

EXECUTIVE SUMMARY

Objective:	To communicate Fitch Ratings' policy governing Analyst rotation
Application:	Fitch Ratings Analysts participating in the assignment of Credit Ratings (and in some cases, Non-Credit Ratings) by Fitch Ratings' subsidiaries operating in certain jurisdictions, as set forth below

1. OVERVIEW

Fitch Ratings has established this Policy, which governs Analyst rotation, pursuant to certain jurisdictional regulatory requirements.

This policy only applies to Analysts performing Credit Rating Activities, except in respect of Mexican National Scale Ratings, where it also applies to Analysts performing Non-Credit Rating Activities.

The type and nature of the rotation requirements differ depending on the Rating group to which the Analyst belongs, the role of the Analyst (i.e., primary, secondary, rating committee chair or voting member), or the relevant jurisdiction, as set forth in detail in the country-specific sections below and in Appendix B. Note that, for the purposes of this Policy, covered bond ratings are not considered to be structured finance ratings.

NB: Extraterritorial Reach. With respect to the following countries, rotation requirements apply not just to the Analysts located in the relevant country, but also to Analysts located outside of the country where the Analyst is rating/reviewing a Rated Entity located within the relevant country, as described below. Analysts are encouraged to review the following table when conducting ratings issued by Fitch Ratings affiliates located outside of their own jurisdiction. Extraterritorial requirements apply in addition to any requirements applicable to an Analyst due to the location of the Analyst.

Country with Extraterritorial Requirements	Extraterritorial Requirements
Japan	Rotation requirements apply to committee voting members for international scale Public Credit Ratings assigned (i.e. primary Analyst employed by FRJ) or endorsed by FRJ ¹ , regardless of where the Analyst is located. Rotation requirements apply to primary Analysts for international scale Public Credit Ratings endorsed by FRJ, regardless of where the Analyst is located.
Mexico	Rotation requirements apply to Mexican National Scale Public Ratings (both Credit Ratings and Non-Credit Ratings) with respect to any Rated Entity (and/or its securities), regardless of where the Analyst is located.
Panama	Rotation requirements apply to Panamanian National Scale Public Credit Ratings and Private Credit Ratings with respect to any banking institution or insurance institution (and/or its securities), regardless of where the Analyst is located.

2. DEFINITIONS

Analysts means those individuals who perform Credit Rating Activities; however, individuals who perform Non-

¹ A Credit Rating is deemed "endorsed" by FRJ if it has formally progressed through the internal FRJ endorsement process and continues to be endorsed.

Credit Rating Activities are also included within the definition of “Analysts” under the Mexican rotation requirements for National Scale Public Ratings. Analysts can include primary Analysts, secondary Analysts, rating committee chairs and persons who vote in committees, based on which roles are subject to local law rotation requirements, as set forth in further detail in the jurisdiction-specific sections below and in **Appendix B**.

Consecutively Participating Analyst is a term used exclusively for purposes of the Japan rotation requirements. It pertains to international scale Public Credit Ratings of insurance companies and non-financial corporates (and their securities) assigned or endorsed by FRJ. A Consecutively Participating Analyst is a voting committee member who voted in all rating committees held during the prior FRJ fiscal year (which is currently the calendar year) with respect to such an entity (and, if applicable, its securities), where the rating committee assigned new international scale Public Credit Ratings, or affirmed, reviewed (i.e., reviewed – no action, downgraded, upgraded) or withdrew existing international scale Public Credit Ratings.² An Analyst who did not vote in all committees held with respect to the relevant Rated Entity (and, if applicable, its securities) during the prior financial year of FRJ is not considered a Consecutively Participating Analyst.

Cooling Off Period means the time period during which the relevant Analyst is prohibited from engaging in specified Credit Rating Activities (or Non-Credit Rating Activities, in the case of Mexico), as set forth in **Appendix B**.

Credit Rating means a Rating that assesses the creditworthiness of an issuer or an issuance.

Credit Rating Activities include data and information analysis and the evaluation, approval, issuance and review of Credit Ratings, including acting as the chairperson or as a voting member of a preliminary, final or appeal Credit Rating committee. Credit Rating Activities do not include general analytical management activities and oversight (including discussing issues with Analysts under direct supervision), attendance at management meetings or participating as an observer (i.e., non-voting member) in a credit rating committee.

