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# Government Related Entities Rating Methodology

Sovereign and Public Sector / Financial Institutions /  
Corporates

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## 1. Introduction

This updated rating methodology sets out our approach for assigning local and foreign currency issuer credit ratings to Government Related Entities (GREs) and their debt obligations globally<sup>1</sup>. The implementation of the revised criteria is likely to impact the final ratings for one entity. The methodology may be applied in conjunction with other relevant sector-specific methodologies as appropriate.

In assigning a GRE rating, we believe that a 'segmentation-approach', i.e., a qualitative, principles-based approach to determining a GRE rating is best suited due to the wide variety of entities, varying jurisdictions, and the resulting different relationships they may have with their respective public sponsors. Our approach remains based on three scorecards highlighting the relative importance of key rating drivers and considering the relationship and level of integration between the GRE and its public sponsor.

This updated methodology clarifies issuer and debt instrument ratings, differentiates between different debt categories as well as local and foreign currency ratings. It expands the approach to define a public sponsor for GREs controlled by different government levels than their owners. The update refines the guidance tables for assessing the relationship strength between a GRE and its public sponsor in Qualitative Scorecard 1 (QS1), covering legal status, purpose and activities, shareholder structure, and financial interdependencies. It also revises the guidance tables for the |Evidence of financial support| section in Qualitative Scorecard 2 (QS2), detailing variations of financial support. Adjustments in Qualitative Scorecard 3 (QS 3) improve the application of uplift notching. Finally, the update introduces conditional use of the equalisation factor for GREs with over 75% debt guaranteed by the public sponsor, provided there are no concerns about payment timeliness or guarantee reduction.

### 1.1 Rating framework

[Scope's Rating Definitions](#) apply to GREs and their long-term and short-term debt obligations. The rating framework outlined in this methodology can be applied alongside other sector-specific methodologies, as appropriate.

#### ➤ Issuer ratings

Issuer ratings on our long-term credit scale (refer to Credit Rating Definitions) provide forward-looking assessments on the relative creditworthiness of an issuer's ability and willingness to repay financial obligations with an original maturity of one year or longer.

#### Short-term ratings

Short-term ratings are forward-looking opinions on the relative creditworthiness of an issuer in terms of its ability and willingness to repay its financial obligations when due within 12 months. They are correlated with the long-term ratings (refer to Credit Rating Definitions) but also include a focus on risks and considerations related to liquidity aspects, including an assessment of available cash, reserves in form of liquid assets, access to external short-term liquidity and flexibility in borrowing. Our evaluation of short-term credit quality is based on our assessment of the entity's liquidity position as presented in the respective sector-specific methodologies.

#### ➤ Debt ratings

Debt ratings indicate our assessment of the relative creditworthiness of debt categories and respective instruments issued by a GRE. Debt ratings might be assigned on the short-term and long-term rating scale. Long-term debt securities are assessed considering both the issuer's credit strength and the terms of the debt instrument itself. Debt ratings can be adjusted upward or downward relative to the issuer rating, as outlined in other sector-specific methodologies that are applied in conjunction with this methodology, as appropriate. In the absence of a relevant sector-specific rating methodology, we rate senior unsecured debt obligations of GREs at the level of the issuer rating. Subordinated debt instruments would be rated at a lower level reflecting their level of subordination.

Ratings on credit facilities are similar to debt issuance programmes ratings and reflect the seniority of loans that can be drawn thereunder. Unless sector specific methodologies relevant for the GREs rating provide specific guidance, and in

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<sup>1</sup> The applicability of this methodology to the higher education sector is limited to European institutions.

particular for GREs rated using the top-down approach, collateralised, senior secured credit facilities as well as senior unsecured credit facilities are assigned at the same level as the issuer's ratings. Drawings under credit facilities will align with the facility ratings unless individual terms and conditions further modify their relative ranking.

For guaranteed debt instruments, we consider unconditional and irrevocable guarantees and the guarantor's ability to fulfil obligations on a timely basis. We may rate a specific debt instrument of an unrated issuer if it benefits from a qualifying guarantee by a rated entity.

#### ➤ **Local and foreign currency ratings**

Unless otherwise specified, our issuer and issue ratings apply equally to liabilities in local and foreign currency.

For issuers located in countries assessed by Scope with a sovereign credit quality of BB+ and below (non-investment grade), we may assign distinct foreign and local currency ratings.

For issuers located in non-investment grade countries, transfer and convertibility risks could play a greater role in determining our local and foreign currency ratings compared to issuers located in investment-grade countries. Our local currency and foreign currency ratings may differ if we consider that there is a higher risk that debt denominated in non-domestic currencies would not be reimbursed. This rating differential would capture the risk that an issuer may be prevented from honouring its debt obligation in full and on time due to government-imposed restrictions on foreign-currency payments, leading to a higher risk of default on foreign currency liabilities.

Conversely, we view transfer and convertibility risks as negligible in investment-grade countries and in the euro area. As a result, in those countries, issuer and debt foreign currency ratings are at the same level as their respective local currency ratings.

Any rating differential between local currency and foreign currency ratings reflects our view of the likelihood of the government imposing capital controls, including restrictions on sourcing foreign currency or transfers of foreign currency to investors. In this case, we will typically cap foreign currency ratings at the level of the foreign currency rating of the sovereign in which the issuer is domiciled.

Conversely, if the issuer has earmarked adequate foreign currency reserves to repay outstanding foreign currency debt and these resources are sufficiently protected from capital controls (for example via accounts or assets outside the country of residence), we will not apply such a cap.

## **1.2 Definitions**

### ➤ **Government Related Entity**

Under our GRE rating methodology, a GRE is defined as an entity whose credit quality is tied to that of a public sponsor. To deem whether this is the case, we will consider, for instance, whether the entity: i) is publicly owned with a dominant share; ii) is sufficiently controlled by a public sponsor; iii) is instrumental to a public sponsor's implementation of policy objectives; iv) benefits from established and substantial financial ties to a public sponsor, for instance via liability support mechanisms or direct and regular transfers to underpin its activities; and/or v) is likely to receive support from a public sponsor in the event of financial distress. For us to consider a GRE status, the entity typically conforms to several of these indications. We will typically not consider an entity to be a GRE if only one of these situations apply to it though exceptions may exist. The analytical elements considered to make this judgment are outlined throughout this methodology.

### ➤ **Public sponsor**

Throughout this methodology, we refer to the 'public sponsor' as a national, regional, or local government to whom the credit quality of the GRE is directly or indirectly via another public entity tied. Typically, we can identify the public sponsor through ownership stakes, funding flows, the provision of implicit or explicit liability support and/or other tangible financial or operational control mechanisms.

