

Submission Date

17/07/2023

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Additional Information

Level 1 Regulation

Credit Rating Agencies Regulation (CRAR) Regulation (EC) No 1060/2009

Topic

CRA Regulation

Subject Matter

Article 8(5a) and Article 14(3) – Notification of material changes to methodologies (ESMA33-5-87 Q&A 7)

Question

When is a change to methodologies, models or key rating assumptions considered as a “material change”?

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Original language

CRAs that intend to make a material change to methodologies, models, or key rating assumptions which could have an impact on a credit rating need to disclose the reasons for such changes. Material changes to methodologies, models, or key rating assumptions might include among others:

- i) a change in the key criteria used;
- ii) a change in the key rating assumptions and key variables used in the rating methodology;
- iii) a change in the respective weight of the qualitative and quantitative factors;
- iv) a change in the way driving factors are assessed; or
- v) a change that has a direct or indirect impact on a significant number of credit ratings.

CRAs should explain in a comprehensive manner which of the above mentioned elements has significantly contributed to a change to methodologies, models, or key rating assumptions. The elements which have been changed should also be clearly disclosed.