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# S&P Global Ratings

## **UPDATE (as of 23 April 2019): Brexit – Implications for Credit Ratings issued or endorsed in the EU or in the UK in case of a “no-deal” Brexit on or before 31 October 2019<sup>1</sup>**

After the UK determined in 2016 to leave the EU (“Brexit”), we have worked to ensure that in the event the UK leaves the EU without a withdrawal agreement in place (a “no-deal” Brexit), credit ratings issued and endorsed by S&P Global Ratings in the EU and in the UK will be usable for regulatory purposes in both jurisdictions<sup>2</sup>.

### **Credit ratings issued or endorsed in the European Union**

S&P Global Ratings Europe Limited (SPGRE), a Dublin-based Irish company, is registered with the European Securities and Markets Authority (ESMA) as a credit rating agency (CRA) under Regulation (EC) No. 1060/2009 as amended (the EU Regulation). SPGRE conduct operations through offices located in the EU (currently, London, Frankfurt, Madrid, Warsaw, Paris, Milan, and Stockholm) and outside the EU (currently, Dubai, Johannesburg Moscow, and Riyadh).

Under the EU Regulation and related legislation, credit ratings issued or endorsed by ESMA-registered CRAs (and through its branches) may be usable in the EU for certain regulatory purposes.

In case of a “no-deal” Brexit, SPGRE will endorse into the EU credit ratings issued by S&P Global Ratings’ affiliates in endorsable jurisdictions, including credit ratings issued by S&P Global Ratings UK Limited (SPGRUK), a newly-formed UK entity.

ESMA has recognized the following endorsable jurisdictions: Argentina, Australia, Brazil, Canada, Republic of Ireland, Hong Kong, Japan, Mexico, Singapore, UK and United States. ESMA has also recognized the UK as endorsable in the event of a no-deal Brexit.

### **Credit ratings issued or endorsed in the United Kingdom in the event of a “no-deal” Brexit**

To ensure that S&P Global Ratings’ credit ratings are usable for regulatory purposes in the UK under the Credit Rating Agencies (Amendment etc.) (EU Exit) Regulations 2019 (“UK Regulation”), we will register SPGRUK, a new CRA, with the UK Financial Conduct Authority (FCA).

Under the UK Regulation and related legislation, credit ratings issued or endorsed by FCA-registered CRAs may be usable in the UK for certain regulatory purposes.

In that scenario, we expect SPGRUK to be treated as registered with the FCA, under the UK’s temporary CRA registration regime from the date the UK leaves the EU. After that date, in addition to issuing its own credit ratings, SPGRUK will endorse into the UK credit ratings issued by S&P Global Ratings’ affiliates in endorsable jurisdictions, including credit ratings issued by SPGRE.

The FCA has recognized the following endorsable jurisdictions: Argentina, Australia, Brazil, Canada, Republic of Ireland, EU, Hong Kong, Japan, Mexico, Singapore, and United States.

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<sup>1</sup> Should the EU and the UK conclude a withdrawal agreement on or before 31 October 2019, or if Brexit is delayed beyond that date, SPGRE will remain, until further notice, the only registered S&P Global Ratings CRA issuing or endorsing credit ratings in the EU and in the UK as SPGRUK’s registration with the FCA is contingent on a “no-deal” Brexit.

<sup>2</sup> SPGRE and SPGRUK endorse U.S. Public Finance credit ratings issued by Standard & Poor’s Financial Services LLC only upon specific request.

**Assignment of regulatory identifiers for credit ratings issued or endorsed by SPGRE and SPGRUK in the event of a “no-deal” Brexit**

If the UK leaves the EU under a “no-deal” Brexit scenario, credit ratings assigned by SPGRE through its Dublin office or its EU and non-EU offices will continue to receive an EU regulatory identifier (EU).

Credit ratings endorsed by SPGRE into the EU will continue to receive an EU endorsement identifier (EE).

Credit ratings assigned by SPGRUK will receive a UK regulatory identifier (UK).

Credit ratings endorsed into the UK by SPGRUK will receive a UK endorsement identifier (UKE). Subject to satisfactory completion of testing and validation, these UK-related identifiers will begin to be applied as soon as practicable on S&P.com.

For more details about the list of S&P Global Ratings’ affiliates and endorsable jurisdictions please see Appendix I below.

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**Impact of a “no-deal” Brexit on the endorsement in the European Union and in the UK of credit ratings issued by S&P Global Ratings’ affiliates**

In case of “no-deal” Brexit, global scale ratings<sup>3</sup> issued by the S&P Global Ratings’ affiliates listed below will be endorsed:

- in the European Union, by S&P Global Ratings Europe Limited (SPGRE)
- in the United Kingdom, by S&P Global Ratings UK Limited (SPGRUK).

<b>Jurisdiction</b>	<b>S&amp;P Global Ratings’ affiliates</b>	<b>EU Regulatory Identifier</b>	<b>UK Regulatory Identifier<sup>4</sup></b>
<b>Argentina</b>	S&P Global Ratings Argentina S.r.l., Agente de Calificacion de Riesgo	EU endorsed (EE)	UK endorsed (UKE)
<b>Australia</b>	S&P Global Ratings Australia Pty Ltd	EU endorsed (EE)	UK endorsed (UKE)
<b>Brazil</b>	Standard & Poor's Ratings do Brasil Ltda.	EU endorsed (EE)	UK endorsed (UKE)
<b>Canada</b>	S&P Global Ratings Canada, a business unit of S&P Global Canada Corp.	EU endorsed (EE)	UK endorsed (UKE)
<b>Ireland (European Union)</b>	S&P Global Ratings Europe Limited	EU issued (EU)	UK endorsed (UKE)
<b>Hong Kong</b>	S&P Global Ratings Hong Kong Limited	EU endorsed (EE)	UK endorsed (UKE)
<b>Japan</b>	S&P Global Ratings Japan Inc. and S&P Global SF Japan Inc.	EU endorsed (EE)	UK endorsed (UKE)
<b>Mexico</b>	S&P Global Ratings, S.A. de C.V.	EU endorsed (EE)	UK endorsed (UKE)
<b>Singapore</b>	S&P Global Ratings Singapore Pte. Ltd.	EU endorsed (EE)	UK endorsed (UKE)
<b>United States</b>	Standard & Poor's Financial Services LLC	EU endorsed (EE)	UK endorsed (UKE)
<b>United Kingdom</b>	S&P Global Ratings UK Limited	EU endorsed (EE)	UK issued (UK)

<sup>3</sup> SPGRE and SPGRUK will endorse U.S. Public Finance credit ratings issued by Standard & Poor's Financial Services LLC only upon specific request.

<sup>4</sup> The UK regulatory identifiers (UK and UKE) will be applied to credit ratings issued or endorsed by SPGRUK after the UK leaves the EU under a “no-deal” Brexit. All credit ratings issued prior this date by S&P Global Ratings’ affiliates listed in this column will also be endorsed by SPGRUK.