In certain cases, a GRE may not have a clearly identified government shareholder but instead receives substantial support from various entities within the public sector or we may not identify the majority owner(s) of a GRE as public sponsors, but identify a higher or lower level of government as the public sponsor. This occurs when support is expected to come directly from the identified public sponsor, bypassing the nominal owner, or when effective control over the GRE lies with a different level of government than the one owning or legally controlling it.

There may be instances where the GRE has multiple public sponsors from whom support flows would be expected. In such cases, we identify the public sponsor which is most likely to support the GRE in the event of financial distress and/or the dominant public sponsor by analysing the strength of the links between the GRE and its respective sponsors, based on ownership stakes, economic or voting control over the GRE, funding contributions or similar factors. If we deem one public sponsor to have more extensive operational or financial ties and/or to be more likely to provide support than the others, we will use that sponsor's credit quality as a rating driver. In cases where there is no clear dominant public sponsor, we can use a blended credit quality assessment of the public sponsors using a weighted average. In some cases, Scope Ratings may not have a public rating on sponsoring governments. In those cases, we can use internal credit assessments for the public sponsors.

### 1.3 Scope's 'Segmentation approach'

Our approach to rating GREs is split into three fundamental steps. As a first step, we assess the GRE's level of integration with its public sponsor to determine the primary driver of the GRE's rating (either its stand-alone credit quality or that of its public sponsor). Based on this first segmentation, we then adopt either the 'Top-Down' approach that takes the related public sponsor's rating as the starting point or the 'Bottom-Up' approach that takes the GRE's stand-alone credit quality as a starting point under the second step. Where appropriate, in a third step, we assess the risk of negative interventions by the public sponsor or additional constraints affecting the creditworthiness of the GRE under both approaches. At this stage, the Top-Down approach is also complemented with an assessment of the GRE's stand-alone fundamentals (where relevant<sup>2</sup>), which can have either positive or negative rating implications.

#### Step 1: Level of integration with the public sponsor

We analyse the relationship between the GRE and the public sponsor in the context of a continuum of relationships between the public sponsor and the organisations it relies on to achieve its objectives. At one end of the continuum are entities very closely integrated with or under the control of their public sponsors, with some GREs so closely integrated into government finances that they can be rated at the same level as the public sponsor. At the other end of this scale, GREs subject to insolvency laws, operating as commercial, profit-maximising entities or that are highly likely to be privatised, are less likely to receive support from a public sponsor.

We assess various factors to determine the level of integration of a GRE with the public sponsor, including the GRE's: i) *Legal status*; ii) *Purpose & activities*; iii) *Shareholder structure*; and iv) *Financial interdependencies*. Based on this analysis, we adopt either the Top-Down or Bottom-Up approach. Details are provided in [Chapter 2](#).

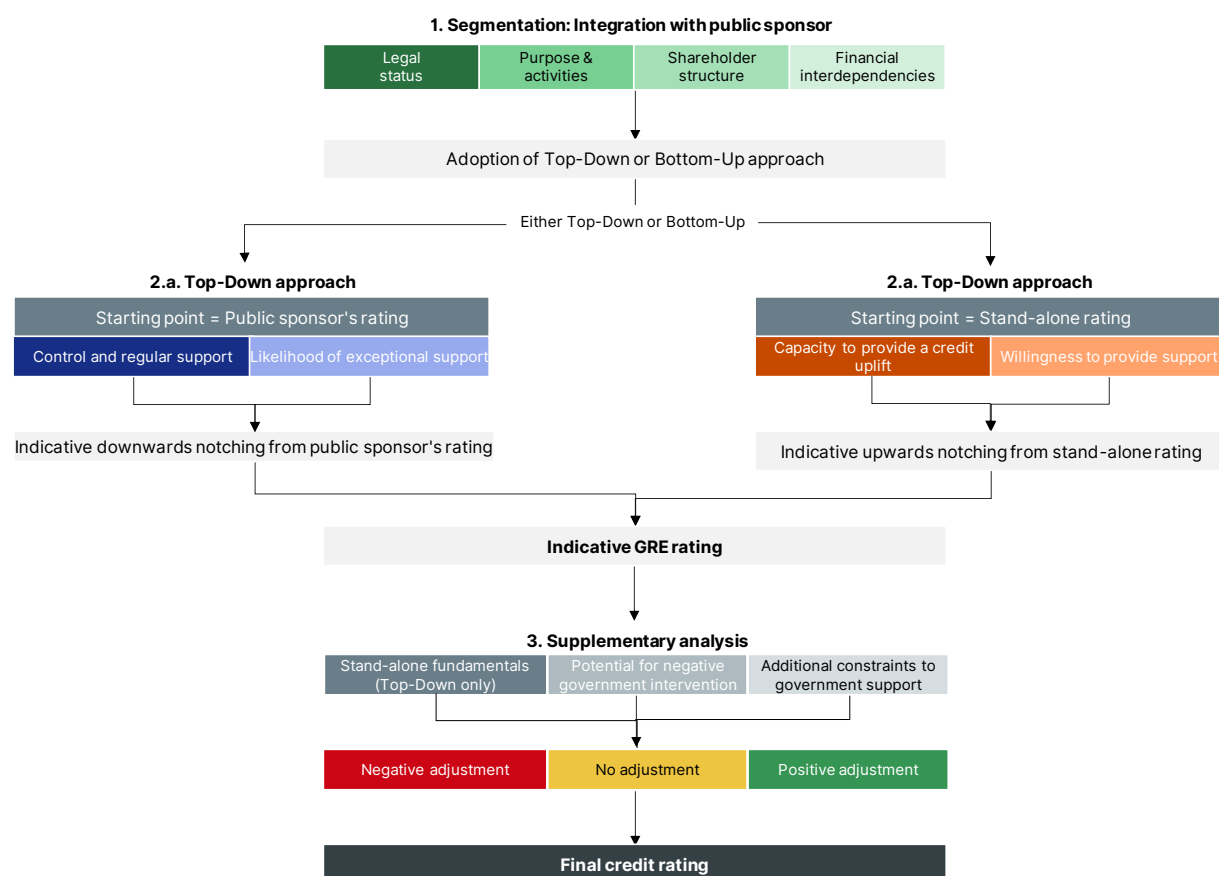
#### Step 2.a: Top-Down Approach

Provided that the GRE benefits from a sufficiently high level of integration with the public sponsor, we apply the Top-Down approach that takes the public sponsor's rating as the starting point and then either equalise the rating or negatively adjust it by up to three notches. The extent of the downward notching is based on our assessment of: i) *Control and regular support*; and ii) *Likelihood of exceptional support*. Details are provided in [Chapter 3](#).

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<sup>2</sup> Some GREs are so closely integrated with their respective sponsors that an assessment of their stand-alone fundamentals provides no additional insight on their creditworthiness.

