

JCR Enters into Strategic Alliance with Mexico's HR Ratings

- (1) On August 30, 2016, Japan Credit Rating Agency, Ltd. (JCR) and HR Ratings de Mexico, S.A. de C.V. (HR Ratings)^{1/} signed a Memorandum of Understanding (MOU) to collaborate with each other as strategic business partners.
- (2) In recent years, Japanese companies, especially in the automobile and automobile-related industries, have been eagerly making direct investments in Mexico. Meanwhile, interest is growing among Mexican entities to tap into the Tokyo market in order to diversify their funding sources and to take advantage of the ultra-low interest rate environment. Nevertheless, barriers in terms of languages and business custom persist. In order for Japanese and Mexican entities to raise funds in each other's country, it is essential to solicit a rating from the rating agencies widely accepted by the local investors.
- (3) JCR and HR Ratings believe that the collaboration between the two leading rating agencies in each market could substantially augment the quality of information and analysis they provide on the issuers from each other's country, and thereby support the fund-raising by Japanese companies in Mexico and Mexican entities in Japan.

1/ It is also registered as a Nationally Recognized Statistical Rating Organization (NRSRO) with the US SEC and has received Certification for a Credit Rating Agency under EU Regulations on Credit Rating Agencies.

<Reference: JCR's Efforts for Globalization>

As a rating agency that covers more than 60% of Japanese rated companies, JCR is making efforts to support Japanese companies' overseas businesses and foreign issuers' fund-raising in the Tokyo market. Specifically, JCR is taking the following initiatives: (i) To be acknowledged as a qualified rating agency in various foreign jurisdictions, namely US, Europe, and major Asian countries such as Indonesia and Thailand, so that JCR ratings can be directly used in these markets; (ii) In the markets where ratings in local scales are required, to tie up with local rating agencies and support Japanese companies to gain local ratings; (iii) To publish rating reports bilingually so that JCR's analysis can also be read by foreign investors as well; (iv) To strengthen the linkage with local rating agencies that are most familiar with local situations so as to provide investors with the latest and most accurate information, and independent and objective analysis on emerging market issuers.

In order to strengthen the network with foreign rating agencies, JCR (a) took a lead in organizing the Association of Credit Rating Agencies in Asia (ACRAA) in 2001 (whose membership is now 30 rating agencies from 15 jurisdictions); (b) co-operated to establish rating agencies in Pakistan (JCR-VIS Credit Rating Co. Ltd.) and Turkey (JCR Eurasia Rating); and (c) entered into a strategic alliance with CARE Ratings in India in December 2015.

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