

Board Policy: 2014/001



Issued by	: Credit Rating Agency Limited
Applicable to	: CRA Employees, CRA Consultants and Associates involved in the ratings process
Scope	: Credit Rating Actions
Effective Date	: October 01, 2014

CODE OF CONDUCT

INTRODUCTION

In December 2004, the International Organization of Securities Commissions (IOSCO), which consists of securities regulators and stock exchanges from more than 100 countries and areas, released its “Code of Conduct Fundamentals for Credit Rating Agencies (“IOSCO CRA Code”). This was at a time when few jurisdictions had laws governing the activities of CRAs. The IOSCO CRA Code was later revised in 2008, after the outbreak of the global financial crisis, to include significant disclosure provisions. According to the report, the IOSCO CRA Code is intended to offer a set of “robust, practical measures” as a guide to and framework for CRAs with respect to “protecting the integrity of the rating process, ensuring that issuers and users of credit ratings, including investors, are treated fairly, and safeguarding confidential material information provided them by issuers.”

Credit Rating Agency Limited’s (CRA) Code of Conduct (“the Code”), substantially follows the IOSCO Code structure and reflects its compliance to IOSCO Code Fundamentals and incorporates as appropriate, additional practices that meet regulatory requirements or reflect best practices. CRA’s Code of Conduct is a summary of an extensive range of policies, procedures and internal controls that have been adopted to ensure the objectivity and integrity of its ratings, and the transparency of its operations.

Structurally, the Code is broken into three sections:

- The Quality and Integrity of the Rating Process;
- CRA’s Independence and the Avoidance of Conflicts of Interest; and,
- CRA’s Responsibilities to the Investing Public and Issuers.

1. QUALITY AND INTEGRITY OF THE RATING PROCESS

A. QUALITY OF THE RATING PROCESS

a) CRA Ratings are our opinions on the creditworthiness of issuers or issues. Ratings do not provide a guarantee of future performance of the rated entity or instrument.

- b) All CRA Ratings shall be based on a thorough analysis of all information known to CRA, and believed to be relevant to its analysis according to our established criteria and methodology.
- c) CRA shall use rating methodologies and criteria that are rigorous, systematic and where possible, result in ratings that can be subject to some form of objective validation based on historical experience.
- d) In assessing the creditworthiness of an issue, the rating analysis and any rating action shall be based upon criteria and methodologies established by CRA. Analysts shall apply a given criteria or methodology in a consistent manner as determined by CRA.
- e) Ratings shall be assigned by a rating committee comprising competent and experienced professionals and not by any individual Analyst employed by CRA. The members of the rating committee shall have appropriate knowledge and experience in developing a rating opinion for the type of rating being considered. CRA shall have no obligation to verify audit information provided to it from any source or to conduct any investigation or review, or to take any other action, to obtain any information that the rated entity has not otherwise provided to CRA.
- f) CRA shall maintain internal records to support its credit opinions for a reasonable length of time.
- g) CRA shall take steps to avoid issuing any credit analyses or reports that knowingly contain misrepresentation or are otherwise misleading as to the general credit worthiness of an issuer or issue.
- h) CRA shall ensure it has and devotes sufficient resources to perform credible credit assessments for all issues and issuers it rates. When deciding whether to rate or continue rating an obligation or issuer, CRA shall assess whether it is able to devote sufficient personnel with sufficient skills set to make a credit assessment, and whether its Analyst will have sufficient information needed in order to make such an assessment. Although CRA undertakes no duty to audit or otherwise verify information it receives, CRA shall adopt reasonable measures so that the information it uses in assigning a rating is of sufficient quality to support a credible rating.
- i) CRA shall endeavour to structure its rating teams of Analyst in a manner that promotes continuity and the high quality and integrity of the rating process.

B. MONITORING AND UPDATING

- a) CRA shall allocate adequate personnel and financial resources to monitoring and updating its ratings. Once a rating is concluded, CRA shall monitor on an going basis and update the rating by:
- Regularly reviewing the obligor's creditworthiness.
 - Initiating a review of the rating upon becoming aware of any information that might reasonably be expected to result in a rating action (including withdrawal of a rating), consistent with the relevant criteria and methodologies; and
 - Updating on a timely basis the rating, as appropriate, based on the results of such review.

b) Where appropriate, subsequent monitoring shall incorporate all cumulative experience obtained. Changes in ratings criteria and assumptions shall be applied where appropriate to both initial ratings and subsequent ratings.

c) In cases where CRA uses separate analytical teams for determining initial ratings and for subsequent monitoring of structured finance product, each team shall have the requisite expertise and resources to perform its respective functions in a timely manner at any time for any reason.

d) CRA reserves the right to withdraw any rating at any time for any reason including withdrawal, without notice, if the rating committee concludes that CRA lacks sufficient information to maintain the rating or that any information provided to CRA is unreliable.

e) Where CRA makes its ratings available to the public, CRA shall publicly announce if it withdraws a rating of an issuer or an issue. Where ratings are circulated to its subscribers, CRA shall announce to its subscribers if it withdraws a rating of an issuer or issue. In both cases, any publication by CRA of the withdrawn rating shall indicate that the ratings were withdrawn and also indicate the rating of the issuer or issue immediately preceding the withdrawal.