**Figure 1: Overview of Scope's approach to assigning ratings to GREs**



Source: Scope Ratings

### Step 2.b: Bottom-Up Approach

In case of a more limited integration between the GRE and the public sponsor, we apply the Bottom-Up approach. This approach takes the GRE's stand-alone credit quality – determined by the relevant sector-specific methodologies – as a starting point, and then assesses the potential rating uplift by up to three notches for most cases. The extent of the upward notching is based on the public sponsor's: i) *Capacity to provide a credit uplift*, defined as the differential between the public sponsor and the GRE's-standalone credit quality, and ii) *Willingness to provide support* to the GRE. Details are provided in [Chapter 4](#).

### Step 3: Supplementary Analysis

The supplementary analysis considers the potential risk for negative interventions by the public sponsor or additional constraints affecting the creditworthiness of the GRE under both approaches. In addition, this step captures the fundamentals of the GRE under the Top-Down approach and have both credit-positive and negative implications for the rating. Details are provided in [Chapter 5](#).

## 2. Integration with the public sponsor

### 2.1 Overview

To determine the level of integration of a GRE with its public sponsor, we structure our analysis around four important analytical components: i) *Legal status*, ii) *Purpose & activities*; iii) *Shareholder structure*; and iv) *Financial interdependencies*.

For each component we assess the strength of the relationship of the GRE with its public sponsor. We use a scoring system assigning 100 to 'High', 50 to 'Medium' and 1 to 'Limited'<sup>3</sup>. Qualitative assessment guidance tables, which provide an overview of the rationales that underpin each assessment for each analytical component, are presented in the following sections.

The integration score, ranging from a minimum of 1 to a maximum 100, is calculated as a weighted average<sup>4</sup> of these assessments which determines whether the Top-Down (integration score of above 66.7) or Bottom-Up approach (score of below 33.3) is more appropriate. In cases where the integration score is between 33.3 and 66.7 points, both the Top-Down and Bottom-Up approaches are possible. In such instances, we will look at the extent to which control, regular support, and the likelihood of exceptional support (as detailed in [Chapter 3.2](#)) suggest a strong (weak) interlinkage with the public sponsor.

In case of a statutory guarantee or explicit guarantee, or laws to similar effect covering all of the GRE's debt obligations, and where the guarantee mechanism is sufficiently robust and permanent, we will align the GRE's rating with that of the public sponsor and may forgo our assessments that determine the level of integration of a GRE with its public sponsor under this step. The supplementary analysis, as outlined in [Chapter 5](#), can still impact the final rating decision. Details are provided in [Chapter 8.1](#).

**Figure 2: Assessment of the GRE's integration with the public sponsor - Qualitative Scorecard 1 (QS1)**

Analytical component	Weight	Assessments			
		Limited (1)	Medium (50)	High (100)	Not applicable
Legal status	40%	○	○	○	○
Purpose & activities	20%	○	○	○	○
Shareholder structure	20%	○	○	○	○
Financial interdependencies	20%	○	○	○	○
<b>Integration score</b>		-			
<b>Indicative approach</b>	Score	1 ≤ x < 33.3	33.3 ≤ x ≤ 66.7	66.7 < x ≤ 100	
	Approach	Bottom-Up	Top-Down or Bottom-Up	Top-Down	
<b>Approach adopted</b>		<b>Top-Down or Bottom-Up</b>			

Source: Scope Ratings

<sup>3</sup> In cases where the analytical component does not apply for the GRE, we will not assess that component (see 'Not applicable' on the scorecard). For example, some GREs do not have formal ownership structures which would justify deactivating the 'Shareholder structure' component. In such cases, the weighted average score will be calculated based on the residual weights of the remaining components.

<sup>4</sup> In cases where a component is assessed as 'Not applicable' the denominator of the weighted average is adjusted by the weight of that component, resulting in higher weights for the remaining assessments. For example, if *Shareholder structure* (20%) is assessed as 'Not applicable', the weight of *Legal status* increases to 50% while those of *Purpose & activities* and *Financial interdependencies* are increased to 25% each.

## 2.2 Analytical considerations

### ➤ Legal status (40%)

We view the legal status of a GRE as a key indicator for the assessment of its level of integration with its public sponsor. The more the legal status of the GRE resembles a government agency, ministerial department or an entity created under public law, the closer the relationship between the GRE and its public sponsor. At the other extreme, we assess the link between a GRE and its respective public sponsor as more limited in cases of entities operating under private law, resembling ordinary corporations or financial institutions.

To assess the legal status of the GRE, we examine, among others: i) the legal form and the extent to which regulations concerning insolvency and bankruptcy proceedings apply to the GRE; ii) the extent to which the legal form, in and of itself, entails the public sponsor’s involvement and/or strong dependence on the public sponsor; and iii) legal frameworks for the GRE, including EU law, national and local laws. Crucially, our assessment considers whether these elements result in implicit liability responsibilities for the sponsor if, for example, the GRE’s assets and liabilities would have to be transferred to the sponsor or another institution with a similar legal status in the event of the GRE being liquidated.

This assessment is conducted as a point-in-time analysis covering existing laws and institutions. Changes, including but not limited to changes in existing legislation governing the GRE, the introduction of new legislation affecting the GRE such as a privatisation programme or a more active competition policy programme, as well as court decisions affecting such laws with a material effect on the relation of the GRE with the public sponsor, would potentially change our assessment of the level of integration.

We believe that, depending on the jurisdiction, a certain degree of judgement is necessary to assess a government’s ability to change legislation. In forming our opinion, we consider, among other criteria, the recent record of legal status changes, the public sponsor’s strategy of mandating GREs in fulfilling its policy objectives, as well as the form and strength of the government’s involvement. For example, amendments to a GRE’s statutes and policies that enhance (weaken) its importance to the public sponsor would reflect stronger (weaker) integration.

This analytical component receives the highest weight (40%), reflecting our view that a GRE’s legal status provides a very strong indication of its relationship with the public sponsor.

Assessment	Limited (1)	Medium (50)	High (100)
<b>Rationale</b>	The GRE has an ordinary private legal form and status.	The GRE has a legal form or status that is distinct from that of ordinary private entities and/or the GRE is exempt from implemented directives and regulations, including banking supervision laws and/or the legal form entails some government oversight (e.g., a special charter) and/or the GRE has a special legal status that reinforces its public ownership.	The GRE has a public legal form or special legal status that implies liability responsibilities for the public sponsor in the event of default or liquidation of the GRE and/or is not subject to private insolvency proceedings.

Source: Scope Ratings

### ➤ Purpose & activities (20%)

We view the purpose and activities of a GRE as another important indicator of the level of integration between a GRE and its public sponsor. The more important the GRE’s role is in fulfilling public tasks or services on behalf of the public sponsor, the stronger the level of integration. We view GREs that provide a service which is backed by a defined public responsibility or even enshrined in the sovereign’s constitution as essential, and thus a good indication of a very strong integration with the public sponsor. We consider whether the GRE operates essentially on behalf of the public sponsor with the main aim of providing a key public service. However, we are mindful that many traditional utilities (for example, in the energy, electricity or transport sector), which provide a public service, operate in semi-competitive business environments. We therefore also consider if the entity operates with a profit-maximising or non-profit-maximising motive and the share of the GRE’s expenditure which is (un-)related to the GRE’s sphere of responsibility.



