

**Board Policy: 2014/003**



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

**POLICY FOR DESIGNATING RATED ENTITIES THAT DO NOT PARTICIPATE IN THE RATING PROCESS**

**DEFINED TERMS**

CRA refers to Credit Rating Agency Limited that engage in Credit Rating Services and that also might engage in Ancillary Services or Other Permissible Services.

**CRA Confidential Information**

“CRA Confidential Information” means

- (i) non-public information used for, or obtained from a Rated Entity or its agent for the purpose of, determining a Credit Rating;
- (ii) (ii) information about a pending Credit Rating prior to the announcement of that Credit Rating; and
- (iii) (iii) information about the Credit Rating committee process, including, but not limited to, the voting breakdown in committee, the fact that a member of the Rating Committee disagrees with the ultimate committee decision, and the names or titles of members of a Credit Rating Committee. (Information an Analyst knows is available to third parties on a non-confidential basis is not CRA Confidential Information for purposes of the Separation Policy.)

**Credit Rating**

A Credit Rating is an opinion 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 Announcement**

Those written communications that publicly announce Credit Rating Actions.

Rated Entity any entity rated by CRA or any entity that issues securities rated by CRA or any entity that is seeking a Rating from CRA

## **STATEMENT OF PURPOSE**

The purpose of this policy is to define the practice of CRA with respect to publicly designating Rated Entities that have declined an invitation to participate in the Credit Ratings process, in order to provide greater transparency regarding the nature of our interaction with Rated Entities.

## **POLICY**

While CRA invites Rated Entities to participate in the Credit Rating process for all published Credit Ratings, we identify those Rated Entities who choose not to participate. CRA will designate non-participation for all applicable published Credit Ratings where the issuer has declined (expressly or through failure to respond to) CRAs offer to participate in the Credit Rating process. We post a list on [www.creditratingagency.net](http://www.creditratingagency.net) under "MEDIA" and indicate in Credit Rating Announcements whenever a Rated Entity has declined our invitation to participate in the Credit Rating process as described above.

## **ADDITIONAL FACTORS IN DESIGNATION A CREDIT RATING AS NON-PARTICIPATING**

Under appropriate circumstances, CRA may consider additional factors in designating a Credit Rating as non-participating.

» For structured finance transactions, the Rated Entity could also be considered to include the sponsor, banker, collateral manager, trustee, or other agent of the Rated Entity.

» Non-participation in the Credit Rating process is defined as the absence of communication with CRA on credit-related matters. Such communication includes but is not limited to the following: in-person meetings, video conferences, telephone conversations, emails, or other written communication with management of the Rated Entity regarding the Rated Entity's financial condition, credit profile, strategy, market position, or other topics that would inform our Credit Rating process. For structured finance, such communication also extends to the receipt of or direct access to data or information used to initiate and/or monitor the transaction from the Rated Entity, trustee, collateral manager or other Rated Entity agent.

» Issuer communications that are not considered to be participation in the Credit Rating process include: – any commercial discussions, including on matters such as fees, billings and payments; – discussion of general or industry methodologies or of Credit Rating practices; and – review of press releases for factual inaccuracies and/or the identification of CRA Confidential Information.

» We generally rely on the Rated Entity to advise us that it intends to cease participation in the Credit Rating process. However, if CRA reasonably believes that an issuer is no longer participating, CRA may initiate contact to determine the Rated Entity's intention.

» In a corporate family involving a parent/subsidiary relationship(s), the level of participation designation for the Rated Entity(ies) in that rated family is generally governed by participation at the corporate parent level.

» Any non-guaranteed rated subsidiaries that meet the criteria for non-participation will be separately designated as non-participating issuers.

» Conversely, any non-guaranteed subsidiaries of a non-participating parent that continue to have communications with CRA on credit-related matters will not be designated as non-participating issuers.

» Generally, if a Rated Entity's Credit Rating is dependent on a guarantee or insurance, the issuer will be designated as non-participating only if neither the Rated Entity nor the guarantor/insurer are participating.