PURPOSE
This policy is intended to describe the EU requirements that are mandated for certain Sovereign and Sub-Sovereign credits with a Lead Analyst based in the EU. Additionally, this policy incorporates those requirements that have been adopted by the Sovereign Group for global application.

POLICY
1. Applicability
This policy applies to all Sovereign Credit Ratings and Sub-Sovereign Credit Ratings that fall under the definition of an EU Sovereign Credit Rating, including, if applicable, any related rating Outlook or rating Review, except as noted. This policy does not apply to the Credit Ratings issued for municipal and municipal-related entities within the United States or Sub-Sovereign Credit Ratings that are not captured by the definition of an EU Sovereign Credit Rating.

2. Review of Ratings
All Sovereign Credit Ratings and multilateral development bank Credit Ratings that appear on the Sovereign Release Calendar must be reviewed at least every six (6) months. Other multilateral development bank Credit Ratings will be reviewed at least annually. Those Sub-Sovereign entities that appear on the Sovereign Release Calendar must be reviewed at least every six (6) months. All other Sub-Sovereign Credit Ratings, except those that are endorsed for use in the EU, will be reviewed, at a minimum, on an annual basis. Other than this requirement regarding the frequency of certain Credit Rating reviews, all other terms of the Policy on Periodic Review of Credit Ratings and Procedure on the Conduct of Portfolio Reviews shall apply to Credit Rating reviews on the six-month cycle.

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

2. The EU definition of “Sovereign” credit ratings is more expansive than traditional Moody’s use of the term and can include entities that have been traditionally viewed and categorized as a sub-sovereign entity by Moody’s internally, including certain special purpose vehicles. For the purposes of this document, the term “sovereign” will follow the more expansive EU definition.
3. Required Advance Notice of EU Ratings and Reviews/Outlooks

MIS shall send to the European Securities and Markets Authority (ESMA) and publish on www.moodys.com by the end of December each year, the Sovereign Release Calendar for the forthcoming year that sets out the dates for the publication of solicited and Unsolicited EU Sovereign Credit Ratings. Any updates made to the Sovereign Release Calendar throughout the year, must also be provided to ESMA and published on www.moodys.com. These publication dates for both solicited and Unsolicited Credit Ratings must be on a Friday.

Deviations from the Sovereign Release Calendar are permitted in situations where maintaining the Credit Rating at the existing level may give a false or misleading impression regarding MIS’ current opinion of the creditworthiness of the relevant entity or the debt. Additionally, EU Sovereign Credit Ratings assigned in the Anticipated Ratings Process or the Subsequent Ratings Process may be issued on non-calendar days when such deviations from the Sovereign Release Calendar will help to ensure the orderly functioning of the debt markets.

4. Single Country Credit Rating Announcements For EU Member States

Where the Lead Analyst is located within the EU, when announcing a Credit Rating Action for an EU Member State, MIS will not combine, in the same Credit Rating Announcement, an analysis concerning more than one EU Member State. However, MIS is permitted to issue an umbrella press release indicating that two or more Credit Rating Announcements for EU Member States have been published.

5. Prohibition on EU Policy Prescriptions/Recommendations

In addition to the terms of the Policy Banning Recommendations Associated with Credit Ratings, additional requirements regarding the analysis of a particular sovereign’s policies shall apply to EU Sovereign Credit Ratings. While policy analysis may serve as an element underlying a Credit Rating determination, the following shall not be included in the Credit Rating Announcement: 1) policy recommendations, or 2) policy prescriptions, or 3) policy guidelines for the Rated Entity to follow. MIS will also apply this prohibition to credit research materials related to EU Sovereign Credit Ratings.

6. EU Limitations Related to the Communication of Rating Actions or Potential Rating Actions

All Credit Rating Actions for those issuers, and their instruments, listed on the Sovereign Release Calendar, except for EU Sovereign Credit Ratings assigned in the Anticipated Ratings Process or the Subsequent Ratings Process, are to be published after the close of business hours of EU regulated markets and at least one hour before they open. To meet this requirement, MIS will release all Credit Rating Actions on EU Sovereign Credit Ratings after the close of markets at 21:30 (9:30 PM) London time or prior to the opening of markets at 06:00 (6:00 AM) London time. In accordance with current policies and procedures, the announcement of changes or the intent to review for changes to EU Sovereign Credit Ratings, shall be communicated via a Credit Rating Announcement.

