

EXECUTIVE SUMMARY

Objective: To set forth the disclosure requirements regarding solicitation status, and Rated Entity participation in the rating process.

Application: All Fitch Ratings employees globally.

Effective Date: 14 December 2020¹

Version: 5.3

Replaces: Bulletin 14: *Rating Solicitation and Participation Disclosure Policy* (dated 30 March 2020)

1. OVERVIEW

Fitch Ratings believes that investors benefit from increased rating coverage by Fitch Ratings, whether or not such Public Ratings are requested by, or on behalf of, Rated Entities; requested by, or on behalf of, Rated Entities but subsequently maintained by Fitch Ratings at its initiative; requested by investors; or initiated and freely provided by Fitch Ratings. Fitch Ratings uses the same criteria and rating committee procedures for Solicited Ratings as for Unsolicited Ratings. In some cases, the Rated Entity (and its agents) may choose not to participate in the rating process. For any Public Rating that Fitch Ratings assigns or maintains, irrespective of the participation status, Fitch Ratings believes that it has sufficient information to rate the Rated Entity and/or securities.

This Policy sets forth Fitch Ratings' disclosure requirements with respect to:

- the solicitation status of all Public Ratings; and
- situations without Issuer Participation in the rating process.

2. DEFINITIONS²

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

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

“Issuer Participation” means:

- with respect to structured finance Public Ratings, that the originator(s), issuer(s), placement agent(s) or other parties to the structured finance debt issuance have engaged in discussions with Fitch Ratings regarding the underlying collateral or the origination processes used to originate or monitor that collateral; and
- with respect to all other Public Ratings, that either of the following have occurred in the current analytical cycle and, in any case, within the 12 months preceding the date of the most recent rating action or research update:

¹ The UK CRA requirements contained in this Bulletin do not take effect until the completion of the implementation period regarding the exit of the UK from the EU, scheduled for 31 December 2020. Prior to the completion of the implementation period entities defined as UK CRAs must be treated as EU CRAs.

² Note that these definitions do not change the requirement imposed by US securities law for Fitch Ratings to specify, in each Rating Information Disclosure Form, whether the relevant credit rating was: (i) paid for by the obligor being rated or the issuer, underwriter, depositor, or sponsor of the security or money market instrument being rated; (ii) paid for by a person other than the obligor being rated or the issuer, underwriter, depositor, or sponsor of the security or money market instrument being rated; or (iii) uncompensated.

- the Rated Entity's management engaged in substantive discussion of the primary topics driving the relevant Public Ratings, or
- the Rated Entity, directly or indirectly, provided internal forecasts, risk management data or other non-public disclosure considered as part of the rating process.

“Public Rating” means a “credit rating” as described in Fitch Ratings’ Rating Definitions, available on its website, www.fitchratings.com which is published, or is intended to be published, by Fitch Ratings on its public website.

“RAC” means a rating action commentary.

“Rated Entity” means (i) the issuer or obligor with respect to any security that has received or is expected to receive, as the case may be, a Public Rating from Fitch Ratings or (ii) an entity to which Fitch Ratings has assigned or is expected to assign, as the case may be, a Public Rating.

“Related Third Party” means the originator, arranger, sponsor, servicer or any other party that interacts with Fitch Ratings on behalf of a Rated Entity, including any person directly or indirectly linked to that Rated Entity by control.

“Solicited Rating” means a Public Rating that is assigned or maintained at the request of the Rated Entity or a Related Third Party.

“With Access to Internal Documents” means access to internal forecasts, risk management data or other non-public disclosure considered as part of the rating process.

“With Access to Management” means:

- with respect to structured finance Public Ratings, substantive discussions with the originator(s), issuer(s), placement agent(s) or other parties with responsibility for the issuance or administration of the structured finance debt issuance; and
- with respect to all other Public Ratings, substantive discussions of the primary topics driving the relevant Public Ratings with the Rated Entity's staff with managerial responsibilities for issuance or administration of the debt issuance.

“With Rated Entity or Related Third Party Participation” means, the same as Issuer Participation.

“UK CRA” means each of Fitch Ratings Ltd. and Fitch Ratings CIS Ltd. (including any of their branches (wherever located)).

