

PRA STANDARDS INSTRUMENT: THE TECHNICAL STANDARDS (CREDIT QUALITY STEPS MAPPING) INSTRUMENT [2025]

Powers exercised

- A. The PRA makes this instrument in the exercise of powers under section 138P (Technical Standards) of the Act.
- B. For the purposes of section 138P of the Act, the power to make regulatory technical standards on which the PRA relies for the purposes of this instrument is conferred on the PRA by [Article 136 of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012]¹.
- C. Pursuant to section 138P(2)(b) of the Act, the power to make technical standards includes the power to modify, amend or revoke any EU tertiary legislation (as defined in section 20 of the EUWA) made by an EU entity under the original mandate which forms part of the assimilated law of the UK.
- D. The powers referred to above are specified for the purpose of section 138Q(2) (Standards instruments) of the Act.

Interpretation

- E. In this instrument, any reference to any provision of direct EU legislation is a reference to it as it forms part of the assimilated law of the UK.
- F. In this instrument:
 - “EUWA” means the European Union (Withdrawal) Act 2018;
 - “PRA” means the Prudential Regulation Authority;
 - “assimilated law” has the meaning given it in section 6 of the EUWA; and
 - “the Act” means the Financial Services and Markets Act 2000.

Modification

- G. The PRA makes the modifications in the Annex to Part 2 (PRA) of Commission Implementing Regulation (EU) 2016/1799 of 7 October 2016 laying down implementing technical standards with regard to the mapping of credit assessments of external credit assessment institutions for credit risk in accordance with Articles 136(1) and 136(3) of Regulation (EU) No 575/2013 of the European Parliament and of the Council.

Commencement

- H. This instrument comes into force on [DATE].

Citation

- I. This instrument may be cited as PRA Standards Instrument: The Technical Standards (Credit Quality Steps Mapping) Instrument [2025].

By order of the Prudential Regulation Committee

[DATE]

¹ Power may be substituted in final instrument by savings provision expected to be introduced by Treasury upon revocation of Article 136

Annex

MODIFICATIONS TO PART 2 (PRA) OF COMMISSION IMPLEMENTING REGULATION (EU) 2016/1799 OF 7 OCTOBER 2016 LAYING DOWN IMPLEMENTING TECHNICAL STANDARDS WITH REGARD TO THE MAPPING OF CREDIT ASSESSMENTS OF EXTERNAL CREDIT ASSESSMENT INSTITUTIONS FOR CREDIT RISK IN ACCORDANCE WITH ARTICLES 136(1) AND 136(3) OF REGULATION (EU) NO 575/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

In this Annex, new text is underlined and deleted text is struck through.

*Article 1***Quantitative factors of the mapping of a rating category**

The quantitative factors which the PRA shall consider when determining the mapping of credit assessments, in order to differentiate between the relative degrees of risk expressed by each credit assessment, referred to in point (a) of Article 136(2) of Regulation (EU) No 575/2013 shall be the short run and long run default rates associated with items assigned the same rating category, as set out in Articles 2 to 6.

...

Article 6

Items used and long run default rate of a rating category where a sufficient number of credit ratings is not available

...

(a) it shall be based on the estimate provided by the ECAI of the long run default rate associated with all items assigned the same rating category, ~~pursuant to point (a) of Article 136(2) of Regulation (EU) No 575/2013;~~

...

*Article 7***Qualitative factors of the mapping of a rating category**

The qualitative factors which the PRA shall consider when determining the mapping of credit assessments, in order to differentiate between the relative degrees of risk expressed by each credit assessment, referred to in point (b) of Article 136(2) of Regulation (EU) No 575/2013 shall be:

...

(e) the estimate provided by the ECAI of the long run default rate associated with all items assigned the same rating category, ~~pursuant to point (a) of Article 136(2) of Regulation (EU) No 575/2013,~~ as set out in Article 12;

...

*Article 14***Benchmark**

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When determining the mapping of credit assessments, the PRA shall compare default rates experienced for each credit assessment of a particular ECAI and compare them with a benchmark built on the basis of default rates experienced by other ECAs on a population of issuers that present an equivalent level of credit risk. The benchmark referred to in point (c) of Article 136(2) of Regulation (EU) No 575/2013 shall be distinguished in:

...

*Article 16***Mapping tables**

The correspondence of the rating categories of each ECAI with the credit quality steps set out in Section 2 of Chapter 2 of Title II of Part Three of Regulation (EU) No 575/2013 is that set out in Annex III.

[Deleted]

...