Assessment	Limited (1)	Medium (50)	High (100)
<b>Rationale</b>	The GRE primarily operates with a profit-maximising motive and functions mainly within a competitive business environment.	The GRE engages in providing some public goods or services. Additionally, the GRE may operate in a competitive business environment or without prioritising profit maximisation.	The GRE provides essential public services on behalf of its public sponsor. These services are crucial for the implementation of political objectives and are delivered with a non-profit-maximizing motive.

Source: Scope Ratings

➤ **Shareholder structure (20%)**

GREs are often partially or wholly owned by one or more sponsor(s). High levels of public ownership are usually associated with a stronger link with the public sponsor. To determine the level of integration, we review the ownership structure of the GRE. In this context, the question of ownership also extends to ownership rights to the GRE’s assets. We consider potential privatisation plans or related strategies of the respective sectors in which the GRE operates. A 100% publicly owned GRE would tend to have a stronger link with the public sponsor than a GRE that is mostly privately owned.

In addition, we assess the complexity of the ownership structure. Direct ownership structures with a clear and straightforward delineation of ownership will be assessed as having a stronger level of integration than complex and indirect ownership structures, which often weigh on the transparency of the relationship with the public sponsor.

Assessment	Limited (1)	Medium (50)	High (100)
<b>Rationale</b>	The public sponsor or its related public entities are minority shareholder(s) or full private ownership and/or ownership structure is highly complex and indirect, with multiple layers of ownership.	The public sponsor or its related public entities own a significant but not majority share (typically at least 20%), with the remaining shares held by private investors. Ownership structure has some complexity but remains relatively transparent.	The public sponsor or its related public entities are majority shareholders with at least a 51% share. There are no plans for privatisation in the sector.

Source: Scope Ratings

➤ **Financial interdependencies (20%)**

GREs can have high levels of financial interdependencies with their public sponsor because they receive substantial public funding for instance in the form of regular transfers or occasional contributions to support their activities. In this case, the capacity of the entity to generate income is dependent on the sponsor’s financial capacity, resulting in a strong link between the credit quality of the GRE and its sponsor. We analyse the GRE’s income structure and assess the degree of reliance on public sector contributions. Our assessment also considers the regularity and predictability of flows. Material, regular, direct government contributions in the form of grant funding, fees or similar funding flows provide a good indication of the integration between the GRE its public sponsor.

Conversely, some GREs, such as development banks, promotional institutions or specialised public lenders, do not rely on funding in form of transfers or contributions from their public sponsor but may instead benefit from funding support via provided guarantees from the public sponsor or its related entities or provide direct funding to the sponsor and/or its related public entities, and/or indirect funding support for its policy priorities. In addition, GREs can contribute significantly to the public sponsor’s revenue base, depending on the account and reporting practices of the public sponsor and the GRE itself. This can include dividends paid to the government as a shareholder or tax contributions. GREs that contribute significantly to their public sponsor’s revenue base, indicate a close integration with their public sponsor. In such cases, we analyse the degree to which the GRE provides funding support to the public sponsor.

Assessment	Limited (1)	Medium (50)	High (100)
<b>Rationale</b>	Public funding, if any, is irregular, or the GRE does not rely on contributions from its public sponsor or related public entities to support its activities, finance investment or repay debt, with government contributions representing typically on a three-year average less than 5% of revenue; or the GRE does not provide financial support for the public sponsor, its related public entities, or its policy priorities.	The GRE receives moderate contributions from its public sponsor or related public entities to support its activities or finance investments, with government contributions representing typically on a 3-year average 5-10% of revenue; or the GRE may occasionally provide financial support to the public sponsor, its related entities, or its policies.	The GRE relies significantly on substantial and regular public contributions to support its activities, finance investment, or repay debt, with government contributions representing typically more than 10% of revenue on a 3-year average; or the GRE provides financing to the public sponsor, its related public entities, or its policies or the GRE receives funding support via the provision of debt guarantees by the public sponsor or its related entities.

Source: Scope Ratings

### 3. Top-Down Approach

#### 3.1 Overview

Provided that the GRE benefits from a sufficiently high level of integration with the public sponsor (integration score of at least 33.3), we may apply the Top-Down approach which takes Scope's public sponsor's rating as the starting point and then negatively adjusts it by up to three notches in most cases. The extent of the downward notching is based on the assessment of two pillars: i) *Control and regular support* and ii) *Likelihood of exceptional support*. Each pillar comprises three analytical components which are assessed as 'High' (score of 100), 'Medium' (50) or 'Limited' (1). Qualitative assessment guidance tables, which provide an overview of the rationales that underpin each assessment for each analytical component, are presented in the following sections.

A weighted average score is calculated for each analytical pillar which determines a pillar assessment (as depicted in the table below)<sup>5</sup>. The higher of the two pillar assessments is chosen and is then used to map an indicative notching range. This reflects our view that government intervention in case of need ultimately drives our assessment of government support<sup>6</sup>.

In case of a statutory guarantee or explicit guarantee, or laws to similar effect covering all, or most of the GRE's debt obligations, we will align the GRE's rating with that of the public sponsor (*Equalisation factor*). In cases where the guarantee mechanism is sufficiently robust and deemed to be permanent, we may choose to forgo our assessments under the Top-Down approach. Details are provided in [Chapter 8.1](#).

Pillar score	$1 \leq x < 33.3$	$33.3 \leq x \leq 66.7$	$66.7 < x \leq 100$
<b>Pillar assessment</b>	Limited	Medium	High

Source: Scope Ratings

In case of need, we may apply an additional degree of notching to account for special circumstances related to the GRE's characteristics and operating environment.

<sup>5</sup> In cases where the analytical component does not apply for the GRE, we will not assess that component (see 'Not applicable' on the scorecard). In such cases, the weighted average score is calculated based on the residual weights of the remaining components.

<sup>6</sup> For example, relatively independent GREs, assessed with a 'Medium' or 'Limited' degree of regular support, can still benefit from a 'High' likelihood of exceptional support, and should therefore be closely aligned with the public sponsor's rating.

