

Credit Rating Refusal Policy

Issued by: MIS Compliance Department
Applicable to: All MIS Employees
Scope: Global
Effective Date: February 1, 2016

This policy, making reference to the current Moody's Investors Service Code of Professional Conduct ("MIS Code"), provides guidance on when MIS must refuse to provide a credit rating or may not refuse to provide a credit rating.

Specifically:

MIS may not refuse to issue a credit rating solely because underlying assets or structured finance instruments were previously rated by another CRA.

MIS may not, for an anti-competitive purpose, refuse to issue a credit rating, or withdraw or threaten to withdraw a credit rating for a structured finance product on the basis that all or a portion of the underlying assets are not also rated by MIS.

MIS must refuse to issue a credit rating where the quality of information available for assigning a credit rating is unsatisfactory or insufficient or raises serious questions as to whether MIS can provide a credible credit rating.

MIS must refuse to issue a credit rating in instances where the complexity of the structure of new types of financial instrument raises serious questions as to whether MIS can provide a credible credit rating

Compliance with this policy is important both for business reasons and to meet legal and regulatory commitments. Non-compliance with this policy may lead to disciplinary action up to and including termination.

1. PROHIBITION ON REFUSAL TO RATE

When transactions based on underlying assets, securities or structured finance instruments are proposed to MIS for rating, MIS may not:

Refuse to rate them solely because all or part of the underlying assets or structured finance instruments were previously rated by another credit rating agency.

NOTE: this prohibition on refusal to rate does not mean that MIS must use other agencies' ratings. Determination as to how to best determine the credit rating remains the analyst's and RC responsibility.

Refuse to rate them, for an anticompetitive purpose, on the basis that all or part of the underlying assets or securities are not rated by MIS.

MIS employees are prohibited from downgrading or withdrawing (or threatening to downgrade or withdraw) a rating solely on the basis that MIS doesn't continue to rate a certain amount of underlying assets or securities.

NOTE: this prohibition does not apply to other reasons to downgrade or withdraw.

2. PROHIBITION ON RATING WITH INSUFFICIENT INFORMATION

MIS employees must refuse to provide a rating when:

There is a lack of reliable data, or the quality of information available is not satisfactory or raises serious questions as to whether MIS can provide a credible credit rating.

NOTE: Determination as to the availability of satisfactory information is the RC's responsibility. The RC's decision is subject to the normal appeals process.

The complexity of the structure of a new type of financial instrument raises serious questions as to whether MIS has the analytical expertise to provide a credible credit rating

As stated in the Policy for Withdrawal of Credit Rating, MIS is also prohibited from maintaining an existing credit rating and must withdraw such a credit rating when there is a lack of reliable data or the quality of information available is no longer sufficient or satisfactory to continue upholding a reliable rating.

3. PROHIBITION ON RATING WHEN PROHIBITED BY LAWS, RULES OR REGULATIONS

MIS Employees must refuse to provide a credit rating when:

The issuance of such a credit rating is prohibited by applicable laws, rules or regulations.

This policy supersedes previously issued or prior policies, procedures or other written guidance to the extent they are inconsistent with this policy.

DEFINED TERMS

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.

MIS

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MIS Employee

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