Annex III**Mapping tables for the purposes of Article 16**

[Deleted]

Credit quality step	1	2	3	4	5	6
ACRA Europe, a.s (formerly European Rating Agency, a.s.)						
Global long-term rating scale	AAA, AA	A	BBB	BB	B	CCC, CC, C, D
Global short-term rating scale	S1		S2	S3, S4, NS		
AM Best Europe Rating Services						
Long-term issuer credit rating scale	aaa, aa+, aa, aa-	a+, a, a-	bbb+, bbb, bbb-	bb+, bb, bb-	b+, b, b-	ccc+, ccc, ccc-, cc, c, d, e, f, s
Long-term issue rating scale	aaa, aa+, aa, aa-	a+, a, a-	bbb+, bbb, bbb-	bb+, bb, bb-	b+, b, b-	ccc+, ccc, ccc-, cc, c, d, s
Financial strength rating scale	A++, A+	A, A-	B++, B+	B, B-	C++, C+	C, C-, D, E, F, S
Short-term issuer rating scale	AMB-1+	AMB-1-	AMB-2, AMB-3	AMB-4, d, e, f, s		
Short-term issue rating scale	AMB-1+	AMB-1-	AMB-2, AMB-3	AMB-4, d, s		
ARC Ratings S.A. and ARC Ratings (UK) Limited						
Medium- and long-term issuer rating scale	AAA, AA	A	BBB	BB	B	CCC, CC, C, D
Medium- and long-term issue rating scale	AAA, AA	A	BBB	BB	B	CCC, CC, C, D
Short-term issuer rating scale	A-1+	A-1	A-2, A-3	B, C, D		
Short-term issue rating scale	A-1+	A-1	A-2, A-3	B, C, D		
ASSEKURATA Assekuranz Rating-Agentur GmbH						

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Long-term credit rating scale	AAA, AA	A	BBB	BB	B	CCC, CC/C, D
Short-term corporate rating scale	A++	A		B, C, D		
Axesior Risk Management SL						
Global rating scale	AAA, AA	A	BBB	BB	B	CCC, CC, C, D, E
Banque de France						
Global long-term issuer credit rating scale	3++	3+, 3	4+	4, 5+	5, 6	7, 8, 9, P
BCRA — Credit Rating Agency AD						
Global long-term rating scale	AAA, AA	A	BBB	BB	B	CCC, CC, C, D
Global short-term rating scale	A-1+	A-1	A-2, A-3	B, C, D		
Pension insurance company long-term scale	AAA, AA	A	BBB	BB	B	CCC, CC, C, D
Pension insurance company short-term scale	A-1+	A-1	A-2, A-3	B, C, D		
Pension fund long-term scale	AAA pf, AA pf	A pf	BBB pf	BB pf	B pf	C pf
Guarantee fund long-term scale	AAA, AA	A	BBB	BB	B	C, D
Guarantee fund short-term scale	A-1+	A-1	A-2, A-3	B, C, D		
Capital Intelligence Ratings Ltd						
International long-term issuer rating scale	AAA, AA	A	BBB	BB	B	C, RS, SD, D
International long-term issue rating scale	AAA, AA	A	BBB	BB	B	CCC, CC, C, D
International long-term insurer financial strength rating scale	AAA, AA	A	BBB	BB	B	C, RS, SD, D
International short-term issuer rating scale	A1+	A1	A2, A3	B, C, RS, SD, D		
International short-term issue rating scale	A1+	A1	A2, A3	B, C, D		
International short-term insurer financial strength rating scale	A1+	A1	A2, A3	B, C, RS, SD, D		
Cerved Rating Agency S.p.A.						
Corporate long-term rating scale	A1.1, A1.2, A1.3	A2.1, A2.2, A3.1	B1.1, B1.2	B2.1, B2.2	C1.1	C1.2, C2.1
Creditreform Rating AG						
Long-term issuer rating scale	AAA, AA	A		BBB	BB	B, C, SD, D
Long-term issue rating scale	AAA, AA	A		BBB	BB	B, C, D
Short-term rating scale	L1	L2		L3, NEL, D		
CRIF Ratings S.r.l.						
Long-term issuer rating scale	AAA, AA	A	BBB	BB	B	CCC, CC, C, D1S, D
Long-term issue rating scale	AAA, AA	A	BBB	BB	B	CCC, CC, C, DS
Short-term issuer rating scale	IG-1		IG-2	SIG-1, SIG-2, SIG-3, SIG-4		
Short-term issue rating scale	IG-1		IG-2	SIG-1, SIG-2, SIG-3, SIG-4		

