

2019-02-13 Meeting notes

Date

13 Feb 2019

Attendees

- [Cory Casanave](#)

Agenda

- 1) New introductions
- 2) Thoughts from last meeting or other review
 - Please review [current models and definitions](#).
- 3) Review issues from last meeting (below)
- 4) Target drill-down for a specific kind of rating
- 5) Using the wiki and Jira
- 6) For next meetings - weekly or every two weeks?

Issues to be discussed:

- Term "rating issuer" is confusing, we need to clarify the difference between rating party and rating agency.
- Two dates are important (the day the rating was made as well as the date of coverage) - caution urged on the word "effective date". Do we need an end date?
- Consider addressing the relationship between different rating scales. For example - Fitch Aa might equate to Moody's B. Could we get agreement on this or should it be internal to a rating consumer?

Proceedings:

Michael Atkin (to Everyone): 11:15 AM: Cory, Elisa, John Gemski, Pete, Ron Forino (D&B analytics governance), Sandra Recca (Fitch), Suman Murali (D&B), Veleriy (Freddie Mac), Vivian (Fannie Mae), MA

SG (to Everyone): 11:16 AM: Also Susan Green Fitch Ratings

Michael Atkin (to Everyone): 11:17 AM: MA - address the Wiki access challenge (add participants)

11:20 AM: CC - tour of Wiki, structure of generic model, OWL ontology (must be used in conjunction with FIBO), definitions and properties

11:24 AM: CC - important to ensure that we are adopting language/words that make sense and are acceptable to all participants

11:25 AM: CC - today (rating party, rating issuer and rating agency)

11:26 AM: Rating party - the organization that asserts the rating

11:26 AM: Rating issuer - party that creates the rating scale

11:27 AM: Should there be a separation between "rating issuer" and "rating party"?

11:28 AM: JG (yes) - Missing the concept of "ratings distributor" (third party channel for the ratings)

11:29 AM: SR - the distributor is different from the issuer (the role important to capture) - i.e. Fitch solutions distributions by Fitch ratings - this ROLE is important to capture

11:29 AM: CC - use the term "rating distributor" for this role

11:30 AM: CC - examination of "rating party"

11:31 AM: EK - (yes) - important to identify the person that performs the analysis (human) - which is distinct from the agency that does the rating

11:32 AM: SR - there is a rating analyst (the ones responsible and the one that is on the release) - some ratings are done by a committee (assigned analyst for a deal is the person that is named)

11:33 AM: CC - rating party (legal entity responsible for the publication)

11:35 AM: SG - Issuer = entity that issues the "thing" being rated (i.e. the bond). Ratings Issuer is the wrong term!

11:38 AM: Thing being rated (bond) -- agency that does the rating -- person/committee doing the rating -- distributor of the rating -- rating of the issuer of the thing

11:41 AM: Things being rated is also dependent on the rating of the issuer of the "thing"

11:45 AM: Scope - starts with generic concept of any type of rating then drill down to deal with financial rating concepts

11:46 AM: The first goal is generic rating

11:47 AM: JG - make distinction between "formal" and "informal" rating

11:50 AM: CC - Term "effective date" (date when rating was made vs. date of coverage) and the concept of end date (term of rating)

11:51 AM: Ratings can be withdrawn and ratings can be reissued. Term starts when things is initially rated (withdrawn, upgrades, downgraded)

11:52 AM: Effective date - when the issuer of bond agrees to have it rated - agency term begins - then upgrade, downgrade - effective date is when the last action occurred

11:53 AM: End date - there is no "term" (rating is good from X date to Y date). This is not a valid term

11:56 AM: Two critical dates = Rating created, Rating adjusted (withdrawn, upgraded, paid in full, down graded, Rating withdrawn (agency no longer rates)

11:57 AM: Adjusted = upgraded, downgraded, affirmed

11:57 AM: Paid in full = rating no longer is valid/doesn't exist

11:58 AM: Rating = an event concept + the entity issuing the rating

11:59 AM: Withdrawn = (I don't want you to rate me anymore)

11:59 AM: Paid in Full = no longer valid/rating not relevant

11:59 AM: All of this is impacted by corporate action

12:00 PM: Events = rating itself, withdrawn, entity/instrument no longer exists

12:02 PM: Three core concepts (things, dates, outputs) - all impacted by events

12:02 PM: "to issue" (verb) is not the same as "issue" (noun)"

12:03 PM: After core concepts - goal is to drill down into a specific thing. Question is what "thing" to use as the drill down

12:04 PM: Weekly from 11-12 for the initial model development

Action items

1. Populate Wiki and ensure access capability by participants
2. Rename "rating party"
3. Rename "rating issuer"
4. Support for rating lifecycle for an agency, including the rating being initiated and withdrawn
5. Support for the "rating performer" as the person or group that performs the assessment and defines the rating.
6. Changed date property term