Endorsed CRA means any of Fitch Ratings, Inc., Fitch Australia Pty Ltd., Fitch Ratings Brasil Ltda., Fitch Ratings Canada, Inc., Fitch (Hong Kong) Ltd., Fitch Mexico S.A. de C.V. or Fitch Singapore Pte. Ltd. (or any branch of one of these entities, wherever located).³⁴

Endorsed Rating means an international scale Public Credit Rating where the relevant primary Analyst is an Endorsed Rating Analyst.

Endorsed Rating Analyst means an Analyst employed by an Endorsed CRA.

EU Analyst means an Analyst employed by an EU CRA.

EU CRA means Fitch Ratings Ireland Limited (including any of its branches (wherever located)).

EU CRA Regulation means Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (as amended from time to time).

European CRA means an EU CRA or a UK CRA.

European CRA Analyst means an Analyst based in a European CRA

Fitch Ratings means Fitch Ratings, Inc. and each of its credit rating affiliates that issues Ratings under the trade name “Fitch Ratings”.

FRJ means Fitch Ratings Japan Limited.

Fitch Mexico means Fitch Mexico S.A. de C.V.

IPF means International Public Finance.

National Scale means, when used to describe a Rating, that that Rating is assigned or maintained using a national rating

² For purposes of determining a Consecutively Participating Analyst, rating committees where a Rated Entity was placed on Rating Watch, placed under criteria observation or removed from under criteria observation, and in each case with no other rating action taken are not included.

³ Although international scale Public Credit Ratings where the relevant primary Analyst is employed by Fitch Ratings Japan Ltd. are also endorsed, they are not included in this definition given that there are separate Japanese rotation requirements.

⁴ Subsequent to 31 December 2022, international public Credit Ratings where the relevant primary Analyst is employed by an EU CRA or a UK CRA are endorsed for the purposes of the UK CRA Regulation and EU CRA Regulation respectively. However, such ratings are not defined as Endorsed Ratings for the purpose of this Bulletin because the EU rotation requirements are replicated in the UK CRA Regulation.

scale, as set forth in Fitch Ratings' Ratings Definitions on its public website, www.fitchratings.com.

Non-Credit Rating means a Rating which assesses attributes other than or in addition to the creditworthiness of an entity (e.g., Investment Management Quality Ratings, Servicer Ratings, etc.).

Non-Credit Rating Activities include data and information analysis and the evaluation, approval, issuance and review of Non-Credit Ratings, including acting as the chairperson of a committee. Non-Credit Rating Activities do not include general analytical management activities and oversight (including discussing issues with Analysts under direct supervision), attendance at management meetings or participating as an observer (i.e., non-voting member) in a committee.

Private Credit Ratings are Credit Ratings that have not been published by Fitch Ratings on its public website, www.fitchratings.com.

Private Ratings are Ratings that have not been published by Fitch Ratings on its public website, www.fitchratings.com.

Public Credit Ratings are Credit Ratings that have been published by Fitch Ratings on its public website, www.fitchratings.com.

Public Ratings are Ratings that have been published by Fitch Ratings on its public website, www.fitchratings.com.

Rated Entity means (i) the issuer or obligor with respect to any Security that has received a Credit Rating (or as applicable, a Non-Credit Rating) from Fitch Ratings or (ii) an entity to which Fitch Ratings has assigned a Credit Rating (or as applicable, a Non-Credit Rating).

Rating shall have the meaning set forth in *Bulletin 7: Credit Products – Defined; Ratings, Assessment, Opinions and Scores*.

Rotation Clock Start Date, with respect to an Analyst, is the date on which the Rotation Period for that Analyst is deemed to start, based on the jurisdictional requirements and the Rating group to which the Analyst belongs, as set forth in **Appendix B**.

Rotation Party is the entity or entities around which Analysts must rotate, as set forth in **Appendix B**.

Rotation Period is the period of time that an Analyst is permitted to be involved in Credit Rating Activities (or, as applicable, Non-Credit Rating Activities) with respect to the relevant Rotation Party before rotation is required.

Security means any security, programme or other financial instrument.

SF Rotation Party means the following (which includes related third parties⁵):

- (i) For sole originator⁶ structured finance transactions, the originator of the transaction; or
- (ii) For multi-originator structured finance transactions, the arranger/sponsor⁷ of the transaction;

provided, that, if the same originator and arranger participate together on three different sole-originator transactions with respect to new Public Credit Ratings in a twelve-month period for which the same EU Analyst has been assigned as either primary Analyst or secondary Analyst, that Analyst must be rotated away from such originator (unless the originator and the arranger are the same entity), regardless of whether the Rotation Period has expired. In such cases, this EU Analyst is not permitted to participate in Credit Rating Activities with respect to transactions involving the originator for a minimum of two consecutive years.