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Dagong Europe Credit Rating Srl						
Long-term credit rating scale	AAA, AA	A	BBB	BB	B	CCC, CC, C, D
Short-term credit rating scale	A-1		A-2, A-3	B, C, D		
DBRS Ratings						
Long-term obligations rating scale	AAA, AA	A	BBB	BB	B	CCC, CC, C, D
Commercial paper and short-term debt rating scale	R-1 H, R-1 M	R-1 L	R-2, R-3	R-4, R-5, D		
Financial strength rating scale	AAA, AA	A	BBB	BB	B	CCC, CC, C, R
Egan-Jones Ratings Co.						
Long-term credit rating scale	AAA, AA	A	BBB	BB	B	CCC, CC, C, D
Short-term credit rating scale	A-1+	A-1	A-2	A-3, B, C, D		
Euler Hermes Rating GmbH						
Global long-term rating scale	AAA, AA	A	BBB	BB	B	CCC, CC, C, SD, D
EuroRating Sp. z o.o.						
Global long-term rating scale	AAA, AA	A	BBB	BB	B	CCC, CC, C, D
Fitch Ratings						
Long-term issuer default rating scale	AAA, AA	A	BBB	BB	B	CCC, CC, C, RD, D
Corporate finance obligations — long-term rating scale	AAA, AA	A	BBB	BB	B	CCC, CC, C
Long-term international Insurer Financial Strength rating scale	AAA, AA	A	BBB	BB	B	CCC, CC, C
Derivative counterparty rating scale	AAA-der, AA-der	A-der	BBB-der	BB-der	B-der	CCC-der, CC-der, C-der
Short-term rating scale	F1+	F1	F2, F3	B, C, RD, D		
Short-term IFS rating scale	F1+	F1	F2, F3	B, C		
GBB-Rating Gesellschaft für Bonitätsbeurteilung GmbH						
Global long-term rating scale	AAA, AA		A, BBB	BB	B	CCC, CC, C, D
HR Ratings de México, S.A. de C.V.						
Global long-term rating scale	HR AAA(G)/HR AA(G)	HR A(G)	HR BBB(G)	HR BB(G)	HR B(G)	HR C(G)/HR D(G)
Global short-term rating scale	HR+1(G)/HR1(G)	HR2(G)	HR3(G)	HR4(G), HR5(G), HR D(G)		
ICAP Group S.A						
Global long-term rating scale		AA, A	BB, B	C, D	E, F	G, H
INC Rating Sp. z o.o.						
Long-term issuer credit rating scale	AAA, AA	A	BBB	BB	B	CCC, CC, C, D
Japan Credit Rating Agency Ltd						
Long-term issuer rating scale	AAA, AA	A	BBB	BB	B	CCC, CC, C, LD, D
Long-term issue rating scale	AAA, AA	A	BBB	BB	B	CCC, CC, C, D

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Short-term issuer rating scale	J-1+	J-1	J-2	J-3, NJ, LD, D		
Short-term issue credit rating scale	J-1+	J-1	J-2	J-3, NJ, D		
Kroll Bond Rating Agency						
Long-term credit rating scale	AAA, AA	A	BBB	BB	B	CCC, CC, C, D
Short-term credit rating scale	K1+	K1	K2, K3	B, C, D		
Kroll Bond Rating Agency Europe and Kroll Bond Rating Agency UK Limited						
Long-term credit rating scale	AAA, AA	A	BBB	BB	B	CCC, CC, C, D
Short-term credit rating scale	K1+	K1	K2, K3	B, C, D		
modeFinance S.r.l.						
Global long-term rating scale	A1, A2	A3	B1	B2	B3	C1, C2, C3, D
Moody's Investors Service						
Global long-term rating scale	Aaa, Aa	A	Baa	Ba	B	Caa, Ca, C
Global short-term rating scale	P-1	P-2	P-3	NP		
QIVALIO SAS (formerly Spread Research)						
Global long-term rating scale	AAA, AA	A	BBB	BB	B	CCC, CC, C, D
Global short-term rating scale	SR0		SR1, SR2	SR3, SR4, SR5, SRD		
Rating-Agentur Expert RA GmbH						
International credit rating scale	AAA, AA	A	BBB	BB	B	CCC, CC, C, D, E
International reliability rating scale	AAA, AA	A	BBB	BB	B	CCC, CC, C, D, E
Scope Ratings GmbH and Scope Ratings UK Limited						
Long-term rating scale	AAA, AA	A	BBB	BB	B	CCC, CC, C, D
Short-term rating scale	S-1+	S-1	S-2	S-3, S-4		
S&P Global Ratings Europe Limited and S&P Global Ratings UK Limited						
Long-term issuer credit rating scale	AAA, AA	A	BBB	BB	B	CCC, CC, R, SD/D
Long-term issue credit rating scale	AAA, AA	A	BBB	BB	B	CCC, CC, C, D
Insurer financial strength rating scale	AAA, AA	A	BBB	BB	B	CCC, CC, SD/D, R
Mid-Market Evaluation rating scale		MM1	MM2	MM3, MM4	MM5, MM6	MM7, MM8, MMD
Short-term issuer credit rating scale	A-1+	A-1	A-2, A-3	B, C, R, SD/D		
Short-term issue credit rating scale	A-1+	A-1	A-2, A-3	B, C, D		
The Economist Intelligence Unit Ltd						
Sovereign rating band scale	AAA, AA	A	BBB	BB	B	CCC, CC, C, D