7. Credit Research and Confidential Information

MIS may continue to publish credit research on sovereigns and their debt. However, credit research should not be used to announce any changes to or the intent to review for changes to an EU Sovereign Credit Rating. Additionally, whenever Issuer Confidential Information regarding a sovereign has been provided to MIS, this information should be treated in accordance with MIS’s existing policies and procedures relating to the treatment of Issuer Confidential Information. Employees producing credit research, in accordance with current
policies and procedures, will endeavor to: 1) preserve the confidentiality of such information provided by an Issuer or Agent, 2) refrain from publicly disclosing said confidential information, unless the issuer has granted permission to disclose the information, and 3) refrain from selectively disclosing Issuer Confidential Information and Non-Public information about a future Sovereign Credit Rating action. For more information see the MIS Code of Professional Conduct and the Policy for Material Non-Public Information.

8. **Required Information Associated with a Sovereign Rating**

Whenever a Credit Rating Announcement is published regarding a Sovereign Credit Rating, MIS will explain, in a clear and easily comprehensible manner, the assumptions, parameters, limitations uncertainties and any other elements that were taken into account when deciding the Rating or Review and/or Outlook determination. Generally, Credit Rating Announcements serve as the method for disseminating this required information. For EU Sovereign Credit Ratings assigned in the Anticipated Ratings Process or the Subsequent Ratings Process, the original Credit Rating Announcement for the underlying Credit Rating will serve as the method for disseminating this required information. Additionally, when the rating determination involves either 1) a change from the current Rating, Review and/or Outlook status, or 2) an affirmation of a Rating, or 3) a confirmation of a Rating, or 4) the assignment of an initial Rating, the accompanying publicly disseminated information shall include a detailed evaluation of the quantitative and qualitative factors, and their relative weighting, that were taken into account when making the rating change determination. In that same public dissemination, MIS must also provide summary meeting minutes for the rating committee and any required standardized economic statistical information applicable to that Sovereign Credit Rating.

**DEFINED TERMS**

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

**Anticipated Ratings Process**
Anticipated Ratings Process is the process by which a provisional notation may be removed from a Credit Rating assigned to an instrument or issuer, when the applicable contingencies which were the basis for affixing the (P) notation are deemed to have been fulfilled. For example, when a rating of (P) Baa1 is assigned to a debt instrument, it is anticipated that the (P) notation will be removed from the Baa1 rating when it is determined that the contingencies indicated by the (P) notation have been fulfilled.

**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 Action**
A Credit Rating Action is any one of the items below:

i. the assignment of a Credit Rating to a Rated Entity or obligation, including Credit Ratings assigned in the Subsequent Ratings Process;

ii. the removal of a provisional notation from a Credit Rating when applicable contingencies are deemed to have been fulfilled in the Anticipated Ratings Process;

iii. a change in a Credit Rating (i.e., upgrade or downgrade);
iv. placing a Credit Rating on Review, changing the direction of an existing Review or taking a Credit Rating off Review (i.e., Credit Rating Confirmation);

v. the assignment or change in an Outlook associated with a Rated Entity or one or more Credit Ratings;

vi. an Affirmation of a Credit Rating; and

vii. a Withdrawal of a Credit Rating.

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 related to public Credit Ratings on www.moodys.com that is not accompanied by Credit Rating Announcement.

ESMA
The European Securities and Markets Authority.

EU Member State
Any country that is 1) a member of the European Union, or 2) an applicant country to the European Union, or 3) a candidate country for European Union membership, or 4) a country recognized by the European Union for membership that has not yet begun the process of applying for membership.

