Rating Agents of the Crown

When rating the debt instruments of a Canadian Crown corporation designated as an agent of the federal or a provincial government, DBRS will generally assign the rating of the parent government if all three of the following conditions are met:

(1) The status of agent is explicitly provided to the organization through legislation or regulation. (Note that in cases where the act is unclear about the status of the entity being rated, an outside legal opinion may be sought by DBRS.)

(2) The agent is empowered in its constituting act to borrow and conduct the other activities potentially covered by the credit rating being assigned.

(3) There is no provision in the constituting act or the terms of the debt precluding the applicability of the agent status to borrowing or other activities potentially covered by the credit rating being assigned.

This recognizes that the federal and provincial governments are ultimately liable for the mandated actions of their agents.