

[Sender Name/Department]  
[Financial Institution Name]  
[Address]  
[Date]

[Recipient Name]  
[Client Company Name]  
[Address]

**Subject: Notice of Sovereign Rating Downgrade and Impact on Trade Finance Facilities**

Dear [Recipient Name],

We are writing to formally notify you regarding the recent credit rating downgrade of [Name of Country] by [Name of Rating Agency, e.g., S&P/Moody's/Fitch] from [Old Rating] to [New Rating].

Under the terms of our Trade Finance Agreement dated [Date], such a sovereign rating action constitutes a material change in the risk profile of transactions related to this jurisdiction. Consequently, [Financial Institution Name] must implement the following adjustments to your trade facilities effective [Date]:

- **Risk Participation & Confirmation:** Our ability to confirm Letters of Credit originating from [Country] will be reviewed on a case-by-case basis and may be restricted.
- **Pricing Adjustments:** Risk premiums and confirmation fees for transactions involving this jurisdiction will increase by [Percentage/Basis Points] to reflect higher country risk.
- **Collateral Requirements:** We may require additional cash cover or collateral for outstanding and future trade instruments.
- **Tenor Restrictions:** Maximum allowable tenors for trade financing (Import/Export) may be reduced to mitigate long-term exposure.

We value our partnership and remain committed to supporting your business needs. Your Relationship Manager, [Name], will contact you shortly to discuss how these changes affect your specific outstanding portfolio and future pipeline.

Please acknowledge receipt of this notice by signing below and returning a copy to us.

Sincerely,

[Authorized Signatory Name]  
[Title]  
[Financial Institution Name]

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**Acknowledgement:**

I, [Name], acting on behalf of [Client Company Name], acknowledge receipt of this notice regarding sovereign risk adjustments.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_