

Policy for Analyst Rotation

Issued by: MIS Compliance Department
Applicable to: All Key Analysts
Scope: All Covered EU/UK Ratings and Covered Non-EU/Non-UK Ratings except where noted
Effective Date: January 1, 2021

I. SCOPE

MIS has adopted this Policy to implement a gradual rotation mechanism for Lead Analysts, Rating Analysts and Persons Approving Credit Ratings (“Key Analysts”) who are assigned to a Covered EU/UK Rating or a Covered Non-EU/Non-UK Rating. For each Covered EU/UK Rating or Covered Non-EU/ Non-UK Rating, the relevant Key Analysts are subject to the Policy in any one of MIS’s global offices¹.

II. POLICY

MIS’s approach to Analyst Rotation is designed to rotate Key Analysts off Covered EU/UK Entities and Covered Non-EU Non-UK Entities. Upon assignment to a Covered EU/UK Rating or Covered Non-EU/Non-UK Rating, a Key Analyst is presumed to be involved in Credit Rating Activities with regard to the relevant Covered EU/UK Entity or Covered Non-EU/Non-UK Entity.

For each Covered EU/UK Rating, MIS will rotate:

- a. Lead Analysts assigned to the same Covered EU/UK Rating after a maximum Time On Period of 4 years.
- b. Rating Analysts assigned to a Covered EU/UK Rating after a maximum Time On Period of 5 years.
- c. Persons Approving Credit Ratings (PACRs) assigned to a Covered EU/UK Rating after a maximum Time On Period of 7 years.

The Time On Period begins for each relevant Covered EU/UK Rating on the later of: (a) September 6, 2010; or (b) the date the relevant Key Analyst is assigned to a Covered EU/UK Rating. Other than for an Unsolicited Credit Rating and/or an EU Sovereign Credit Rating of a Covered EU/UK Entity, or a UK Sovereign Credit Rating of a

¹ Country-specific jurisdictional requirements apply to Mexico and Japan. Where Key Analysts are subject to supplemental and/or different analyst rotation rules in specific jurisdictions, the more stringent requirements will be applied with respect to Time On Period and Cooling Off Period. Please refer to the Policy for Moody’s de Mexico Rotation and Policy for Analyst Rotation for Credit Ratings Assignments of Japanese Deals for more details.

Covered EU/UK Entity, the effective date to commence a Cooling Off Period will be no later than 30 June 2018 for relevant Rating Analysts and no later than 30 June 2020 for relevant PACRs.

For each Covered Non-EU/Non-UK Rating, MIS will rotate:

- a. Lead Analysts assigned to the same Covered Non-EU/Non-UK Rating after a maximum Time On Period of 7 years, except in the case of Moody's Japan K.K. and Moody's SF Japan K.K., where local rules for Lead Analyst rotation will apply in accordance with the *Policy for Analyst Rotation for Credit Ratings Assignments of Japanese Deals*.
- b. Rating Analysts assigned to a Covered Non-EU/Non-UK Rating after a maximum Time On Period of 8 years.
- c. Persons Approving Credit Ratings (PACRs) assigned to a Covered Non-EU/Non-UK Rating after a maximum Time On Period of 9 years.

The Time On Period begins for each relevant Covered Non-EU/Non-UK Rating on the later of: (a) January 1, 2019; or (b) the date the relevant Key Analyst is assigned to a Covered Non-EU/Non-UK Rating.

After the maximum Time On Period, each Key Analyst will be subject to a Cooling Off Period before he or she can engage in Credit Rating Activities or be re-assigned as a Key Analyst to the same Covered EU/UK Rating or Covered Non-EU/Non-UK Rating.

Managing Directors are responsible for overseeing that Key Analysts in their reporting line are assigned to undertake Credit Rating Activities in a way that adheres to this Policy.

DEFINED TERMS

Agent

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

Cooling Off Period

A Cooling Off Period is a continuous two (2) year period that follows after the Time On Period and during which the relevant Key Analyst is not permitted to engage in Credit Rating Activities with respect to that Covered EU/UK Entity or Covered Non-EU/Non-UK Entity.

Covered EU/UK Entity

A Covered EU/UK Entity is a Rated Entity that has an active Covered EU/UK Rating assigned to it or issues securities that have an active Covered EU/UK Rating assigned to them, and/or, where relevant, any legal entity that acts as a Related Third Party for Analyst Rotation (RTPAR) to that entity.

Covered EU/UK Rating

Covered EU/UK Ratings are:

Public Credit Ratings issued where the Lead Analyst is employed by MIS France, Germany or UK (including their branches).

Covered Non-EU/Non-UK Entity

A Covered Non-EU/Non-UK Entity is a Rated Entity that has an active Covered Non-EU/Non-UK Rating

assigned to it or issues securities that have an active Covered Non-EU/Non-UK Rating assigned to them, and/or, where relevant, any legal entity that acts as a Related Third Party for Analyst Rotation (RTPAR) to that entity.

Covered Non-EU/Non-UK Rating

Covered Non-EU/Non-UK Ratings are:

Public Credit Ratings issued where the Lead Analyst is employed by MIS Australia, Hong Kong, Singapore, USA or Japan (including their branches).

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 Activities

Credit Rating Activities means data and information analysis, evaluation, approval, issuance and the review of Credit Ratings and, if applicable, the related rating Outlook or rating Review. Credit Rating Activities do not include: (a) participating but not voting in a rating committee and/or portfolio review; (b) sharing knowledge and providing background information either with regard to the Credit Rating or as part of a comparison and/or portfolio review; or (c) conducting research including participation in the creation or updating of methodologies, models or assumptions.

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 lines of business.

Key Analyst

A Key Analyst is a person who is a Lead Analyst, a Rating Analyst or a Person Approving Credit Ratings.

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.

Managing Director

A Managing Director means those MIS employees who hold that title.

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Person Approving Credit Ratings (PACR)

The Person Approving Credit Ratings (PACR) is the person who is designated to oversee and provide senior level approval for a Credit Rating Action. Designation of individuals as PACR is determined by each Rating Group.

Rated Entity (ies)

A Rated Entity means any entity rated by Moody's credit rating agency or any entity that issues securities rated by Moody's credit rating agency.

Rating Analyst

A Rating Analyst means a person who is not the Lead Analyst or the Person Approving Credit Ratings, who performs analytical functions that are necessary for the issuing of a Credit Rating; Rating Analysts are typically the junior analyst providing the primary support to the Lead Analyst.

Related Third Party for Analyst Rotation (RTPAR)

A Related Third Party for Analyst Rotation (RTPAR) means the originator, arranger, sponsor, servicer or any other party that interacts with a credit rating agency on behalf of a Rated Entity, including any person directly or indirectly linked to that Rated Entity by control.

Time On Period

The Time On Period means the period of time from the date a Key Analyst is assigned to a Covered EU/UK Rating or Covered Non-EU/Non-UK Rating until the date the Key Analyst ceases to be involved in Credit Rating Activities for that Covered EU/UK Rating or Covered Non-EU/Non-UK Rating and its relevant Covered EU/UK Entity or Covered Non-EU/Non-UK Entity.

Unsolicited Credit Rating

Unsolicited Credit Rating 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.

UK Sovereign Credit Rating

A UK Sovereign Credit Rating is:

» where the Lead Analyst is located within the UK or a branch of a Moody's UK 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 procedure, SPVs 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 Private Public 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 lines of business.

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