'sf' identifier to a rating does not change that rating's definition or our opinion about the issue's creditworthiness. For detailed information on the instruments assigned the 'sf' identifier, please see "S&P Announces Changes To The List Of Instruments Carrying The Structured Finance Identifier " in Section VIII, "Related Research."

Japan: 'JR' identifier

114. The 'JR' identifier is assigned to all issues and issuers ratings assigned by either Standard & Poor's Ratings Japan K.K. or Nippon Standard & Poor's K.K., each of which is a registered credit rating agency in Japan, as ratings registered under the Japanese regulation. The addition of the identifier does not change the definition of that rating or our opinion about the issue's or issuer's creditworthiness.

European Union: 'EU' identifier

115. S&P Global Ratings assigns the 'EU' identifier to global scale ratings assigned by S&P Global Ratings entities (or branches thereof) regulated in the European Union. The addition of the 'EU' identifier to a rating does not change that rating's definition or our opinion about the issue's or issuer's creditworthiness.

European Endorsed: 'EE' identifier

116. S&P Global Ratings assigns the 'EE' identifier to global scale ratings assigned by S&P Global Ratings entities established outside the European Union which are endorsed by an S&P Global Ratings entity regulated in the European Union. The addition of the 'EE' identifier to a rating does not change that rating's definition or our opinion about the issue's or issuer's creditworthiness.

Nippon KK: 'XN' identifier

117. Nippon Standard & Poor's K.K. (Nippon KK) assigns the 'XN' identifier to credit ratings assigned by Nippon KK. Nippon KK is not a Nationally Recognized Statistical Rating Organization. The addition of the 'XN' identifier to a rating does not change that rating's definition or our opinion about the issue's or issuer's creditworthiness.

Under criteria observation 'UCO' identifier

118. The 'UCO' identifier may (or shall, if an EU regulatory requirement) be assigned to credit ratings under review as a result of a criteria revision. The addition of the 'UCO' identifier to a rating does not change that rating's definition or our opinion about the issue's or issuer's creditworthiness.

B. Inactive Identifiers

119. Inactive identifiers are no longer applied or outstanding.

1. European Endorsement : 'EX' identifier

120. S&P Global Ratings provisionally assigned the 'EX' identifier during a transitional period ending on April 30, 2012, to global scale ratings assigned by S&P Global Ratings entities established in jurisdictions outside the European Union (EU) that were not recognized by EU regulators as endorsable, but which nevertheless were recognized for certain EU regulatory purposes. Before the transitional period ended, S&P Global Ratings replaced the 'EX' identifier on certain ratings with 'EE' identifiers following determinations by EU regulators that such ratings were endorsable. However, following the end of the transitional period, any ratings still bearing the 'EX' identifiers are no longer recognized for certain EU regulatory purposes. With certain exceptions, S&P Global Ratings no longer assigns the 'EX' identifier and may remove the 'EX' identifier from existing ratings. The addition, or lack, of the 'EX' identifier to a rating does not change the definition of that rating. Discontinued use in June 2012.

VIII. RELATED CRITERIA AND RESEARCH

- Counterparty Instrument Ratings Methodology And Assumptions, May 3, 2016
- National And Regional Scale Credit Ratings, Sept. 22, 2014
- S&P Announces Changes To The List Of Instruments Carrying The Structured Finance Identifier, March 21, 2014
- Principles Of Credit Ratings, Feb. 16, 2011
- The Time Dimension of Standard & Poor's Ratings, Sept. 22, 2010
- Methodology: Credit Stability Criteria, May 3, 2010
- Understanding Standard & Poor's Ratings Definitions, June 3, 2009

IX. CONTACT INFORMATION

Table 38

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