UK Analyst means an Analyst employed by a UK CRA.

UK CRA means Fitch Ratings Ltd. (including its branches (wherever located)).

⁵ The definition of a "related third party" is 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.

⁶ For any structured credit transaction that does not have an originator – for example, managed CLOs and CDOs – the originator for purposes of this definition is the asset manager. For US RMBS and US CMBS issued by Fannie Mae or Freddie Mac, for purposes of this definition, is Fannie Mae or Freddie Mac (as applicable), and thus is the SF Rotation Party.

⁷ For sake of clarity, the terms "arranger" and "sponsor" used in this definition each refer to the lead structurer of the relevant transaction. If there is more than one structurer of a transaction, the structurer that has the most interaction with Fitch Ratings will be deemed the lead structurer for purposes of this definition.

UK CRA Regulation means Credit Rating Agencies (Amendment etc.) (EU Exit) Regulations 2019 (as amended from time to time).

3. EU AND UK ROTATION REQUIREMENTS

3.1. The EU and UK rotation requirements, as set forth in detail in Appendix B and detailed in the EU CRA Regulation and the UK CRA Regulation, apply only to European CRA Analysts performing Credit Rating Activities in respect of international scale Public Credit Ratings.

For the avoidance of doubt:

- for Analysts formerly employed by Fitch Deutschland GmbH, Fitch France S.A.S., Fitch Italia S.p.A., Fitch Ratings España, S.A.U (including its branch in Stockholm) and Fitch Polska S.A. to whom the EU rotation requirements applied immediately prior to their transfer to Fitch Ratings Ireland Limited, rotation clocks applicable to primary Analysts, secondary Analysts or Rating committee chairs (as the case may be) with respect to the same Rotation Party will continue.
- for Analysts who continue to be employed by a UK CRA after 31 December 2020 to whom the EU rotation requirements applied immediately prior to this date, rotation clocks applicable to primary Analysts, secondary Analysts or Rating committee chairs (as the case may be) with respect to the same Rotation Party will continue. Similarly, for UK Analysts who transfer to an EU CRA and EU Analysts who transfer to a UK CRA, rotation clocks applicable to primary Analysts, secondary Analysts or Rating committee chairs (as the case may be) with respect to the same Rotation Party will continue.

3.2. Additionally, the following principles apply in respect of the EU and UK, and override the rules set forth in **Appendix B**. European CRA Analysts should therefore consult **Appendix B** first and then determine whether any of the following principles apply.

- **Multiple Roles.** If a European CRA Analyst serves as more than one of the primary Analyst, secondary Analyst and Rating committee chair for the same Rotation Party, without taking a consecutive two-year break between each of these roles, the Rotation Period shall be counted from the first role held by that European CRA Analyst, and shall be for the shortest period applicable (of four or five years) of the roles undertaken, aggregating all time spent in each of the roles. For example, if a European CRA Analyst served as a secondary Analyst for two years and then became the primary Analyst for the same Rotation Party, he/she may only serve for an additional two years as the primary Analyst. Likewise, if an EU Analyst served for three years as a Rating committee chair for a Rotation Party and then became the primary Analyst, he/she would be able to serve as primary Analyst for only one year.
- **Rating Switches Between Public and Private.** Where a European CRA Analyst is subject to EU or UK rotation requirements with respect to an international scale Public Credit Rating which is then converted into a Private Credit Rating (**1st Conversion**), time spent by that European CRA Analyst on Credit Rating Activities on that Private Credit Rating after the date of the 1st Conversion will not count towards the Rotation Periods in Appendix B, but will count towards the Cooling Off Periods in Appendix B. If that Private Credit Rating is later converted back into an international scale Public Credit Rating (**2nd Conversion**) before the relevant Cooling Off Period has expired, then all the time spent by that European CRA Analyst on Credit Rating Activities after the 2nd Conversion must be added to the time spent on Credit Rating Activities on that Public Credit Rating prior to the 1st Conversion when calculating that European CRA Analyst's Rotation Period. If a Credit Rating that has always been a Private Credit Rating is converted into an international scale Public Credit Rating that is subject to EU or UK rotation requirements, the Rotation Clock Start Date will be the date this Public Credit Rating is published.
- **European CRA Analyst Moves Between European CRA and Endorsed CRA.** When a European CRA Analyst transfers between a European CRA and an Endorsed CRA, she or he carries her/his rotation

clock to the new location, subject to the following principles:

