Policy for Withdrawal of Credit Ratings

Issued by: MIS Compliance Department
Applicable to: All MIS employees and Moody’s Shared Services Employees involved in the ratings process
Effective Date: September 9, 2011

POLICY

I. What is a Withdrawn Rating?

MIS withdraws its rating when it no longer rates an entity, debt or financial obligation, debt issuance program, preferred share or other financial instrument for which it previously assigned a rating. If appropriate and feasible, ratings will be adjusted before the withdrawal to reflect MIS’s current rating opinions.

NOTE: This policy and accompanying procedure do not apply when a Credit Rating committee assigns a Credit Rating to an issuance whose sale is canceled by the Rated Entity without the Credit Rating ever having been published. Because the obligation does not exist and the Credit Rating was never published, the Credit Rating does not need to be withdrawn.

II. Reasons why MIS might withdraw a Credit Rating

MIS may withdraw a Credit Rating for any of the following reasons:

1) Incorrect, insufficient or otherwise inadequate information: MIS shall withdraw any Credit Rating if, in MIS’s opinion, (i) the information available to support the Credit Rating – whether in terms of factual accuracy, quantity and/or quality – is insufficient to effectively assess the creditworthiness of the Rated Entity or the obligation; and (ii) such information is unlikely to be available to MIS in the near future.

2) Bankruptcy/Liquidation/Debt Restructuring/Writedown: if a Rated Entity defaults, enters bankruptcy, is liquidated, or restructures its debt, or if the balance on a structured finance security is written down to zero without full repayment, it may no longer be useful or necessary for MIS to maintain a Credit Rating on that Rated Entity or that Rated Entity’s obligations.
3) Reorganization: if a Rated Entity becomes the subject of a corporate reorganization or regulator-imposed restructuring, including a merger or acquisition, or enters into any other form of governmental administration, it may no longer be useful or necessary for MIS to maintain a Credit Rating on that Rated Entity or that Rated Entity’s obligations.

4) Small Pool Factor: For Structured Finance transactions only: if the applicable Credit Rating methodology states that a Credit Rating may be withdrawn when the size of the asset pool supporting the transaction falls below a level specified in the methodology (“small pool factor”), MIS shall withdraw the Credit Rating.

5) Maturity of Obligation or Termination of Program: the Credit Rating on an obligation will be withdrawn when the obligation is not outstanding or the program has been terminated. This includes when a debt matures, when a debt is called, when a debt is repaid before the maturity date, when a Credit Rating on a debt or program is issued and published but the debt is ultimately not issued or the program is not closed, and or when a debt is otherwise redeemed by the Rated Entity. A rating withdrawal may also be appropriate as a result of amendments to the transaction terms of an obligation.

6) Business Reasons: under certain circumstances, MIS will withdraw a Credit Rating for a Rated Entity or an obligation for reasons unrelated to the situations identified above. When MIS indicates that a rating was withdrawn for “business reasons,” this refers to MIS’s business reasons, not the business reasons of the Rated Entity or obligor. MIS’s business reasons generally do not reflect any concerns about the Rated Entity’s creditworthiness or the quality of its management. MIS’s decision to withdraw a rating under these circumstances will attempt to balance the benefit to market participants from maintaining a Credit Rating against the resources required to maintain and monitor that Credit Rating or other business considerations.

7) Conflicts of Interest: in any of the following cases, MIS may determine that it is necessary to withdraw a Credit Rating, if:

   a) an MIS employee who participates in the determination, approval or monitoring of a Credit Rating, or that employee’s Family Member (as defined in Moody’s Policy for Securities Trading), had or has direct ownership in the Rated Entity or in any Related Third Party at the time the Credit Rating was determined;

   b) an MIS employee who either participated in the determination of the rating, the approval of the Credit Rating, or the monitoring of the Credit Rating, acted in violation of the MIS Fee Discussions Guidelines;

   c) an MIS employee who either participated in the determination of the rating, the approval of the Credit Rating, or the monitoring of the Credit Rating, has had a relationship with the Rated Entity or a Related Third Party that constitutes a prohibited conflict of interest;

   d) an MIS employee who either participated in the determination of the rating, the approval of the Credit Rating, or the monitoring of the Credit Rating, or his or her Family Member, received gifts, including entertainment, in violation of the MIS Gifts and Entertainment Policy; or

   e) either MIS or an entity associated with MIS made recommendations to the obligor or the Rated Entity, underwriter or sponsor of the security about the corporate or legal structure, assets, liabilities or activities of the obligor or Rated Entity of the security in violation of MIS policies or procedures.
8) Public Point-In-Time Credit Ratings: to meet market needs in certain sectors, MIS occasionally publishes public point-in-time Credit Ratings, which are not monitored on an on-going basis and are withdrawn shortly after issuance.

9) Provisional Rating: MIS from time to time may assign a provisional rating when the rating committee has been able to assess the relevant risks of a transaction that has not yet issued into the market based on draft documentation. It is highly likely that the rating will become final after all documents are received, or an obligation is issued into the market. To the extent the transaction does not close or certain tranches of the transaction are not issued, the applicable provisional ratings will be withdrawn.

10) Clerical Error: MIS will withdraw a credit rating assigned as the result of an internal clerical error.

III. Public Announcements Regarding Withdrawal of Credit Ratings
When a Credit Rating is withdrawn for reasons other than debt maturity, and depending on the reason for the withdrawal, MIS will issue either a Credit Rating Announcement or an indication on Moodys.com that the Credit Rating has been withdrawn.

DEFINED TERMS

Credit Rating
A Credit Rating is an opinion regarding the creditworthiness of an entity, a debt or financial obligation, debt issuance program, preferred share or other financial instrument, or of an Issuer of such a debt or financial obligation, debt issuance program, preferred share or other financial instrument, issued using an established and defined ranking system of rating categories.

Credit Rating Announcement
Those written communications that publicly announce Credit Rating Actions.

MIS
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Rated Entity
Any entity rated by MIS or any entity that issues securities rated by MIS or any entity that is seeking a Rating from MIS.
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