

## **Request for comments**

*Sovereign methodological cycle - April 2018*

Rating-Agentur Expert RA GmbH invites market participants to provide comments on the proposed changes in the Methodology of assigning sovereign government credit ratings and country credit environment ratings (hereinafter – Methodology). During the Methodological Committee Meeting held on the 16<sup>th</sup> of March 2018 a package of changes in the Methodology was discussed and approved by the independent members of the Advisory board which will lead to the following changes in the full version of the Methodology:

**1) We propose to include an outlook to the ratings of the sovereign methodology.**

*Rationale:*

The credit rating outlook improves the sovereign methodology by making it more explanatory to the user on what is the potential direction of the rating over the one year perspective. Even though the methodology considers a number of factors under the sensitivity assessment which could trigger a change of the rating, this does not summarize the direction of the rating. In contrast, a rating outlook is more informative for the user, as it considers whether the rating is likely to improve, remain unchanged or worsen in the time horizon aforementioned.

**2) We propose to separate the methodology for CCE from that of SGC. Following this, we propose to eliminate CCE ratings, scale and methodology from the public sources of the Agency and to stop reporting the CCE rating of countries in publicly available files.**

*Rationale:*

The CCE rating is a product developed by Rating-Agentur Expert RA GmbH and is intended to be used mainly for internal purposes. For this reason, there is no need to include it in public documents and on the website of the Agency. Additionally, the CCE rating is not used by stakeholders and is not subjected to the regulation. For the abovementioned reasons, it also makes sense to separate the methodologies of CCE and SGC, as the CCE methodology is only intended to be used internally.

**Please submit your comments to: [info@raexpert.eu](mailto:info@raexpert.eu) or [compliance@raexpert.eu](mailto:compliance@raexpert.eu) by the 17<sup>th</sup> of May 2018. Your response to this consultation will be published unless confidentiality is requested.**