



SDI Review Form 1.6

Journal Name:	<u>British Journal of Economics, Management & Trade</u>
Manuscript Number:	2014_BJEMT_14369
Title of the Manuscript:	CREDIT RATING: A NEW QUOTATION APPROACH
Type of the Article	Original Research Article

General guideline for Peer Review process:

This journal's peer review policy states that **NO** manuscript should be rejected only on the basis of '**lack of Novelty**', provided the manuscript is scientifically robust and technically sound.

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PART 1: Review Comments

	Reviewer's comment	Author's comment <i>(if agreed with reviewer, correct the manuscript and highlight that part in the manuscript. It is mandatory that authors should write his/her feedback here)</i>
<u>Compulsory</u> REVISION comments	Report on “CREDIT RATING: A NEW QUOTATION APPROACH” The paper introduces a new quotation approach for accessing credit rating of company solvency, which is different from the methods of Big3 rating agencies. The authors use the asset volatility and risk categories of 20 company to obtain the estimations of acceleration and risk intervals, and then give the numerical scale to the equivalent rating tables of Big3 by the comparative statics method. The research topic has certain practical value. I recommend a revision that corrects errors and solves questions that I observed as listed below. ■ The real relationship of the volatility and risk categories may not be linear, because the sample size in the paper is limited. ■ How to access the credit rating of a company solvency out of sample according to the authors' model. ■ In the 179 line on page 4,	Thank you for your valuable comments. All your precious suggestions have been taken into account in the main document. The model is a theoretical one, so the volatility measures we used are given as an illustration to show how the model is constructed. We mentioned in a footnote that future empirical studies will help measuring more efficiently the relationship between volatility and risk classes.



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	$R_H = R_L + (N - 1 \times \gamma \times C_w^2) \quad (1)$ should be $R_H = R_L + ((N - 1) \times \gamma \times C_w^2)$. There are similar errors in the formulas in the 201, 239, 276 and 279 lines. ■ In the 195 line and 196 line on page 5, 'H_V represents the highest volatility level and L_V represents the lowest volatility level' should be 'H_V represents the sequence number of the highest volatility level and L_V represents the sequence number of the lowest volatility level.' ■ The results of Table 2 and Table 3 are not accurate. ■ In the 385 line and 395 line on page 10, the author information should be added into the references.	
Minor REVISION comments	Satisfied with the revised paper. I recommend a revision that corrects errors that I observed as listed below. 1. According to table 2, I think that the C_w in the formula (4) should be the class in table 1, while the C_w elsewhere should be β_1 of formula (4). 2. Given the data in table 1, the results of regression should be $\widehat{\text{Volatility}} = 3.2158 + 9.9556 \text{ Class},$ and other results also should have corresponding changes.	
Optional/General comments		