

EXECUTIVE SUMMARY

Objective: To communicate Fitch Ratings' policy governing Analyst rotation

Application: Fitch Ratings Analysts participating in the assignment of Credit (and in some cases, Non-Credit) Ratings by Fitch Ratings' subsidiaries operating in the UK, Russia, the EU, Japan, Mexico, Costa Rica, Honduras, Panama and El Salvador, as well as Analysts located in certain other jurisdictions, as set forth below

Effective Date: 31 May 2020

Version: 17, replacing Bulletin 34: Rotation Policy, Policy Version 16.3.

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 the Mexican rotation requirements, 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 is set forth in further detail in the country-specific sections below and in Appendix B. Note that, for 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 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.

Country with Extraterritorial Requirements	Extraterritorial Requirements
Costa Rica	Rotation requirements apply to National Scale Public Credit Ratings with respect to any Costa Rica-domiciled Rated Entity (and/or its securities), regardless of where the Analyst is located
El Salvador	Rotation requirements apply to National Scale Public Credit Ratings with respect to any El Salvador-domiciled Rated Entity (and/or its securities) requested in a fee agreement entered into by Fitch Central America, regardless of where the Analyst is located
Honduras	Rotation requirements apply to National Scale Public Credit Ratings with respect to any Honduras-domiciled Rated Entity (and/or its securities), regardless of where the Analyst is located
Japan	Rotation requirements apply to international scale Public Credit Ratings endorsed by FRJ ¹ , regardless of where the Analyst is located.

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

Mexico	Rotation requirements apply to National Scale Public Ratings (both Credit Ratings and Non-Credit Ratings) (i) requested in a fee agreement entered into by Fitch Mexico (regardless of the location of the counterparty) or (ii) with respect to any Mexico-domiciled Rated Entity (and/or its securities), regardless of where the Analyst is located.
Panama	Rotation requirements apply to National Scale Public Credit Ratings with respect to any Panama-domiciled banking 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-Credit Rating Activities are also included within the definition of “Analysts” under the Mexican rotation requirements. 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 voting member of a 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 (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).³

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

² For purposes of determining a Consecutively Participating Analyst, rating committees where a Rated Entity was placed on Rating Watch 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.

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

EU Analyst means an Analyst employed by Fitch Ratings Ltd (including its branch in Dubai), Fitch Ratings CIS Ltd (including its branch in Moscow), Fitch Ratings España S.A.U. (including its branch in Stockholm) or Fitch Ratings Ireland Limited (including its branches, wherever located).

EU Fitch CRA means each of Fitch Ratings Ltd and its credit rating subsidiaries located and registered in the EU (including any branches of these companies, wherever located).

Fitch Central America means Fitch Centroamerica S.A..

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 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.

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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 parties⁴):

- (i) For sole originator⁵ structured finance transactions, the originator of the transaction; or
- (ii) For multi-originator structured finance transactions, the arranger/sponsor⁶ 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.

3. EU ROTATION REQUIREMENTS

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

For the avoidance of doubt, for Analysts employed by Fitch Deutschland GmbH, Fitch France S.A.S., Fitch Italia S.p.A. 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.

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

- **Multiple Roles.** If an EU 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 EU 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 an EU 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.

⁴ 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".

⁵ 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.

⁶ 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.

- **Rating Switches Between Public and Private.** Where an EU Analyst is subject to EU 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 EU 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 EU 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 EU 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 rotation requirements, the Rotation Clock Start Date will be the date this Public Credit Rating is published.
- **EU Analyst Moves Between EU Fitch CRA and Endorsed CRA.** When an EU Analyst transfers between an EU Fitch CRA and an Endorsed CRA, she or he carries her/his rotation clock to the new location, subject to the following principles:
 - (i) Where an EU Analyst is employed by an EU Fitch CRA subject to the EU rotation requirements and is 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:
 - o the Rotation Period with respect to the relevant Rotation Party;
 - 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; and
 - o unless this Analyst has successfully completed such a Cooling Off Period prior to 1 January 2019, that Analyst's rotation clock restarts 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 an EU Analyst is employed by an EU Fitch CRA subject to the EU rotation requirements and is transferred, on or after 1 January 2019, to become an employee of an Endorsed CRA (**Transfer 1B**), and 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 Endorsed CRA.

If the Analyst subsequently transfers to become an employee of an EU Fitch CRA subject to EU rotation requirements (**Transfer 2**), the EU rotation rules again apply with respect to that Public Credit Rating. The Analyst carries her/his rotation clock to the EU Fitch 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, an EU 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 EU 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 EU 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 an EU Analyst takes long-term leave – e.g., maternity leave or sick leave – his/her rotation clock(s) will continue. Should such an EU 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 Ratings⁷.** Where an EU Analyst leaves the employment of an EU Fitch CRA (**prior employment**) and then, after a period of time, returns to the employment of an EU Fitch CRA and is asked to perform Credit Rating Activities with respect to an entity which was a Rotation Party for that EU 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 EU Analyst has refrained from any Credit Rating Activities with respect to that Rotation Party for a period exceeding two years, 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 EU 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 if and when they commence Credit Rating Activities with respect to that Rotation Party; and
 - (iii) if that EU 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 EU 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 Entity⁸**
 - (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 (unless the Purchasing Entity was already a Rotation Third Party of the Rated Entity) 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.