- (i) Where a European CRA Analyst was employed by a European CRA subject to the EU or UK rotation requirements and transferred, prior to 1 January 2019, to become an employee of an Endorsed CRA (**Transfer 1A**), any time spent on an international scale Public Credit Rating after Transfer 1A but prior to 1 January 2019 does not count towards:
 - the Rotation Period with respect to the relevant Rotation Party;
 - the Cooling Off Period, unless and until the Analyst ceases Credit Rating Activities with respect to that Rotation Party for the time period specified under the rules applicable in that Endorsed CRA; and
 - unless this Analyst had successfully completed such a Cooling Off Period prior to 1 January 2019, that Analyst's rotation clock restarted on 1 January 2019 with respect to that Public Credit Rating (with time on the rotation clock equal to the time at Transfer 1A), and the rotation rules of that Endorsed CRA apply.
- (ii) Where a European CRA Analyst was employed by a European CRA subject to the EU or UK rotation requirements and transferred, on or after 1 January 2019, to become an employee of an Endorsed CRA (**Transfer 1B**), and continued Credit Rating Activities on an international scale Public Credit Rating she/he was working on prior to Transfer 1B, her/his clock continues but is now subject to the rotation rules applicable to the Endorsed CRA.

If the Analyst subsequently transfers to become an employee of a European CRA subject to EU or UK rotation requirements (**Transfer 2**), the EU or UK rotation rules again apply with respect to that Public Credit Rating. The Analyst carries her/his rotation clock to the European CRA, unless the Analyst ceased Credit Rating activities with respect to the relevant Rotation Party for two continuous years – which would reset the rotation clock to zero. If that is not the case, the Analyst may be subject to immediate rotation at the time of Transfer 2.

- **Early Start to Cooling Off Period.** If, at any time prior to the start of the applicable Cooling Off Period, a European CRA Analyst ceases Credit Rating Activities with respect to a Rotation Party, for a consecutive period of two or more years, his or her rotation clock with respect to that Rotation Party will be reset to zero. For example, because serving as a chair of a Rating committee, or voting in a Rating committee, is a point-in-time event, if on the day following such service, and for two years thereafter, the European CRA Analyst undertakes no other Credit Rating Activity with respect to that Rotation Party, his/her rotation clock for that Rotation Party is reset to zero. Conversely, if the European CRA Analyst does engage in any Credit Rating Activity with respect to that Rotation Party at any time after such service but before the two years have elapsed, he/she loses any accrued "cooling off" time, and his/her rotation clock continues uninterrupted.
- **Long-Term Leave.** In the event a European CRA Analyst takes long-term leave – e.g., maternity leave or sick leave – his/her rotation clock(s) will continue. Should such a European CRA Analyst return to work at Fitch Ratings two or more years after starting long-term leave, his/her rotation clock(s) will be reset to zero.
- **Employee Leaves and then is Re-hired by Fitch Ratings⁸.** Where a European CRA Analyst leaves the employment of a European CRA (**prior employment**) and then, after a period of time, returns to the employment of a European CRA and is asked to perform Credit Rating Activities with respect to an entity which was a Rotation Party for that European CRA Analyst in his/her prior employment (and subject also to the principle above with respect to moving between offices, if applicable):
 - (i) if during their absence that European CRA Analyst has refrained from any Credit Rating Activities with respect to that Rotation Party for a period of two or more years, their Rotation Period is reset with respect to that Rotation Party and will start running again if and when they commence Credit

⁸ In such cases, Human Resources shall promptly contact Ratings Operations Support, who will in turn contact the relevant employee to obtain the information necessary to implement this principle. Ratings Operations Support will then provide the relevant information to IT for incorporation into the applicable systems.

Rating Activities with respect to that Rotation Party;

- (ii) if during their absence that European CRA Analyst has refrained from any Credit Rating Activities with respect to that Rotation Party for a period of less than two years, their Rotation Period is paused with respect to that Rotation Party and will continue to run when they commence Credit Rating Activities with respect to that Rotation Party; and
- (iii) if that European CRA Analyst specifies that during their absence they conducted Credit Rating Activities with respect to that Rotation Party (albeit at another credit rating agency), the time spent on such Credit Rating Activities (as indicated by that European CRA Analyst) during their absence will be counted in assessing how much of their Rotation Period remains under section 3 of this Policy.

