

Policy on the "SEC Rule 17g-7 of Representations and Warranties" (R&Ws)

Issued by: Compliance Department
Applicable to: All MIS Employees and relevant Moody's Shared Services Employees supporting the MIS ratings process
Effective Date: January 2, 2020

MIS shall issue an SEC Rule 17g-7 Report of R&Ws with respect to any Asset-Backed Security that does not benefit from the Extraterritorial Exemption and that was initially rated by MIS on or after September 26, 2011 at the time of:

- (i) the assignment of provisional Credit Ratings;
- (ii) the initial assignment of a definitive Credit Rating; and
- (iii) the first Credit Rating Action (other than a Credit Rating Action described in clause (iii) or (iv) of the definition thereof or a withdrawal described in clause (vi) of the definition thereof that was not the result of the review of the Credit Rating) taken after there is a material change in the representations, warranties or enforcement mechanisms related to a specific Asset-Backed Security where SEC Rule 17g-7 Reports of R&Ws have already been published for such Asset-Backed Security.

MIS will provide information on the SEC Rule 17g-7 Reports of R&Ws in the Disclosure Form and the Credit Rating Announcements for (i), (ii) and (iii) and will publish the Benchmarks on www.moody.com.

- A. MIS shall publish SEC Rule 17g-7 Reports of R&Ws in all cases where they are required.
- B. The affected Rating Groups in consultation with RTS and the MIS Commercial Group shall develop operational guidelines and/or business processes with respect to the preparation and publication of SEC Rule 17g-7 Reports of R&Ws.

Such operational guidelines and/or business processes shall include, but are not limited to:

- (i) a description of the process used to determine whether an Asset-Backed Security for which MIS has been engaged to assign a Credit Rating is subject to SEC Rule 17g-7 Reports of R&Ws; and
- (ii) a description of the process used to determine, assess and update the Benchmarks against which the Asset-Backed Security are compared in the SEC Rule 17g-7 Reports of R&Ws.

DEFINED TERMS

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.

Asset-Backed Security

An Asset-Backed Security has its definition given in Section 3 of the Securities Exchange Act of 1934.

Benchmark

The term “Benchmark” refers to a representative sample of representations, warranties and enforcement mechanisms that are available to investors and disclosed in the offering documents for Asset-Backed Securities transactions that Moody’s has rated. The Benchmarks are asset specific and updated on a regular basis.

Commercial Group

The Commercial Group is the MIS department that is responsible for business strategy and planning, new business origination, and business relationships with Issuers and Rated Entities.

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 moodys.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.moodys.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.

Extraterritorial Exemption

The term "Extraterritorial Exemption" means SEC Rule 17g-7(a)(3), which provides that neither a 17g-7 Report of R&Ws nor a Rule 17g-7 disclosure form is required to be published in connection with a Credit Rating Action if (a) the obligor or issuer of the rated transaction is not a U.S. Person and (b) Moody's has a reasonable basis to conclude that any security issued under the rated transaction will only be offered and sold outside of the United States. Furthermore, a 17g-7 Report of R&Ws is not required where the rating is issued by a Moody's entity that is not registered as an NRSRO with the SEC. As used herein, the term "U.S. person" has the meaning specified in Rule 902 under the Securities Exchange Act of 1934.

MIS Employee

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Moody's Investors Service, Inc. (MIS)

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Nationally Recognized Statistical Rating Organization ("NRSRO")

The term "nationally recognized statistical rating organization" means a credit rating agency that— (A) issues credit ratings certified by qualified institutional buyers, in accordance with section 15E(a)(1)(B)(ix) of the Securities Exchange Act of 1934, with respect to—(i) financial institutions, brokers, or dealers; (ii) insurance companies;(iii) corporate issuers; (iv) issuers of asset-backed securities (as that term is defined in section 1101(c) of part 229 of title 17, Code of Federal Regulations, as in effect on the date of enactment of this paragraph); (v) issuers of government securities, municipal securities, or securities issued by a foreign government; or (vi) a combination of one or more categories of obligors described in any of clauses (i) through (v); and (B) is registered under section 15E of the Securities Exchange Act of 1934. (Securities Exchange Act of 1934, Sections 3(a)(61) and 3(a)(62)). As used herein, the term "credit rating agency" means any person— (A) engaged in the business of issuing credit ratings on the Internet or through another readily accessible means, for free or for a reasonable fee, but does not include a commercial credit reporting company; (B) employing either a quantitative or qualitative model, or both, to determine credit ratings; and (C) receiving fees from either issuers, investors, or

other market participants, or a combination thereof.

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).

RTS

RTS refers to Rating Transaction Services.

Schedule

The categories of Records and the corresponding Retention Periods specified in Annexes I to III.

SEC Rule 17g-7

SEC Rule 17g-7 means the final rule adopted by the SEC on August 27, 2014 with respect to Nationally Recognized Statistical Rating Organizations (17 CFR Parts 232, 240, 249, and 249b).

SEC Rule 17g-7 Reports of Representations and Warranties (R&Ws)

A SEC Rule 17g-7 Report of R&Ws is a report the SEC requires a NRSRO to produce in connection with its rating of an Asset-Backed Security. Such report must contain a description of: (a) the representations, warranties and enforcement mechanisms available to investors that are disclosed in the offering documents (e.g. prospectus, private placement memo, offering memorandum) for the rated Asset-Backed Security and relate to the asset pool of such security and (b) how such representations, warranties and enforcement mechanisms differ from those found in transactions involving the issuances of similar securities. For purposes of the SEC Rule 17g-7 Report of R&Ws, a representation, warranty or enforcement mechanism is treated as having been disclosed in the offering documents for the rated security if such representation, warranty or enforcement mechanism is (1) expressly described in the offering document or any exhibit, annex or appendix thereto, (2) contained in a transaction document that is attached as an exhibit, annex or appendix to the offering document, (3) contained in a transaction document that is specifically incorporated by reference into the offering document or an exhibit, annex or appendix thereto or (4) contained in a transaction document that is referenced in the offering document or an exhibit, annex or appendix thereto in such a way that it constitutes the disclosure of such representation, warranties or enforcement mechanisms.

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

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