C. INTEGRITY OF THE RATING PROCESS

a) CRA and its employees shall deal fairly and honestly with issuers, investors, other market participants and the public.

b) CRA Analysts shall be held to high standards of integrity and CRA shall not employ individuals where there is evidence that they have compromised integrity.

c) CRA and its Analysts shall not, either implicitly or explicitly, give any assurance or guarantee of a particular rating prior to the determination of the rating by the Rating Committee.

d) CRA Analysts are prohibited from making proposals or recommendations regarding the design of structured finance products that it rates. In assessing the credit risk of a structured finance transaction, Analysts may properly hold a series of discussions with an issuer or its agents in order to (i) understand and incorporate into their analysis the particular facts and features of the structured transaction, and any modification, as proposed by the issuer or its agents, and (ii) explain to the issuer and its agents the credit implication of CRA's methodologies as applied to the issuers proposed facts and features.

e) The Chief Executive Officer (CEO) shall oversee compliance with this Code, the policies referred to herein and all applicable laws and regulations. In fulfilling this role, the CEO shall be assisted by the Executive Directors, Managers and Head of Human Resources.

f) Employees are expected to report to the CEO, ED's, Managers or Head of Human Resources, the activities about which they have knowledge that a reasonable person would question as a potential violation of this Code, related policies, procedures and guidelines and any applicable laws. Where such a report is received, appropriate action shall be taken as deemed applicable. CRA prohibits any form of retaliation against an employee who in good faith reports such conduct or who in good faith assists in the investigation of such conduct.

2. INDEPENDENCE AND AVOIDANCE OF CONFLICTS OF INTEREST

A. GENERAL

a) CRA will not forbear or refrain from taking a rating action based on the potential effect (economic, political or otherwise) of the action on CRA, an issuer, an investor or other market participant.

b) CRA and its Analysts shall use care and professional judgment to maintain both the reality and appearance of independence and objectivity. All personnel are required to conduct themselves at all times in accordance with high professional standards and in a manner that will reflect favourably on CRA.

c) The determination of a rating shall be influenced only by factors known to the relevant rating committee and believed by it to be relevant to such ratings.

d) The ratings CRA assigns to an Issuer or obligation are not affected by the existence of or potential for a business relationship between CRA and the Issuer or any other parties, or the non-existence of such a relationship.

e) CRA shall confirm that Ancillary Business operations that do not necessarily present conflicts of interest with Ratings Business have in place procedures and mechanisms designed to minimize the likelihood that conflicts of interest will arise.

B. PROCEDURES AND POLICIES

a) CRA shall adopt written internal policies and mechanisms to (i) identify and (ii) eliminate, or manage and disclose, as appropriate, any actual or potential conflicts of interest that may influence the opinions and analyses CRA makes or the judgment and analyses of Analysts or Rating Committee member.

b) CRA's disclosures of known actual and potential conflicts of interest shall be timely, clear, concise, specific and prominent.

c) CRA shall make every effort to manage the potential conflicts arising from the payment of fees by issuers and ensure that CRA's receipt of fees from issuers does not impair the independence, objectivity or integrity of its ratings and rating action. CRA shall maintain a fee schedule and make it available to all issuers and their agents provided, however, that CRA reserves the right to periodically revise such fee schedule without prior notice.

d) CRA prohibits its employees from engaging in any Securities trading presenting actual conflicts of interest with rating activities.

C. ANALYST AND EMPLOYEE INDEPENDENCE

- a) Reporting lines for CRA employees and their compensation arrangements are structured to eliminate or manage actual and potential conflicts of interest. CRA Analysts shall not be compensated or evaluated on the basis of the amount of revenue that CRA derives from issuers or issues that the Analyst rate or regularly interacts.
- b) No Analyst shall participate in or otherwise influence the determination of a rating in a committee for any particular issuer or issue if the employee:
- a. Has in the preceding one year period had employment or other significant business relationship with the rated entity that may cause or may be perceived as causing a conflict of interest.
 - b. Has an immediate relation (i.e. spouse, parent, child, sibling) who currently works for rated entity or
 - c. Has, or has had any other relationship with the rated entity or any affiliate thereof that may cause or may be perceived as causing a conflict of interest.
- c) Analysts and anyone involved in the rating process shall not buy or sell or engage in any transaction in any security based on a security issued, guaranteed, or otherwise supported by any entity within such Analyst's area of primary analytical responsibility.
- d) Employees are prohibited from soliciting money, gifts, or favours from anyone with whom CRA does business and are prohibited from accepting gifts offered in the form of cash or any gifts exceeding a minimal monetary value.
- e) Any CRA analyst who becomes involved in any personal relationship that creates the potential for any real or apparent conflict of interest (including, for example, any personal relationship with an employee of a rated entity or agent of such entity within his or her area of analytical responsibility) shall, subject to applicable law, disclose such relationship to the appropriate manager or officer of CRA.