**Figure 3: Overview of the 'Top-Down' approach – Qualitative Scorecard 2 (QS2)**

Analytical pillar	Analytical component	Weights	Assessments				Pillar assessment
			Limited (1)	Medium (50)	High (100)	Not applicable	
Control and regular support	Strategic and operational decision making	33%	○	○	○	○	-
	Key personnel, governing & oversight bodies	33%	○	○	○	○	
	Evidence of financial support	33%	○	○	○	○	
Likelihood of exceptional support	Strategic importance	33%	○	○	○	○	-
	Substitution difficulty	33%	○	○	○	○	
	Default implications	33%	○	○	○	○	

Overall assessments	Notches	Equalisation factor
Equalisation	0	Overall assessment
High	0-1	Indicative notching
Medium	1-2	Additional adjustment
Limited	2-3	<b>Final indicative notching</b>

Source: Scope Ratings

### 3.2 Analytical considerations

#### 3.2.1 Control and regular support

This pillar is assessed by analysing the public sponsor’s involvement in: i) *Strategic and operational decision making*; ii) *Key personnel, governing and oversight bodies*; and iii) *Evidence of financial support*. For each analytical component, we assess whether the degree of control and regular support is ‘High’ (score of 100), ‘Medium’ (50) or ‘Limited’ (1). The average of the three assessments determines the indicative classification of this pillar.

##### ➤ Strategic and operational decision making

We view government control as one of the most important categories to determine the rating differentiation between the GRE and its public sponsor. Usually, the tighter the control exercised by the public sponsor over the GRE’s decision-making process, the stronger the integration.

Key for determining a public sponsor’s control is not the willingness or execution of control, but rather the public sponsor’s ability to control the GRE. This component considers the public sponsor’s ability to i) alter, amend, or otherwise control a GRE’s mission, mandate, or strategy, ii) establish financial goals, limit borrowing, or define investment policies; and/or iii) set operating policies. This includes the financial supervision, such as the approval of accounts or borrowing and budget reporting, official audits, interventions of the public sponsor in tariff-setting policies, control of human resources (e.g., if the GRE’s personnel are civil servants), and other important decision-making processes. For instance, we evaluate the legal and regulatory framework surrounding the GRE and its relationship with the public sponsor. This includes examining the extent to which the GRE operates under specific laws, regulations, or governmental oversight. A large number of public sponsors, or no sponsor with dominant voting rights can constrain the public sponsor’s ability to control the GRE’s decision-making process.

Assessment	Limited (1)	Medium (50)	High (100)
<b>Rationale</b>	The public sponsor has little to no influence on the GRE’s mission, strategy, business plans or its operational and financial activities.	The public sponsor has a strong but no dominant influence on the GRE’s mission, strategy, mandate, and business plans and/or its operational and financial activities are broadly defined by the public sponsor.	The GRE’s mission, strategy as well as its operational and financial activities are driven by the public sponsor, defined by public law or resolutions and/or strictly controlled by the public sponsor.

Source: Scope Ratings

➤ **Key personnel, governing and oversight bodies**

A public sponsor can exert control on a GRE through key personnel, governance structures and arrangements as well as the main governing bodies. Such mechanisms can be embedded in laws or outlined through the GRE's internal rules and guidelines which require the presence of government representatives in the governing or oversight bodies. The presence of government representatives in these bodies allows the public sponsor to have a direct say in decision-making processes and strategic directions. The public sponsor may also have the right to appoint or dismiss key personnel. The greater the public sponsor's ability to influence a GRE's governance, the stronger the link between the credit quality of both entities.

Assessment	Limited (1)	Medium (50)	High (100)
<b>Rationale</b>	The public sponsor has little to no influence in the GRE's governing and oversight bodies and/or the entity can independently select and dismiss key personnel.	The public sponsor has some influence in the GRE's governing and oversight bodies and/or the entity can independently select and dismiss key personnel, subject to approval from the public sponsor.	The public sponsor exercises tight control over the GRE's governing and oversight bodies and/or the public sponsor has the right to nominate and dismiss key personnel.

Source: Scope Ratings

➤ **Evidence of financial support**

We also assess the degree to which the GRE benefits from financial support from the public sponsor. This can be in the form of direct funding support through credit facilities or liquidity lines, regular and predictable transfers, policies allowing the public sponsor to forego dividends, and planned capital injections. Additionally, preferential tax regime or statutory guidelines may be in place to provide indirect support, such as holdings in strategic national companies to support the GRE's revenue stability or protective statutory guidelines safeguarding the GRE's stand-alone viability. When assessing the evidence of financial support, we also consider the public sponsor's record of providing assistance. A consistent record of timely and reliable financial support reflects a strong level of integration between the GRE and its public sponsor. Within this analytical component, we also include debt guarantees that do not meet the criteria for application as an equalisation factor. For GREs acting as lenders, we also assess support based on their lending portfolio, particularly when a substantial share of exposure benefits from public-sector guarantees or other supportive institutional arrangements.

Assessment	Limited (1)	Medium (50)	High (100)
<b>Rationale</b>	Material policy or regulatory restrictions constrain the public sponsor in providing support to the GRE (including state aid regulations) and/or continued deterioration of the GRE's financial position without any history of support.	Record of ongoing financial support (for example, in form of a no-dividend policy or special tax regime, supportive revenue arrangements, direct contributions via transfers.	The GRE benefits from debt guarantees and/or the GRE benefits from extensive public-sector support mechanisms or supportive institutional arrangements and/or the public sponsor has provided significant support for the GRE and/or the public sponsor announced reliable plans for support.

Source: Scope Ratings

**3.2.2 Likelihood of exceptional support**

This pillar is assessed by analysing the GRE's: i) *Strategic importance*; ii) *Substitution difficulty*; and iii) the (hypothetical) *Default Implications* for the public sponsor. For each analytical component, we assess whether the likelihood of exceptional support is 'High' (score of 100), 'Medium' (50) or 'Limited' (1). The average of the three assessments determines the indicative classification of this pillar.

➤ **Strategic importance**

We view a GRE's strategic importance to its public sponsor as a critical criterion for determining the likelihood of exceptional support. A GRE can be important to the public sponsor because it makes important contributions to key national or subnational policies, provides an important public service, or ensures the proper functioning of a critical economic sector. Strategic importance can be reflected in the number of employees, GRE revenues relative to the public sponsor's revenue base, share in national exports, tax contributions, or production of energy for the region or country. A GRE's strategic importance can vary over time. Sectors are classified as strategic or non-strategic by the public sponsor, based on, among

others, national security, and development policies and the supporting public sponsor's (dis)investment policy or allocation of funds to different sectors.

Assessment	Limited (1)	Medium (50)	High (100)
<b>Rationale</b>	The GRE's contributions to policy objectives are deemed to be of low importance.	The GRE's activities make important contributions to the public sponsor's core policy objectives.	The GRE's activities make critical contributions to the public sponsor's major policy objectives and/or the entity is a preeminent GRE.

Source: Scope Ratings

➤ **Substitution difficulty**

We view the difficulty with which a GRE's provision of a good or service can be substituted as a critical criterion for determining the likelihood of exceptional support. This assessment captures the degree to which there are other entities operating in the sector and/or providing similar goods and services as the GRE. In making our assessment, we assess the extent to which a hypothetical substitution of the entity entails disruption to its service/goods offering. We also consider the intrinsic qualities of the GRE which can impact its substitution difficulty including the scope of its operations, expertise or the quality of its services.

