



Issued by: CRA

Applicable to: All CRA employees and CRA Independent Consultants and Associates involved in the ratings process

Scope: Global

Effective Date: October 1, 2014

## **POLICY AND PROCEDURE FOR DESIGNATING UNSOLICITED CREDIT RATINGS**

### **DEFINED TERMS**

#### **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 Announcements**

Those written communications that publicly announce Credit Rating Actions.

#### **CRA**

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.

#### **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**

As a publisher of opinions about credit, CRA reserves the right to issue unsolicited Credit Ratings<sup>1</sup>. The purpose of this policy is to provide greater transparency to market participants with respect to published Credit Ratings that are initiated by CRA.

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<sup>1</sup> CRA's credit ratings ("Credit Ratings") are CRA's current opinions regarding the relative future creditworthiness of entities, credit commitments, debt or debt-like securities, or a Rated Entity of such obligations, as determined by a rating committee and expressed using its established Aaa to C alphanumeric rating scale, or other Credit Rating scales as identified from time to time by CRA.

## **Board Policy: 2014/002**

### **POLICY**

1. Credit ratings not initiated at the request of the Rated Entity are unsolicited. This designation applies at the individual entity or security/debt level, i.e. it applies to both the Rated Entity and debt ratings.
2. Solicitation may be evidenced by a request from, rating application by or contract with, payment of fees or confirmation by the Rated Entity. Unsolicited ratings for which CRA receives a subsequent solicitation will not be deemed unsolicited any more.
3. CRA publication of an unsolicited Credit Rating will be based, among other factors, on our assessment of the usefulness of the rating to the capital markets, and our determination that sufficient information is available to allow CRA to assign and maintain the rating.
4. When CRA publishes a Credit Rating it knows to be unsolicited, it will designate it as such in the initial and subsequent Credit Rating Announcements, as described in the following procedure.
5. Participation by the Rated Entity in the rating process alone does not render a rating solicited.

### **PROCEDURE**

1. Once the determination has been made to publish an unsolicited Credit Rating, the Rated Entity will be informed that:
  - CRA intends to publish a Credit Rating Announcement;
  - The Rated Entity is invited to participate, and the degree of participation, if at all, is at the discretion of the Rated Entity
  - Because CRA has initiated the rating process, CRA will not seek or accept from the Rated Entity remuneration for the rating during the rating process, or for at least one year after publication of the Credit Rating.

The analyst should inform the Rated Entity of the rating committee's conclusion prior to the publication of the rating.

2. CRA will indicate the unsolicited nature of the Credit Rating in the text of the Credit Rating Announcement. In such cases, the following statement will appear prominently in the Credit Rating Announcement:

“This rating was initiated by CRA and was not requested by the Rated Entity.”

3. For all unsolicited ratings CRA will indicate whether or not the Rated Entity or a related entity participated in the Credit Rating process and whether CRA had access to the relevant internal documents of the Rated Entity or related entity. For participative Rated Entities, the
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**Board Policy: 2014/002**

following statement will appear prominently in the Credit Rating Announcement: “The Rated Entity participated in the rating process and CRA had access to the relevant internal documents.” For non-participating Rated Entities, please refer to the Policy for Designating Rated Entities that do not participate in the Rating Process.