– **Sale or Merger Involving Rated Entity⁹**

- (i) **In the context of a share acquisition:** if the shares of a Rated Entity are transferred to a new parent company, the Rated Entity remains the same and therefore the Rotation Period(s) continue to run and will not restart for that Rated Entity.

- (ii) **In the context of a business/asset transfer:**

- if all or part of the business of a Rated Entity is transferred to a different entity (the **Purchasing Entity**), the Purchasing Entity is not the same legal person as the Rated Entity and therefore there is no continuity or connection between the Rotation Period(s) which apply to the Rated Entity and any Rotation Period(s) which apply to the Rating of the Purchasing Entity. The rotation periods for the Rated Entity and the Purchasing Entity remain separate.
- notwithstanding the sub-paragraph immediately above, if all, or substantially all of the business of a Rated Entity is transferred to a different entity (the **Purchasing Entity**) and the business or assets transferred become all or substantially all of the Purchasing Entity's business (i.e. the Purchasing Entity was a shell or had nominal assets and liabilities prior to the transfer), for the purposes of this Policy, the Purchasing Entity will be considered the same as the Rated Entity and the Rotation Period(s) which applied to the Rated Entity should continue with respect to the Purchasing Entity.

- (iii) **In the context of a merger:** Where a Rated Entity merges with another entity (the **Merger Partner**), the Rotation Period(s) which apply to the resultant entity of the merger (the **Merger Entity**) are separate from any Rotation Periods which applied to either the Rated Entity or the Merger Partner, unless the business of the Rated Entity which has transferred to the Merger Entity now forms all or substantially all of the business of the Merger Entity (i.e. the Merger Partner was a shell or had nominal assets and liabilities prior to the merger), in which case the Rotation Period(s) applicable to the Rated Entity continue to apply with respect to the Merger Entity.

- **Switching Solicitation Status.** If a Rotation Party switches between solicited and unsolicited status, the relevant rules applicable to the new status, as set forth in **Appendix B**, shall apply.
- **Analyst Changes Rating Groups.** In the event a European CRA Analyst changes rating groups and continues to perform Credit Rating Activities with respect to any Rotation Party from the prior rating group, he/she carries his/her rotation clock to the new rating group.
- **Withdrawn Rating Re-Assigned.** If an international scale Public Credit Rating that is subject to European CRA rotation requirements is withdrawn, the Rotation Period(s) for each Analyst related to that Public Credit Rating will pause for so long as that Public Credit Rating is withdrawn. If an international scale Public Credit Rating is assigned again to the relevant Rated Entity or securities, as the case may be, within two years of the withdrawal, Rotation Period(s) for each such Analyst

⁹ If, as a result of a sale or merger involving a Rated Entity, there is a change in the Rotation Party or any other aspect of the rotation-related information stored in Fitch's systems, the relevant European CRA analyst must email Ratings Operations Support with any such changes. Any European CRA Analyst who needs guidance with respect to the application of this section should contact the Legal Department.

conducting Credit Rating Activities will continue to run from the date the new final international scale Public Credit Rating is assigned. If an international scale Public Credit Rating is assigned again to that Rated Entity or securities, as the case may be, after two years or more since the withdrawal, then these Rotation Period(s) reset and start again.

4. ROTATION REQUIREMENTS FOR ENDORSED RATINGS

4.1. Primary Analysts, secondary Analysts and Rating committee chairs with respect to Endorsed Ratings are subject to the rotation requirements set out in **Appendix B**.

4.2. Additionally, the following principles apply in respect of Endorsed Ratings, and override the rules set forth in **Appendix B**. Endorsed Rating Analysts should therefore consult **Appendix B** first and then determine whether any of the following principles apply.