“Unsolicited Ratings” means a Public Rating that (i) is assigned or maintained at the request of a person other than the Rated Entity or a Related Third Party, (ii) is assigned or maintained by Fitch Ratings at its own initiative and without compensation or (iii) was initially or at one time a Solicited Rating, but which is subsequently maintained by Fitch Ratings at its initiative and without compensation.

3. DISCLOSURES

3.1. Disclosure of Solicitation Status of Public Ratings

Fitch Ratings will disclose whether a Public Rating is a Solicited Rating or an Unsolicited Rating (i) via a link in every RAC related to the assignment of a Public Rating, or the taking of any rating action with respect to a specific Rated Entity, (ii) in all Rated Entity-specific research and (iii) on the Rated Entity/issuance summary page of the Fitch Ratings website.

3.2. Disclosure when no Issuer Participation

Fitch Ratings will disclose all cases where there has been no Issuer Participation in the rating process (i) in every RAC in which it assigns a Public Rating, or takes any rating action with respect to a specific rated Entity and (ii) in all Rated Entity-specific research.

3.3. Additional Disclosure of Issuer Participation Status for Unsolicited Ratings

For each Unsolicited Rating, Fitch will include the following participation status disclosures in every RAC in which it assigns a Public Rating, or takes and rating action with respect to a specific rated Entity:

ADDITIONAL DISCLOSURES FOR UNSOLICITED CREDIT RATINGS

With Rated Entity or Related Third Party Participation	Yes / No
With Access to Internal Documents	Yes / No
With Access to Management	Yes / No

Taking into account the definitions of With Rated Entity or Related Third Party Participation, With Access to Internal Documents and With Access to Management, the following correspondences are expected:

- with respect to structured finance Public Ratings, a With Rated Entity or Related Third Party Participation response of “yes” should correspond to a With Access to Management response of “yes”; and
- with respect to all other Public Ratings, a With Rated Entity or Related Third Party Participation response of “yes” should correspond to an With Access to Internal Documents response of “yes” and/or a With Access to Management response of “yes”;

3.4. Additional Disclosures Relating to EU CRAs and UK CRAs

For Public Ratings for which the primary analyst is based in an EU CRA or UK CRA, Fitch Ratings will additionally (i) include within every RAC in which it assigns a Public Rating, or takes a rating action with respect to a specific Rated Entity, a color-coded indication that identifies Unsolicited Ratings with respect to which there was no Issuer Participation, and (ii) apply a similar color-coding to these current Unsolicited Ratings provided in the Rated Entity/issuance summary page of the Fitch Ratings website

3.5. Additional Disclosures

Fitch Ratings will make any additional disclosures as required by applicable law or regulations, or by any relevant regulatory body.

3.6. Prohibitions on Unsolicited Ratings

Fitch Mexico S.A. de C.V. is prohibited from assigning unsolicited Mexican national scale ratings. There may be prohibitions with respect to national scale ratings under applicable local law in various countries. Any questions as to whether such prohibitions exist and, if so, how they apply, should be directed to Compliance.

4. QUESTIONS

For questions or issues concerning this Policy, please contact Regulatory Affairs, Policies and Procedures at RAPP@fitchratings.com.

Owner:	Susan Launi, Regulatory Affairs, Policies and Procedures
Summary of Changes:	Appendix A
Supplements:	None

Appendix A

Summary of Changes

Date: 14 December 2020

The following changes have been made:

- The defined term of “EU Fitch CRA” has been replaced with “EU CRA” and a new defined term of “UK CRA” has been added.
- The defined term of “Rating” has been replaced with “Public Rating”.
- The additional disclosure requirements previously applicable to Ratings with primary analysts based in an EU Fitch CRA as specified in Section 3.4, are now applicable Public Ratings with primary analysts based in an EU CRA or a UK CRA.
- Definition of Related Third Party has been amended to align with the EU CRA Regulation and UK CRA Regulation definitions.

The above changes have been made in light of the completion of the implementation period regarding the exit of the UK from the EU (scheduled for 31 December 2020) and to incorporate standardised definitions.

In addition:

- The definition of Issuer Participation has been clarified with the insertion of “,directly or indirectly,”. This is for clarification purposes.