

CDO Newsletter

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DBRS PUBLISHES METHODOLOGY FOR RATING CANADIAN STRUCTURED CREDIT TRANSACTIONS

On November 21, 2008, DBRS published Rating Canadian Structured Credit Transactions, a comprehensive overview of the DBRS rating approach to Canadian structured credit transactions.

Previously, DBRS addressed the issues relevant to rating structured credit transactions in a number of different publications. DBRS has now addressed all aspects considered when rating a structured credit transaction under one heading.

The starting point of the methodology is a description of what DBRS refers to as the credit basics: default probability, default correlation and recovery given default. With this foundation in place, DBRS goes on to address asset-specific considerations relevant to collateralized loan obligation transactions (CLOs), collateralized bond obligation transactions (CBOs), synthetic collateralized debt obligation transactions (CDOs) and leveraged super-senior CDO transactions. Issues addressed include credit risk, the risk of a leveraged super-senior transaction facing a collateral call and counterparty risk.

DBRS is committed to providing transparency to the rating process and constantly monitors market developments to ensure that its policies and methodologies remain relevant and current. As the Canadian market for structured credit products evolves, DBRS will update and revise Rating Canadian Structured Credit Transactions to reflect market realities.

The methodology providing DBRS's processes and criteria is available by contacting us at info@dbrs.com.

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