- **Multiple Roles.** If an Endorsed Rating Analyst served as more than one of the primary Analyst, secondary Analyst and Rating committee chair for the same Rotation Party in the course of 2019, the Rotation Period shall be counted from the first role held by that Endorsed Rating Analyst and shall be for the period applicable to that first role (of seven, eight or nine years).
- **Rating Switches Between Public and Private.** Where an Endorsed Rating Analyst is subject to rotation requirements with respect to an Endorsed Rating which is then converted into a Private Credit Rating (**1st Conversion**), time spent by that Endorsed Rating Analyst on Credit Rating Activities on that Private Credit Rating after the date of the 1st Conversion will not count towards the Rotation Periods in Appendix B, but will count towards the Cooling Off Periods in Appendix B. If that Private Credit Rating later converted back into an Endorsed Rating (**2nd Conversion**) before the relevant Cooling Off Period has expired, then all the time spent by that Endorsed Rating Analyst on the Credit Rating Activities after the 2nd Conversion must be added to the time spent on Credit Rating Activities on that Endorsed Rating prior to the 1st Conversion when calculating that Endorsed Analyst's Rotation Period. If a Credit Rating that has always been a Private Rating is converted into an Endorsed Rating, the Rotation Clock Start Date will be the date this Endorsed Rating is published.
- **Endorsed Rating Analyst Moves Between Offices Applying Rotation with respect to Endorsed Ratings.** When an Endorsed Rating Analyst transfers between Endorsed CRAs, he or she carries his/her rotation clock to the new location.
- **Endorsed Rating Analyst Moves Between Endorsed CRA and European CRA.** When an Endorsed Rating Analyst transfers, on or after 1 January 2019, between an Endorsed CRA and a European CRA, she or he carries her/his rotation clock to the new location and will be subject to the rules applicable to that European CRA, subject to the following principles:
 - (i) If that European CRA is exempt from rotation (**Transfer 1A**), any time spent on an international scale Public Credit Rating after Transfer does not count towards:
 - o the Rotation Period with respect to the relevant Rotation Party; and
 - o the Cooling Off Period, unless and until the Analyst ceases Credit Rating Activities with respect to that Rotation Party for the time period specified under the rules applicable in that Endorsed CRA, however
 - o note that all European CRAs are subject to rotation requirements with respect to Rating committee chairs, therefore Rating committee chair rotation clocks with respect to the same Rotation Party would continue in the event of any transfer to a European CRA.
 - (ii) If the European CRA is subject to rotation (**Transfer 1B**), and the Analyst continues Credit Rating Activities on an international scale Public Credit Rating she/he was working on prior to Transfer 1B, her/his clock continues but is now subject to the rotation rules applicable to the European CRA. Note that, given the shorter Rotation Periods applicable in the EU and the UK, the Analyst may be subject

to immediate rotation at the time of Transfer 1B.

If the Analyst subsequently transfers to become an employee of an Endorsed CRA (**Transfer 2**), the rotation rules applicable to that Endorsed CRA again apply with respect to that Public Credit Rating. The Analyst carries her/his rotation clock to the Endorsed CRA, unless the Analyst ceased Credit Rating activities with respect to the relevant Rotation Party for 12 continuous months – which would reset the rotation clock to zero.

- **Early Start to Cooling Off Period.** If, at any time prior to the start of the applicable Cooling Off Period, an Endorsed Rating Analyst ceases Credit Rating Activities with respect to a Rotation Party, for a consecutive period of 12 months or more, his or her rotation clock with respect to that Rotation Party will be reset to zero. For example, because serving as a chair of a Rating committee, or voting in a Rating committee, is a point-in time event, if on the day following such service, and for 12 months thereafter, the Endorsed Rating Analyst undertakes no other Credit Rating Activity with respect to that Rotation Party, his/her rotation clock for that Rotation Party is reset to zero. Conversely, if the Endorsed Rating Analyst does engage in any Credit Rating Activity with respect to that Rotation Party at any time after such service but before the 12 months have elapsed, he/she loses any accrued “cooling off” time, and his/her rotation clock continues uninterrupted.
- **Long-Term Leave.** In the event an Endorsed Rating Analyst takes long-term leave – e.g., maternity leave or sick leave – his/her rotation clock(s) will continue. Should such an Endorsed Rating Analyst return to work at Fitch Ratings 12 or more months after starting long-term leave, his/her rotation clock(s) will be reset to zero.
- **Employee Leaves and then is Re-hired by Fitch Ratings¹⁰.** Where an Endorsed Rating Analyst subject to rotation leaves the employment of an Endorsed CRA (**prior employment**) and then, after a period of time, returns to the employment of an Endorsed CRA and is asked to perform Credit Rating Activities with respect to an entity which was a Rotation Party for that Endorsed Rating Analyst in his/her prior employment (and subject also to the principle above with respect to moving between offices, if applicable):
 - (i) if during their absence that Endorsed Rating Analyst has refrained from any Credit Rating Activities with respect to that Rotation Party for a period of 12 months or more, their Rotation Period is reset with respect to that Rotation Party and will commence running again if and when they commence Credit Rating Activities with respect to that Rotation Party;
 - (ii) if during their absence that Endorsed Rating Analyst has refrained from any Credit Rating Activities with respect to that Rotation Party for a period of less than 12 months, their Rotation Period is paused with respect to that Rotation Party and will continue to run when they commence Credit Rating Activities with respect to that Rotation Party; and
 - (iii) if that Endorsed Rating Analyst specifies that during their absence they conducted Credit Rating Activities with respect to that Rotation Party (albeit at another credit rating agency), the time spent on such Credit Rating Activities (as indicated by that Endorsed Rating Analyst) during their absence will be counted in assessing how much of their Rotation Period remains under section 4 of this Policy.