Assessment	Limited (1)	Medium (50)	High (100)
<b>Rationale</b>	Private or public actors provide similar service/goods with little to no service disruption in case of substitution.	Other private or public entities exist which provide similar service/goods though with some disruption in case of substitution.	Lack of any equivalent private or public substitutes. Substitution would entail severe disruption/change of service provided and/or is infeasible.

Source: Scope Ratings

➤ **Default implications**

We view a GRE's default implications as a critical criterion for determining the likelihood of exceptional support. We consider in this assessment the consequences of a hypothetical default of the GRE for the regional or national economy and the public sponsor itself. This includes not only socio-economic or financial repercussions for the sponsor but also reputational and political costs. We assess whether the potential default of the GRE would have a localised impact or entail spill over effects to other entities or sectors, including other GREs or the public sponsor itself. Finally, depending on the activity of the GRE, the public sponsor may require it to continue its operations even in cases of default. If the GRE's activities are not contingent on its ability to access funding, there may be less incentive for the public sponsor to provide exceptional support to ensure financial viability.

Assessment	Limited (1)	Medium (50)	High (100)
<b>Rationale</b>	A hypothetical default would entail limited to no socio-economic, reputational, or financial costs for the public sponsor.	A hypothetical default would entail moderate socio-economic, reputational, or financial costs for the public sponsor.	A hypothetical default would entail material socio-economic, reputational, or financial costs for the public sponsor. Such a scenario is likely to weigh on the sponsor's credit quality and/or spill over to other major GREs.

Source: Scope Ratings

## 4. Bottom-Up Approach

### 4.1 Overview

In case of a more limited integration between the GRE and its public sponsor (integration score up to 66.7), we may apply the Bottom-Up approach which starts with the assessment of the GRE's stand-alone credit quality, and then positively adjusts this indicative rating by up to three notches in most cases. The extent of the upward notching is based on our assessment of the public sponsor's: i) *Capacity to provide a credit uplift*, defined as the rating differential between the public

sponsor and the GRE's standalone credit quality, and ii) *Willingness to provide support*. Each analytical component is assessed as 'High', 'Medium' or 'Limited'. Both assessments are then mapped to an indicative credit uplift.

The final credit uplift for bottom-up GREs is guided by QS1 elements and the integration score, impacting support willingness, with higher values indicating greater support. Additional factors like GRE's international market share may limit uplift to one notch. In rare cases, the Rating Committee may apply extra notching and higher uplift if, for instance, default implications or strategic importance are exceptionally significant.

**Figure 4: Overview of the 'Bottom-Up' approach – Qualitative Scorecard 3 (QS3)**

Willingness to support	Capacity to provide a credit uplift - Rating differential		
	≥ 4 notch differential	3 notch differential	≤ 2 notch differential
	● High	● Medium	● Limited
● High	2 - 3	1 - 3	1 - 2*
● Medium	1 - 3	1 - 2	0 - 1*
● Limited	1 - 2	0 - 1	0

Equalisation factor	
Indicative notching	-
Additional adjustment	
<b>Final indicative notching</b>	-

\*The notching may be capped by the public sponsor's rating.

Source: Scope Ratings

In case of a statutory guarantee or explicit guarantee, or laws to similar effect covering all, or at least 75% of the GRE's debt obligations, we will align the GRE's rating with that of the public sponsor (*Equalisation factor*). In cases where the guarantee mechanism is sufficiently robust and deemed to be permanent, we may choose to forgo our assessments under the Bottom-Up approach. Details are provided in [Chapter 8.1](#).

## 4.2 Analytical considerations

### 4.2.1 Capacity to provide a credit uplift

A public sponsor could have a strong commitment, moral obligation, or willingness to support a GRE, but be financially constrained in its capacity to provide support on a timely basis. We define the public sponsor's maximum capacity to provide a credit uplift to a GRE as the rating-differential between the public sponsor's credit quality and the stand-alone credit quality of the GRE. This first indicative assessment is then refined to account for several factors, including the share and composition of the public owners. The higher (lower) this differential the higher (lower) the (in principle) capacity of a public sponsor to provide a rating-notch uplift to the GRE. The indicative credit uplift is indicatively capped by the public sponsor's credit quality<sup>7</sup>.

### 4.2.2 Willingness to provide support

Our assessment of the public sponsor's willingness to provide support is defined as the likelihood of providing exceptional support and rests on: i) *Control and evidence of financial support*; ii) *Strategic importance* to the public sponsor and *Substitution difficulty* of the GRE; and iii) hypothetical *Default implications* (all defined in [Chapter 3.2.2](#)). We analyse the government's willingness to support a GRE amongst other aspects as demonstrated by the government's policies, record of past interventions, level of supervision and involvement in daily operations. The more systemic the GRE, the greater the ability of public sponsor to control the entity, the more evident financial support has been provided to the GRE in the past

<sup>7</sup> For example, if the rating differential between the GRE's and the public sponsor is equal to one notch (Capacity to provide a credit uplift assessed as 'Limited') and the willing to provide support is assessed as 'High', a maximum indicative credit uplift of one notch would apply.

and/or the higher the potential costs of its default for the public sponsor, the higher we would assess the public sponsor's willingness to provide support to the GRE.

Assessment	Limited	Medium	High
<b>Rationale</b>	Limited control demonstrated by the public sponsor and/or lack of evidence of past financial support to the GRE and/or the GRE has low strategic importance to the public sponsor and low substitution difficulty; and/or hypothetical default implications are minimal.	Moderate control demonstrated by the public sponsor and/or some evidence of past financial support from the public sponsor; and/or the GRE has moderate strategic importance to the public sponsor; and/or moderate substitution difficulty; and/or moderate hypothetical default implications.	Strong control demonstrated by the public sponsor and/or clear evidence of past financial support from the public sponsor and/or the GRE has high strategic importance to the public sponsor; and/or high substitution difficulty; and/or high hypothetical default implications.

Source: Scope Ratings GmbH

## 5. Supplementary analysis

In a final step, we perform a supplementary analysis. Under both the Top-Down and Bottom-Up approaches, we consider the potential risk for negative interventions by the public sponsor or additional constraints affecting the creditworthiness of the GRE. These refer to additional economic, financial, legal, or political constraints, which are limiting the public sponsor's capacity to provide support, as well as government interventions or legal changes which affect the creditworthiness of a GRE or the sector in which the rated GRE operates<sup>8</sup>. We acknowledge that the public sponsor's *actual* ability to provide support to a GRE may be constrained by additional considerations, including the macro-economic environment, the number of entities relying on public sponsor support, possible off-balance sheet liabilities, legal or policy barriers such as anti-trust or competition laws as is the case in the European Union<sup>9</sup>.

