

Policy for Designating Non-Participating Rated Entities

Issued by: MIS Compliance Department
Applicable to: All MIS Employees and relevant Moody's Shared Services Employees supporting the MIS ratings process
Scope: All Public Credit Ratings
Effective Date: May 1, 2017

STATEMENT OF PURPOSE

The purpose of this policy is to define the practice of Moody's Investors Service ("MIS") with respect to publicly designating Rated Entities that, directly or through their Agents, have declined an invitation to participate in the Credit Rating process, in order to provide greater transparency regarding the nature of our interaction with Rated Entities.

POLICY

While MIS invites Rated Entities to participate in the Credit Rating process for all published Credit Ratings¹, we identify those Rated Entities that, directly or through their Agents, choose not to participate (expressly declining to participate or through failure to respond to MIS's offer to participate in the Credit Rating process.)

MIS indicates in Disclosure Forms and on www.moodys.com if a Rated Entity and/or its Agents has declined MIS's invitation to participate in the Credit Rating process as described above. In some jurisdictions, in accordance with local regulation, the non-participating status of a Rated Entity is also disclosed by MIS in Credit Rating Announcements.

This designation shall apply at the Rated Entity level and also be indicated in Disclosure Forms and on www.moodys.com at the security level for rated securities of those Rated Entities with non-participating status.

When MIS EU publishes a Credit Rating that is designated as an Unsolicited Credit Rating to a Rated Entity and the Rated Entity or Related Third Party is non-participating at the date of the publication of the Credit Rating, it applies colour coding.

ADDITIONAL FACTORS IN DESIGNATING A CREDIT RATING AS NON-PARTICIPATING:

1. Non-participation in the Credit Rating process is generally established on the basis of the absence of communication between the Rated Entity and/or its Agents and MIS on credit-related matters. Such communication includes, but is not limited to, the following: in-person meetings, video conferences,

¹ All references to a Credit Rating in this document shall include the Credit Rating and to the extent applicable, any related Outlook or Review.

telephone conversations, emails, or other written communication with management of the Rated Entity regarding the Rated Entity's financial condition, credit profile, strategy, market position, or other topics that would inform our Credit Rating process. For structured finance transactions, such communication also extends to the receipt of or direct access as an NRSRO to data or information used to initiate and/or monitor the transaction from the Rated Entity, the relevant sponsor, banker, servicer, collateral manager, trustee or other Agent of the Rated Entity, as well as information obtained from public sources. To determine participation status for structured finance transactions, the Rated Entity under this Policy could also be considered to include the sponsor, banker, servicer, collateral manager, trustee, or other Agent of the Rated Entity.

Communications with the Rated Entity and/or its Agents that are *not* considered to be participation in the Credit Rating process include:

- » any commercial discussions, including on matters such as fees, billings and payments;
- » discussion of general or industry methodologies or of Credit Rating practices; and
- » review of press releases for factual inaccuracies and/or the identification of Issuer Confidential Information.

2. Under appropriate circumstances, MIS may consider additional factors in designating a Rated Entity as non-participating. We generally rely on the Rated Entity and/or its Agents to advise us that it intends to cease participation in the Credit Rating process. However, if MIS reasonably believes that a Rated Entity and/or its Agents is no longer participating, MIS may initiate contact to determine its intention.

In a corporate family involving a rated parent and one or more rated subsidiaries, the level of participation for the Rated Entity(ies) in that rated family is generally governed by participation at the corporate parent level and/or its Agents.

For unsupported stand-alone rated subsidiaries, the level of participation is governed by participation of each such rated subsidiary and/or its Agents.

Generally, if a Rated Entity's Credit Rating is dependent on a guarantee or insurance, the Rated Entity will be designated as non-participating only if neither the Rated Entity and/or its Agents nor the guarantor/insurer is participating.

DEFINED TERMS

Agent

Any party working on behalf of a Rated Entity, or working on behalf of an agent of the Rated Entity.

