



Tagging Info

CORRECTION: Fitch Assigns Transport of London's GBP2bn CP Programme Final 'F1+' Ratings

13 Jul 2010 10:53 AM (EDT)

Fitch Ratings-London/Barcelona/Frankfurt-13 July 2010: This corrects the announcement issued earlier today. The assigned rating is a final rating, and not an expected rating as previously stated.

Fitch Ratings has assigned Transport for London's (TfL) proposed GBP2bn euro commercial paper (ECP) programme final Short-term foreign and local currency 'F1+' ratings.

Notes issued under the ECP programme will rank equal with all other direct obligations of TfL and are therefore linked to its Short-term 'F1+' rating. According to TfL, the purpose of the programme is to expand its short term borrowing options and to increase efficiency in liquidity management. TfL intends to eventually refinance this short-term funding through long-term debt from capital markets.

However, there is a risk that TfL may be unable to roll over issued notes at maturity and TfL has implemented certain mitigating factors. The programme will be managed in a way that only a maximum amount of GBP200m will be due in any three-day period, equal to TfL's overdraft facility. The Public Works Loan Board (PWLB), a statutory body operating within the U.K.'s Debt Management Office, will act as lender of first resort. Fitch understands that these facilities would be available to TfL at any time as long as they remain within the prudential authorised borrowing limit, agreed by TfL's board and the Mayor of London. Last, TfL has to maintain a minimum cash balance of GBP250m for operational purposes at any time.

TfL ('AA'/F1+/'Stable) reports to London's mayor and is a functional body of the Greater London Authority. It was created in 2000 and subsequently took over all responsibilities for buses and other transport functions in London from the government. Its remit includes roads and bridges, buses, the Docklands Light Railway, river services and taxis. London Underground Limited was transferred to TfL in July 2003.

Applicable criteria, "Revenue-Supported Rating Criteria", dated 29 December 2009, and "Ratings of Non-US Public Finance Entities", dated 1 September 2009, are available on www.fitchratings.com.

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Additional information is available on www.fitchratings.com.

Related Research:

Revenue-Supported Rating Criteria
Ratings of Non-US Public Sector Entities

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