EU Sovereign Credit Rating
An EU Sovereign Credit Rating is:

» where the Lead Analyst is located within the European Union or a branch of a Moody’s European Union based entity;

and

» the rating is of a State or regional or local authority of a State, i.e. regional or local government, or

» the ratings is of a debt or financial obligation, debt security or other financial instrument of a State or a regional or local authority of a state, i.e. regional or local government; or of a special purpose vehicle (SPV) for states, regional or local authority of a State, or

» the rating is of an international financial institution established by two or more states which has the purpose of mobilizing funding and providing financial assistance to the benefit of its members that are experiencing or threatened by severe financing problems.

For the purposes of this definition, SPV’s include only those entities that were established directly by government(s) and do not undertake any real activity beyond acting as a financing conduit. As such, this would NOT include any of the financial institutions created to hold or divest the non-performing assets of banks (commonly referred to as “bad banks”), as these entities have substantial financial operations requiring decision-making by their management. Additionally, a sovereign SPV would NOT include any entity established as part of a Public Private Partnership project, as these SPVs were not established by government(s) and therefore are not considered an SPV for states, regional or local authorities.

Decisions as to whether or not an entity should be included as a SPV rest with a committee formed of MDs from the Sovereign and Sub-Sovereign Rating Groups.

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.

**Lead Rating Analyst, Lead Analyst or Lead**
A Lead Rating Analyst, Lead Analyst, or Lead is the MIS Employee who is currently assigned the primary responsibility for assigning or monitoring a given Rating and, if applicable, the related rating Outlook or rating Review.

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

**Moody’s Investors Service, Inc. (MIS)**
MIS refers to Moody’s Investors Service, Inc. and its affiliates that issue Ratings under the "Moody’s Investors Service" brand name.

**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.

**Rating Group**
Rating Group refers to one of MIS’s global analytical rating teams within Ratings and Research, for example, Global Financial Institutions (FIG).

**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.

**Sovereign Credit Rating**
Generally, a Credit Rating on the highest level of political organization within a particular country or a transnational organization, except as defined by the European Union (EU Sovereign Credit Rating), which has a more expansive official definition of a sovereign.

**Sovereign Release Calendar**
The published calendar document that, generally, announces three dates for the potential release of both solicited and unsolicited credit rating actions, in accordance with EU Regulation 462/2013 (“CRA3”). It includes EU Sovereign Credit Ratings [certain Sovereign and Sub-Sovereign issuers that are covered by a Lead Analyst based in the EU, as required by CRA3] and, in order to provide greater market clarity, it also includes EU national issuers that are covered by Lead Analysts based outside of the EU. This calendar may be updated as needed during the year. This calendar does not incorporate dates where Moody’s will release what Moody’s
terms newly issued EU Sovereign Credit Ratings assigned in the Anticipated Ratings Process or the Subsequent Ratings Process.

State
A state is generally, a nation or territory considered as an organized political community under one government.

Subsequent Ratings Process
Subsequent Ratings Process is the process of assigning Credit Ratings (together with the associated outlook or review status, if applicable) that are derived exclusively by reference to an existing Credit Rating of a program, series category/class of debt or primary Rated Entity. This includes:

» Assignment of a Credit Rating to issuance of debt within or under an existing rated program where the transaction structure and terms have not changed in a manner that would affect the Credit Rating indicated by the program rating (examples include covered bond programs, shelf registrations, and medium term note programs);

» Credit Ratings assigned based on the pass-through of a primary Rated Entity’s Credit Rating, including monoline or guarantee linked ratings; or

» Assignment of Credit Ratings to debt instruments of the same seniority as previously rated debt when such issuance of debt is contemplated in the existing Credit Ratings. Examples include ratings on debt issued by frequent corporate and government issuers. This also includes Credit Ratings assigned to new debts or amended and extended credit facilities by reference to an existing rating of the same debt class, at the same rating level, whether or not the new debts replace similarly structured debts or credit facilities.

Sub-Sovereign Credit Rating
Generally, a credit rating of a sub-national political entity, including regional political sub-divisions or a regional authority created by two or more sub-national political entities.

Unsolicited Credit Rating
Unsolicited Credit Ratings are those Credit Ratings not initiated at the request of the Rated Entity or its Agents or not maintained at the request of the Rated Entity or its Agents.
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