Credit Rating

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

Credit Rating Announcement

A Credit Rating Announcement is a written communication that may be used to announce the publication of

a Credit Rating Action related to public Credit Ratings, Unpublished Monitored Loan Ratings or Unpublished Monitored Private Placement Ratings. MIS may also publish a Credit Rating Action on related to public Credit Ratings www.moody.com that is not accompanied by a Credit Rating Announcement.

Disclosure Form

The Disclosure Form is a form that contains regulatory disclosures and is published on www.moody.com for public Credit Ratings and in the rating folder of the Electronic Platform for Unpublished Monitored Loan Ratings and Unpublished Monitored Private Placement Ratings at the time a Credit Rating Action is published.

Electronic Platform

An Electronic Platform is the private web based electronic platform designated by MIS for certain communications to appropriate recipients relating to MIS's provision of private and/or unpublished products and services, such as Unpublished Monitored Loan Ratings, and Unpublished Monitored Private Placement Ratings.

Issuer

The term Issuer means any entity by which a Security has been issued, guaranteed, or by which the credit underlying a Security has been otherwise supported. The term Issuer also includes the corporate parent or majority-owned subsidiary of an Issuer.

Issuer Confidential Information

Issuer Confidential Information is any information received by MIS from an Issuer, its affiliates or its agents in connection with the rating process or in connection with providing Ancillary Services or Other Permissible Services in respect of which MIS has received written notice specifically indicating the proprietary and confidential nature of the information. However, the term "Issuer Confidential Information" shall not include:

- a. information that is publicly known;
- b. information available to MIS on a non-confidential basis prior to disclosure by the Issuer or its agents;
- c. information that becomes available to MIS on a non-confidential basis from a third party not reasonably known by MIS to be bound by a confidentiality agreement with the Issuer or otherwise prohibited from making available such information;
- d. information developed independently by MIS;
- e. information that has been aggregated or transformed in such a way that it is no longer identified as relating to any individual Issuer; or
- f. information that is approved for public disclosure in writing by the Issuer, its affiliates or its agents.

MIS Employee

The term MIS Employee means any full-time or part-time employee of MIS.

MIS EU

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Moody's Investors Service, Inc. (MIS)

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NRSRO

A nationally recognized statistical rating organization, as such term is defined in the U.S. Securities Exchange Act of 1934.

Outlook

An Outlook is an opinion regarding the likely direction of an issuer's rating over the medium term. For further information, please consult the *Rating Symbols and Definitions* document.

Rated Entity (ies)

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

Related Third Party

Any party (including the originator, arranger, sponsor, or other party) that interacts with Moody's on behalf of a Rated Entity in connection with a Credit Rating Action for such Rated Entity, including any person directly or indirectly linked to that Rated Entity by control.

Review

A Review is an indication that a Rating is under consideration for a change in the near term. For further information see the *Ratings Symbols and Definitions* document.

Unsolicited Credit Ratings

- a. **Global [except Argentina, Bolivia, Canada, the EU, Japan and Mexico]:** An Unsolicited Credit Rating is a Credit Rating which is initiated by MIS and not requested by the Rated Entity and/or its Agents.
- b. **Canada:** Unsolicited Credit Ratings are those Credit Ratings not initiated at the request of the Rated Entity and/or its Agents.
- c. **The EU:** Unsolicited Credit Ratings are those Credit Ratings not initiated or not maintained at the request of the Rated Entity and/or its Agents.
- d. **Japan (for both MJKK and MSFJ):** Unsolicited Credit Ratings are those Credit Ratings not initiated at the request of the Rated Entity and/or its Agents. A solicited rating needs to meet the two elements:
 - i. it has to be issued upon request from the Rated Entity and/or its Agents; and
 - ii. the request has to remain valid at the time of providing or publishing such rating.

The existence of the effective contract agreement is the key to distinguish between "unsolicited" and "solicited".

- e. **Argentina, Bolivia and Mexico:** Unsolicited Credit Ratings are not permitted as a signed rating services contract must be in place in order to initiate a rating relationship.

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