In addition, under the Top-Down approach, we include an assessment of the fundamentals of the GRE, including its business and financial risk profiles as well as its commercial viability. To determine whether such analysis is needed, we will assess whether fundamental elements of the relevant sector-specific methodologies provide additional insight which could have an impact on the GRE's creditworthiness. The supplementary analysis can include a peer group comparison and have credit-positive or credit-negative implications for the final rating.

## 6. Inclusion of Environmental, Social and Governance (ESG) factors

ESG considerations can be material to a GRE's credit quality and are captured by our rating approach via multiple factors. First, a GRE's mandate can serve to support a public sponsor's environmental or social policy objectives. We would capture this in our assessment of the GRE's *Purpose & activities* (QS1) as well as under our assessment of the entity's 'Strategic importance' to the sponsor (QS2). Similarly, we would capture the social consequences of a disruption in the GRE's activities under our assessment of 'Default implications' (QS2 and QS3). Governance considerations are captured in our assessment of a GRE's *Shareholder structure* (QS1) and of the public sponsor's ability to exert control and oversight over a GRE's strategic and operational decision making as well as its key personnel, governing and oversight bodies (QS2). In addition, our assessment of the public sponsor's credit quality includes an appraisal of ESG risks as detailed in our [Sovereign Rating Methodology](#) or [Sub-sovereigns Rating Methodology](#). Finally, ESG considerations relating to the GRE's stand-alone fundamentals are captured via the ESG-related elements under the respective sector-specific methodologies.

## 7. Additional considerations

### 7.1 Equalisation factor

The existence of individual guarantee/liability support mechanisms has a major impact on the credit quality of a GRE versus that of the respective public sponsor. In cases where the GRE benefits from a statutory guarantee, explicit guarantee or

<sup>8</sup> For instance, this could refer to special taxes, dividend payments or cash stripping. Depending on circumstances, this could also refer to the government's intervention to force a merger within a GRE sector.

<sup>9</sup> Legal or policy barriers, such as the European Union (EU) state aid rules affect the ability of the government to provide support. However, despite the general prohibition of state aid, the EU Treaty leaves room for several policy objectives for which state aid can be granted. In practice, EU member states do provide regular and exceptional financial support for certain GREs, referring, for example, to all active aid measures to industries qualifying for exemption under the so-called General Block Exemption Regulation. In this context, Scope considers the likelihood that the government would obey these barriers, should they exist.

laws to similar effect covering its debt obligations, we follow the equalisation approach and align the GRE's rating with that of its public sponsor. We would also apply the equalisation factor when the public sponsor guarantees more than 75% of a GRE's debt, provided there are no concerns regarding the timeliness of payments or a significant reduction in the level of the guarantee.

The GRE's ratings are typically equalised with those of the public sponsor in case of an explicit guarantee with the following characteristics: unconditional, unlimited, direct, and irrevocable. Such guarantees are often included in the GRE's statutes or national or regional laws. Usually, an entity with a statutory guarantee benefits from full integration with the public sponsor, which is typically reflected in a special public legal status, a socially sensitive or strategically important public mandate or tight operational or financial control exercised by the public sponsor. Additionally, we apply the equalisation factor in cases of limited guarantees on debt issuances if we deem control by the public sponsor is sufficient, and it is unlikely that the issuer will issue debt above the foreseen or approved limits by the guarantor.

We also view joint and several guarantees as special forms of an explicit guarantee, and in such cases, we may also apply the equalisation approach. In such arrangements, each shareholder usually guarantees the entirety of liabilities of the relevant GRE. If a credit event were to trigger the calling of these guarantees, creditors could usually demand satisfaction of their claim from any of the guarantors. Guarantors might thus be obliged to service the overall creditor's claim even if one of the guarantors is unable to make the necessary payments and/or if the investor only approaches one guarantor, enhancing the strength of this type of guarantee<sup>10</sup>. Where a statutory guarantee is unclear, we rely on a legal opinion to ascertain the degree of support in the underlying instrument.

In some instances, a GRE may benefit from multiple explicit guarantees provided by different public guarantors for its debt issuances. To determine the ratings for these guaranteed debt issuances, we align the senior unsecured ratings of the respective debt with the senior unsecured debt ratings from the guarantor. If the debt is guaranteed by more than one guarantor, we will either use the rating of the entity most likely to provide support in case of need, if such a public sponsor is identified, or calculate the weighted average rating if applicable.

If the guarantee/liability mechanism only provides an indirect investor claim against the guarantor, which means that only the GRE can assert a claim against the guarantor, which can be the case of maintenance obligations which require the public sponsor to secure the financial basis for the GRE or if a specific condition has to initially be met before the investor can assert a claim against a guarantor, then we would assess the liability mechanism of a lesser quality and not apply the equalisation factor.

If we deem that the GRE benefits from an explicit, unconditional, unlimited, direct and irrevocable guarantee mechanism that covers all outstanding debt, is sufficiently anchored in legislative frameworks, thus reflecting quasi certain support by the public sponsor and if we do not expect any change in the GRE's guarantee mechanism, we would apply the equalisation factor and may choose to forgo our assessments under the first step (see [Chapter 2](#)) and second step (see [Chapter 3](#) and [Chapter 4](#)) of the approach. The supplementary analysis, as outlined in [Chapter 5](#), can still impact the final rating decision.

## 7.2 Ratings above that of the public sponsor

Given the idiosyncratic nature of GREs, our assessment does not mechanically cap a GRE's issuer rating at the public sponsor's rating level. For example, in those cases where a GRE's stand-alone credit profile is stronger than that of its respective public sponsor, we would typically apply the stand-alone credit rating. However, we note that GREs with public sponsors that are assessed as non-investment grade are more likely to be constrained by the sponsor's rating. We also consider the extent to which the public sponsor may redirect the GRE's financial resources or access its assets which would typically imply that a cap to the GRE's issuer rating at the public sponsor's rating level is warranted. For entities rated under the Top-Down approach that possess exceptionally strong intrinsic fundamentals, for example, ring-fenced assets outside of the public sponsor's control, a rating above that of the sponsor could also be warranted. At the same time, we are mindful that a default by a sovereign can lead to actions that cause the GRE to default and that government defaults are sometimes

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<sup>10</sup> The liability quotas for each of the guarantors are usually specified through internal agreements but creditors are entitled to full satisfaction of their claims



accompanied by a freeze in foreign currency convertibility, limiting the circumstances in which a GRE is rated higher than the public sponsor<sup>11</sup>.

