

EXECUTIVE SUMMARY

- Objective:** To establish requirements and standards for compliance with the regulatory prohibition on providing advice to Rated Entities and Related Third Parties
- Application:** Fitch Ratings, Inc. and each of its credit rating affiliates operating under the “Fitch Ratings” trade name (collectively, “Fitch Ratings”)
- Replaces:** Bulletin 27: *Restrictions on Advising Issuers and Others* (Version 3.0, 18 September 2017)

1. OVERVIEW

Fitch Ratings is dedicated to maintaining objectivity, independence, integrity and transparency in the rating process. Consistent with these principles and applicable law, Fitch Ratings does not provide advisory or consulting services to any Rated Entity or Related Third Party.

In furtherance of this goal, this Policy specifically addresses the restriction on Fitch Ratings, Fitch Ratings Representatives and Fitch Affiliates, providing such Advice.

2. DEFINITIONS

“**Advice**” means the provision of advisory or consulting services or the making of proposals or recommendations, on a formal or informal basis.

“**Credit Rating**” shall have the meaning as is set forth in Bulletin 7: *Analytical Products – Defined: Ratings, Assessments, Opinions and Scores*.

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

“**EU**” means the European Union.

“**Fitch Affiliates**” means (i) with respect to an EU CRA and UK CRA, any person or entity (A) holding, directly or indirectly, at least 5% of either the capital or the voting rights of the EU CRA or UK CRA, or (B) being otherwise in a position to exercise significant influence on the business activities of the EU CRA or UK CRA, or (ii) with respect to any of Fitch Ratings’ credit rating affiliates (a “Fitch Ratings CRA”), any person or entity directly or indirectly controlling, controlled by, or under common control with that Fitch Ratings CRA.

“**Fitch Ratings Representatives**” means the officers, directors, and employees of Fitch Ratings and other persons performing similar functions for or on behalf of Fitch Ratings.

“**Rated Entity**” means an issuer or obligor in respect of which Fitch Ratings has assigned, or expects to assign, a Credit Rating.

“**Related Third Party**” means (i) with respect to a Rated Entity for which an EU CRA or UK CRA has assigned, or expects to assign, a Credit Rating, any other entity who holds, directly or indirectly, a 20% or more equity interest in such Rated Entity or who is otherwise, directly or indirectly linked to it by control and (ii) with respect to any Security for which a Fitch Ratings CRA has assigned, or expects to assign, a Credit Rating, the obligor, issuer, sponsor, servicer, originator, underwriter or arranger with respect to that Security.

“**Security(ies)**” means any note, stock, treasury stock, security future, security-based swap or derivative, bond, debenture, evidence of indebtedness, certificate of interest or participation, money market instrument, units in collective investment undertakings, or other type of financial instrument representing a tradable asset.

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

3. RESTRICTIONS ON PROVIDING ADVICE

3.1. Prohibited Advice

Fitch Ratings, Fitch Ratings Representatives and Fitch Affiliates shall not provide Advice to a Rated Entity or Related Third Party with respect to:

- The corporate or legal structure of the Rated Entity or a Security;
- The assets or liabilities of the Rated Entity or a Security;
- The business operations, investment plans, lines of financing, business combinations or other activities of the Rated Entity; or
- With respect to structured finance Securities, the design (structure, enhancement levels, cash flow waterfall, etc.) of such a Security.

3.2. Examples of Permissible Communications

The types of information, communications or services listed below, provided they are appropriately delivered, do not constitute prohibited Advice. Other types of information, communications or services may be similarly permissible when appropriately delivered:

- Explaining rating criteria, and the bases, assumptions and rationales behind rating decisions;
- Providing information about the output of expected loss and cash flow models with respect to structured finance Securities (so long as the information is delivered in a manner that is not perceived as Fitch Ratings providing Advice about the credit enhancement or structure of the transaction);
- Directing inquiring parties to criteria reports and special reports for more information about rating methodologies;
- Responding to requests for rating confirmations upon changes to the terms of a Security;
- Explaining or listing of key drivers of ratings or credit enhancement or how different characteristics may have driven results;
- Describing or explaining characteristics of rating peer groups;
- Explaining possible triggers for upgrades or downgrades of ratings or credit assessments or other credit opinions provided by Fitch Ratings; and
- Conducting Rating Assessment Services in a manner consistent with relevant internal policies or procedures.

4. IDENTIFICATION AND HANDLING OF POLICY VIOLATIONS

Potential violations of this Policy shall be handled in accordance with the below.

4.1. Reporting Potential Violations

Fitch Ratings Representatives are required promptly to report suspected violations of this Policy to the Compliance Department.

4.2. Assessing Potential Violations

Upon identification or notification of a perceived violation of this Policy, Compliance, Credit Policy Group, Legal and a senior member of the relevant Analytical Group shall assess and make a determination whether the communication(s) in question constituted prohibited Advice.

During the assessment process and until further notice, the individual(s) responsible for providing the potentially prohibited Advice shall cease all further activities with respect to the Rated Entity and/or the Securities.

4.3. Remediating Violations

In addition to any other investigatory, remedial or disciplinary actions that Fitch Ratings may take, if the above-mentioned assessment concludes that Fitch Ratings, a Fitch Ratings Representative or a Fitch Affiliate provided prohibited Advice:

- *For Existing Credit Ratings:* The Chief Credit Officer or their designee, together with a committee consisting of other senior analysts who were not involved in providing the prohibited Advice and who satisfy the quorum and other requirements in Bulletin 2: *The Rating Process Manual*, will promptly convene a rating committee to analyze any Credit Ratings previously assigned to the Rated Entity(/ies) or Security(/ies) potentially impacted by the prohibited Advice. In such cases, the committee shall take action on each potentially impacted Credit Rating, which may include the withdrawal or affirmation of the Credit Rating(s); and
- *For New (Unassigned) Credit Ratings:* Compliance, Credit Policy Group and Legal will, in consultation with relevant senior members of the commercial and/or analytical groups, determine whether it would be appropriate under the circumstances for Fitch Ratings to assign a Credit Rating.

4.4. Disclosure or Notice of Violations

Any Rating Action Commentary for Credit Ratings assigned by a committee convened pursuant to this Policy shall include a statement that the rating action was the result of an assessment conducted under this Policy.

Credit Policy Group, in consultation with Legal and Compliance, may also determine it appropriate under the circumstances to require additional disclosures or notifications to third parties including the person(s) or entity(/ies) who engaged Fitch Ratings to provide the Credit Rating.

5. QUESTIONS

Questions regarding this Policy, including whether particular types of information, communications or services are permissible, should be directed to the Compliance Department at reporting@fitchratings.com.

Owner:	Bruce Legorburu, Compliance Department
Effective Date:	31 December 2020
Version:	4.0
Supplements:	Bulletin 2: <i>The Rating Process Manual</i> Bulletin 7: <i>Analytical Products – Defined: Ratings, Assessments, Opinions and Scores</i>