⁷ In each such case, Human Resources shall promptly contact Core Operations, who will in turn contact the relevant employee to obtain the information necessary to implement this principle. Core Operations will then provide the relevant information to IT for incorporation into the applicable systems.

⁸ 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 EU Analyst must email Core Operations with any such changes. Any EU Analyst who needs guidance with respect to the application of this section should contact the Legal Department.

- 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 an EU 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 EU rotation requirements is withdrawn, the Rotation Period(s) 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, these Rotation Period(s) will continue to run. 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 serves 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 is 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 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 Credit 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 EU Fitch CRA.** When an Endorsed Rating Analyst transfers, on or after 1 January 2019, between an Endorsed CRA and an EU Fitch CRA, she or he carries her/his rotation clock to the new location and will be subject to the rules applicable to that EU Fitch CRA, subject to the following principles:
 - (i) If that EU Fitch 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 EU Fitch 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 an EU Fitch CRA.
 - (ii) If the EU Fitch 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 EU Fitch CRA. Note that, given the shorter Rotation Periods applicable in the EU, 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 Ratings⁹.** 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 exceeding 12 months, 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 if and 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.
- **Sale or Merger Involving Rated Entity¹⁰.**
 - (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

⁹ In each such case, Human Resources shall promptly contact Core Operations, who will in turn contact the relevant employee to obtain the information necessary to implement this principle. Core Operations will then provide the relevant information to IT for incorporation into the applicable systems.

¹⁰ 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 Endorsed Rating Analyst must email Core Operations with any such changes. Any Endorsed Rating Analyst who needs guidance with respect to the application of this section should contact the Legal Department.

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) related to that Endorsed Rating will pause for so long as that Endorsed Rating is withdrawn. If an international scale Public Credit 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, these Rotation Period(s) will continue to run. 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 FRJ,¹¹ which means that these requirements apply not only to Analysts employed by FRJ, but also to Analysts located outside Japan if they work on ratings endorsed by FRJ¹². These rotation requirements also differ between international scale Public Credit Ratings of insurance companies and non-financial corporates (and their securities), and all other international scale Public Credit Ratings. See Appendix B for the details.

6. MEXICAN ROTATION REQUIREMENTS

The Mexican rotation requirements apply only to National Scale Public Ratings (both Credit Ratings and Non-Credit Ratings) (i) requested in a fee agreement entered into by Fitch Mexico (regardless of the location of the counterparty) or (ii) with respect to any Mexico-domiciled Rated Entity (and/or its securities), regardless of Analyst location. See Appendix B for the details.

¹¹ 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 actually been endorsed.

¹² Currently, FRJ endorses only certain Japanese insurance companies. If FRJ actually endorses any issuer (and/or their securities) other than insurance companies or non-financial corporates (and/or their securities), local Compliance will contact the relevant lead Analyst and discuss the related rotation requirements.

7. COSTA RICAN AND HONDURAN ROTATION REQUIREMENTS¹³

The rotation requirements under the laws of Costa Rica and Honduras apply to National Scale Public Credit Ratings with respect to Rated Entities (and/or their securities) domiciled in Costa Rica and Honduras, respectively, regardless of where the Analyst is located. See Appendix B for the details.

8. PANAMANIAN ROTATION REQUIREMENTS

The rotation requirements under the laws of Panama apply to National Scale Public Credit Ratings with respect to any Panama-domiciled banking institutions (and/or their securities), regardless of where the Analyst is located. See Appendix B for the details.

9. EL SALVADORAN ROTATION REQUIREMENTS

The rotation requirements under the laws of El Salvador apply to National Scale Public Credit Ratings with respect to any El Salvador-domiciled Rated Entities (and/or their securities), requested in a fee agreement entered into by Fitch Central America, regardless of where the Analyst is located. See Appendix B for the details.

10. QUESTIONS

For questions concerning this policy, please contact Regulatory Affairs, Policies and Procedures or Core Operations.

Owner:	Susan Launi, Regulatory Affairs, Policies and Procedures
Appendices:	Appendix A – Summary of Changes Appendix B – Table of Rotation Requirements
Supplements:	Bulletin 2: The Rating Process Manual

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

- (i) Streamlined and made clearer the regulatory requirements.
- (ii) Added Appendix B, which sets forth the rotation requirements across countries in table format, subject to any principles specified in the Policy.
- (iii) 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

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

May 31, 2020

- (i) 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.