### 7.3 Treatment of group or similar structures

In the case of a group structures or for the subsidiary of a GRE<sup>12</sup>, which is not directly integrated with the public sponsor, we would first assess the relationship between the public sponsor and the parent, and second, the relationship between the parent and its subsidiary. We consider whether support from the public sponsor can extend to the subsidiary either directly or indirectly through the parent. In cases where the interlinkages between the subsidiary and its parent are so strong and we deem the likelihood of support from the public sponsor to extend in full to the subsidiary, we may align our analysis under step one and two of this methodology. This can be the case in instances of name equality, debt guarantees or other supportive factors in the case of high strategic importance of the subsidiary, for instance. In such scenarios, the analysis focuses primarily on the subsidiary's relationship with the public sponsor, obviating the need for a standalone rating of the subsidiary. The assessment of the implications of group structures for the stand-alone fundamentals of the entity takes into consideration the respective jurisdiction as well as the complexity and transparency of the parent-subsidiary relationship and is conducted in accordance with the sector-specific methodologies where appropriate.

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<sup>11</sup> **This is most likely to be the case in an emerging market context.**

<sup>12</sup> In cases where the rated entity and its parent have no formal ownership, we consider financial, operational, and similar links beyond ownership stakes.

## 8. Annexes

### 8.1 Case Study 1: Top-Down Approach

#### ➤ Step 1: Level of integration

Analytical component	Weight	Assessments			
		Limited (1)	Medium (50)	High (100)	Not applicable
Legal status	40%	○	○	●	○
Purpose & activities	20%	○	○	●	○
Shareholder structure	20%	○	○	●	○
Financial interdependencies	20%	●	○	○	○
<b>Integration score</b>		80			
<b>Indicative approach</b>	Score	1 ≤ x < 33.3	33.3 ≤ x ≤ 66.7	66.7 < x ≤ 100	
	Approach	Bottom-Up	Top-Down or Bottom-Up	Top-Down	
<b>Approach adopted</b>		<b>Top-Down</b>			

The hypothetical GRE: i) has a public legal form; ii) provides an essential public service; iii) is fully owned by the government; and iv) receives irregular government contributions. As such, the level of integration with the government is assessed as 'High' which results in the application of the Top-Down approach.

#### ➤ Step 2: Downward notching from government rating

Analytical pillar	Analytical component	Weights	Assessments				Pillar assessment
			Limited (1)	Medium (50)	High (100)	Not applicable	
<b>Control and regular support</b>	Strategic and operational decision making	33%	○	●	○	○	Medium
	Key personnel, governing & oversight bodies	33%	●	○	○	○	
	Evidence of financial support	33%	○	○	●	○	
<b>Likelihood of exceptional support</b>	Strategic importance	33%	○	○	●	○	High
	Substitution difficulty	33%	○	○	●	○	
	Default implications	33%	○	●	○	○	

Overall assessments	Notches	Equalisation factor	No
Equalisation	0	Overall assessment	High
High	0-1	Indicative notching	0-1
Medium	1-2	Additional adjustment	-
Limited	2-3	<b>Final indicative notching</b>	<b>0-1</b>

The public sponsor which owns and controls the GRE is rated AA by Scope. In this second step, we assess the degree to which the GRE's rating can be aligned with (or deviate from) the public sponsor's rating. In this hypothetical case, the GRE does not benefit from a statutory guarantee on its liabilities which would allow for a direct alignment with the government's rating. Instead, the categories comprising the public sponsor's *Control and regular support* and the *Likelihood of exceptional support* are assessed. In this case, the assessments are 'Medium' and 'High' respectively. The higher of the two assessments is chosen, resulting in an overall level of government support assessed as 'High', which indicates a 0-1 notch downward adjustment from the public sponsor's rating. A Rating Committee would then discuss whether the rating of the GRE will be aligned at AA, or whether a 1-notch downward adjustment to AA- (or, if deemed appropriate, even lower) is justified.

### I.1 Case Study 2: Bottom-Up approach

This hypothetical GRE is owned by many sub-sovereign entities, all with a limited ownership share except for one that owns more than 40% and plays an important control and oversight role. Given this, we consider it to be the most likely sponsor to provide support to the GRE if needed and use it as the sole public sponsor for the analysis.

➤ **Step 1: Level of integration**

Analytical component	Weight	Assessments			
		Limited (1)	Medium (50)	High (100)	Not applicable
Legal status	40%	●	○	○	○
Purpose & activities	20%	●	○	○	○
Shareholder structure	20%	○	●	○	○
Financial interdependencies	20%	●	○	○	○

<b>Integration score</b>		11		
<b>Indicative approach</b>	Score	$1 \leq x < 33.3$	$33.3 \leq x \leq 66.7$	$66.7 < x \leq 100$
	Approach	Bottom-Up	Top-Down or Bottom-Up	Top-Down
<b>Approach adopted</b>		<b>Bottom-Up</b>		

The hypothetical GRE: i) has an ordinary commercial legal form; ii) its services fulfil mostly a commercial purpose; iii) is owned by the government with a dominant share (more than 40%); and iv) does not rely on public funding. As such, the level of integration with the government is assessed as 'Limited' and the Bottom-Up approach is applied.

➤ **Step 2: Upward notching from stand-alone rating**

The hypothetical GRE has a stand-alone credit quality, determined by the Corporate methodology, at 'bbb'. In this step, we assess the public sponsor's capacity and willingness to provide support. The public sponsor's rating is assessed at A-.

The GRE does not benefit from any guarantee on its liabilities from the public sponsor. The resulting rating differential of two notches indicates a relatively 'Limited' *Capacity to provide support*. At the same time, we assess the public sponsor's *Willingness to support* as 'Medium'. This reflects the GRE's strategic importance for the local economy, the difficulty in substituting the entity's service quickly with private sector entities and the moderate but tangible adverse effect a hypothetical default would have on the public sponsor. The scorecard therefore recommends an indicative credit uplift of zero or one notch to 'bbb+', which would have to be discussed and confirmed in a Rating Committee.

Willingness to support	Capacity to provide a credit uplift - Rating differential		
	≥ 4 notch differential	3 notch differential	≤ 2 notch differential
	● High	● Medium	● Limited
● High	2 - 3	1 - 3	1 - 2*
● Medium	1 - 3	1 - 2	<b>0 - 1*</b>
● Limited	1 - 2	0 - 1	0

Equalisation factor	No
Indicative notching	0 - 1
Additional adjustment	-
<b>Final indicative notching</b>	<b>0 - 1</b>

\* The notching may be capped by the public sponsor's rating.

To determine the final credit uplift for the bottom-up GRE, the Rating Committee can refer to the analytical components from QS1 or the integration score, with higher assessments or values indicating greater willingness. The Rating Committee could also consider additional factors, such as the share of the GRE's business outside of the domestic market, and visibility on potential additional funding support and decide to limit the uplift to one notch as a result. In rare cases, the Rating Committee may decide to apply additional notching and a higher final notch uplift compared to what is suggested by the scorecard. This could happen, for example, when the potential implications of default or strategic importance are exceptionally significant.

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