¹⁰ In such case, Human Resources shall promptly contact Ratings Operations Support, who will in turn contact the relevant employee to obtain the information necessary to implement this principle. Ratings Operations Support will then provide the relevant information to IT for incorporation into the applicable systems.

- **Sale or Merger Involving Rated Entity¹¹.**
 - (i) **In the context of a share acquisition:** if the shares of a Rated Entity are transferred to a new parent company, the Rated Entity remains the same and therefore the Rotation Period(s) continue to run and will not restart for that Rated Entity.
 - (ii) **In the context of a business/asset transfer:**
 - o if all or part of the business of a Rated Entity is transferred to a different entity (the **Purchasing Entity**), the Purchasing Entity is not the same legal person as the Rated Entity and therefore there is no continuity or connection between the Rotation Period(s) which apply to the Rated Entity and any Rotation Period(s) which apply to the Rating of the Purchasing Entity. The rotation periods for the Rated Entity and the Purchasing Entity remain separate.
 - o notwithstanding the sub-paragraph immediately above, if all, or substantially all of the business of a Rated Entity is transferred to a different entity (the **Purchasing Entity**) and the business or assets transferred become all or substantially all of the Purchasing Entity's business (i.e. the Purchasing Entity was a shell or had nominal assets and liabilities prior to the transfer), for the purposes of this Policy, the Purchasing Entity will be considered the same as the Rated Entity and the Rotation Period(s) which applied to the Rated Entity should continue with respect to the Purchasing Entity.
 - (iii) **In the context of a merger:** Where a Rated Entity merges with another entity (the **Merger Partner**), the Rotation Period(s) which apply to the resultant entity of the merger (the **Merger Entity**) are separate from any Rotation Periods which applied to either the Rated Entity or the Merger Partner, unless the business of the Rated Entity which has transferred to the Merger Entity now forms all or substantially all of the business of the Merger Entity (i.e. the Merger Partner was a shell or had nominal assets and liabilities prior to the merger), in which case the Rotation Period(s) applicable to the Rated Entity continue to apply with respect to the Merger Entity.
- **Switching Solicitation Status.** This has no impact on the Rotation Periods set forth in **Appendix B**.
- **Analyst Changes Rating Groups.** In the event an Endorsed Rating Analyst changes rating groups and continues to perform Credit Rating Activities with respect to any Rotation Party from the prior rating group, he/she carries his/her rotation clock to the new rating group.
- **Withdrawn Rating Re-Assigned.** If an Endorsed Rating is withdrawn, the Rotation Period(s) for each Analyst related to that Endorsed Rating will pause for so long as that Endorsed Rating is withdrawn. If an Endorsed Rating is assigned again by an Endorsed CRA to the relevant Rated Entity or securities, as the case may be, within 12 months of the withdrawal, the Rotation Period(s) for each such Analyst conducting Credit Rating Activities will continue to run from the date the new Rating is assigned. If an international scale Public Credit Rating is assigned again by an Endorsed CRA to that Rated Entity or securities, as the case may be, after 12 months, or more, since the withdrawal, then these Rotation Period(s) reset and start again.

5. JAPANESE ROTATION REQUIREMENTS

The Japanese rotation requirements apply to international scale Public Credit Ratings assigned or endorsed by FRJ¹² which means that these requirements apply not only to Analysts employed by FRJ, but also to Analysts

¹¹ If, as a result of a sale or merger involving a Rated Entity, there is a change in the Rotation Party or any other aspect of the rotation-related information stored in Fitch's system, the relevant Endorsed Rating Analyst must email Ratings Operations Support with any such changes. An Endorsed Rating Analyst who needs guidance with respect to the application of this section should contact the Legal Department.