3. RESPONSIBILITIES TO THE INVESTING PUBLIC AND ISSUERS

A. TRANSPARENCY AND TIMELINESS OF RATINGS DISCLOSURE

- a) Except for "private ratings" provided only to a requesting entity, CRA shall announce to the public in a timely manner its ratings decisions regarding the entities and securities it rates. CRA shall indicate with each of its ratings when the rating was last updated.
- b) CRA shall disclose to the public, on a non-selective basis and free of charge, all ratings regarding publicly issued securities, as well as all subsequent decisions to withdraw a rating where such a rating is published, and if a rating action is based in whole or in part on material non-public information.
- c) CRA shall make available for public ratings the date of the most recent upgrade, downgrade, for issues and issuers. Each announcement, if any, of a Rating Action shall also indicate that Ratings

Services' rating criteria are generally available without charge to the public on the CRA's public Web site, www.creditratingagency.net

d) CRA shall maintain its website so that users can determine when a rating was last updated.

e) CRA shall publish sufficient information about its procedures, methodologies, and assumptions (including financial statement adjustments that deviate materially from those contained in an issuer's published financial statements), so that outside parties may understand how a rating was arrived at by CRA. This information shall include (but is not limited to) the meaning of each rating category, and the time horizon CRA used when making a rating decision. When issuing or revising a rating, CRA shall explain in its press release and reports the key elements underlying the rating opinion.

f) CRA shall base its rating analyses and rating decisions, which are CRA's opinions, upon CRA's established criteria, methodologies and ratings definitions, applied in a consistent manner. All rating criteria and methodologies shall be available on CRA's free public website, www.creditratingagency.net. CRA's criteria, methodologies and ratings definitions shall identify the specific factors that it considers during the rating and surveillance processes.

g) CRA shall clearly indicate the attributes and limitations of each rating and that CRA does not verify information provided to it by the issuer or originator of a rated security.

h) When CRA publishes a rating, or takes any other rating action with respect to a published rating, CRA shall explain in the rating reports the elements the rating committee found key to such rating or rating action, subject to any applicable laws with respect to the disclosure of confidential information and any restrictions imposed by applicable confidentiality agreements.

B. THE TREATMENT OF CONFIDENTIAL INFORMATION

a) CRA and its employees shall protect the confidentiality of Confidential Information communicated to them by an issuer or its agents. Unless otherwise permitted by an agreement with the issuer, CRA and its employees shall refrain from disclosing Confidential Information in press releases; through research conferences; and conversations with investors, other issuers, or any other persons. Notwithstanding the foregoing, CRA shall not be restricted from publishing any Rating Action or other opinion regarding a particular issuer or issue that incorporates Confidential Information without specifically disclosing it.

b) CRA shall use Confidential Information only for purposes related to its rating activities or otherwise in accordance with any confidentiality agreements with the issuer.

c) Employees shall take all reasonable measures to protect all property and records belonging to or in possession of Ratings Services from fraud, theft, or misuse.

d) Employees shall not engage in transactions in Securities when they possess Confidential Information concerning the issuer of such Security.

e) CRA employees shall not selectively disclose any non-public information about rating opinions or possible future rating actions of CRA, except to an entity requesting a rating or its designated agents.

f) CRA employees shall not share Confidential Information within CRA, except on an "as needed" basis.

g) CRA employees shall not use or share Confidential Information for the purpose of trading securities, or for any other purpose except the conduct of CRA 's business

4. DISCLOSURE OF THIS CODE OF CONDUCT AND COMMUNICATION WITH MARKET PARTICIPANTS

a) This Code is based on the provisions of the IOSCO Principles regarding the activities of Credit Rating Agencies and the IOSCO Code of Conduct Fundamentals for Credit Rating Agencies. CRA will disclose on a timely basis any changes to this Code or to how this Code is implemented and enforced.

b) All market participants and the public are welcome to have a voice regarding CRA and its policies, including raising any questions, concerns or complaints they may have.

5. WHAT CRA EXPECTS OF ISSUERS

a) CRA expects that each issuer that has agreed to participate in the rating process, or its agents, will promptly supply to CRA all information relevant to evaluating the ratings on such issuer or the relevant securities, including, without limitation, all material changes in any information previously provided, potential material events and the issuer's overall financial condition, which may require communication of non-public information to CRA.

b) CRA expects all such information to be timely, accurate and complete in all respects.

c) CRA expects issuers to respond to its questions as quickly as possible and to explain the reasons for any delay.

d) Should an issuer choose to stop cooperating with CRA in the rating process at any time, CRA also reserves the right to continue to rate the issuer or any securities issued by the issuer, based on the information previously provided to CRA by the issuer or its agents and any other public and/or non-public information available to CRA.