¹² A Credit Rating is deemed "assigned" by FRJ when the primary Analyst is an employee of FRJ. A Credit Rating is deemed "endorsed by FRJ" if it has formally progressed through the internal FRJ endorsement process and has been endorsed.

located outside Japan if they work on Ratings assigned or endorsed by FRJ¹³. These rotation requirements also differ between international scale Public Credit Ratings of insurance companies, non-financial corporates (and their securities) and structured finance transactions, and all other international scale Public Credit Ratings. See Appendix B for the details.

6. QUESTIONS

For questions concerning this policy, please contact Compliance.

Owner:	Heather Merrigan, Chief Compliance Officer
Appendices:	Appendix A – Summary of Changes Appendix B – Table of Rotation Requirements
Supplements:	Bulletin 2: The Rating Process Manual

¹³ Previously, FRJ has endorsed only certain Japanese insurance companies and non-financial corporate international scale Public Credit Ratings. If FRJ were to endorse any international scale Public Credit Ratings other than insurance companies or non-financial corporates, local Compliance will contact the relevant lead Analyst and discuss the related rotation requirements.

Appendix A**Summary of Changes****December 31, 2018**

- Streamlined and made clearer the regulatory requirements.
- Added Appendix B, which sets forth the rotation requirements across countries in table format, subject to any principles specified in the Policy.
- Included rotation for specified analysts working on Endorsed Ratings.

January 19, 2019

- Adjusted the definition of SF Rotation Party. The original definition was drafted for the EU rules; we subsequently used it for the Endorsed Ratings, but without changing the reference of the cooling -off period so it worked for Endorsed Ratings: EU cooling-off is 2 years; Endorsed Ratings have a 1-year cooling-off.

April 30, 2019

- Clarifications to the definition of SF Rotation Party and EU Analyst
- Added new principles to Sections 3.2 and 4.2 related to EU Analyst moving between an EU Fitch CRA and an Endorsed CRA
- Added clarifying footnotes 7, 8, 9 and 10 to other principles in Sections 3.2 and 4.2
- Additional textual clarifications and correction of typos

May 31, 2020

- Changes made to reflect the Fitch Ratings Ireland Limited structure. All Analysts employed by Fitch Ratings Ireland Limited (including its branches wherever located) are subject to EU rotation requirements with effect from 31 May 2020.

December 11, 2020

- Updates to reflect the conclusion of the Brexit transition period, scheduled for 31 December 2020. Text updated so that all provisions previously applicable to Credit Ratings where an Analyst is located in an EU CRA registered with the European Securities and Markets Authority ("ESMA") will continue to apply where an Analyst is located in a UK CRA registered with the Financial Conduct Authority ("FCA") (or any branch of such CRA).
- Conforming changes to rotation requirements for Costa Rica, El Salvador, Honduras, Mexico, Panama and Japan which have been approved and implemented are now reflected in the Bulletin.
- As a branch of Fitch Ratings, Inc. Canada is included within the definition of Endorsed CRA and therefore the US rotation requirements are being applied. Canada has been included in Appendix B to align with the inclusion of other branches in the table.

March 21, 2023

- Footnote 1 has been deleted. No longer relevant.
- The extraterritorial requirements for Costa Rica, El Salvador, Honduras, Mexico and Panama have been clarified. Corresponding changes have been made in the Appendix B.
- Rotation requirements for the Dominican Republic have been added to both this policy and to Appendix B.
- Sections 6 to ten have been removed. The relevant information is included in section 1.

June 21, 2023

- The extraterritorial requirements applicable to Panama have been expanded to also apply to insurance companies following a regulatory change. The corresponding changes have been made in Appendix B.
- References to fee letters have been removed from the section 1 as this information was not viewed to be relevant for the users of the policy. The corresponding changes have been made in Appendix B.

October 29, 2024

- Non-material changes regarding Mexico

November 04, 2025

- Removal of the requirements applicable to Russia, Honduras, El Salvador and Dominican Republic.
- Addition of other minor textual clarifications.
- Clarification of Applicable Rating Type in Appendix B in order to include where applicable: international scale Public Credit Ratings in respect of which the primary Analyst or surveillance Analyst is based in a European CRA but the chair and/or secondary Analyst is not based in a European CRA.