

## **Report of the Non-Executive Members of the Supervisory Committee on CI's Adherence to the IOSCO Code**

### **Background**

In 2008 the Technical Committee of the International Organization of Securities Commissions (IOSCO) issued the Code of Conduct Fundamentals for Credit Rating Agencies (the "IOSCO Code") and called on credit rating agencies to adopt, publish and adhere to a code of conduct containing the same measures. The IOSCO Committee also recommended that credit rating agencies explain if and how their own codes of conduct deviate from the IOSCO Code.

CI's Code of Business Conduct and Code of Ethics (the "CI Code") was adopted in 2009 and revised in September 2014 following the adoption and implementation of new policies and procedures consistent with the European Union (EU) Regulation on Credit Rating Agencies. The CI Code summarises the principles and rules adopted and implemented by CI to safeguard the integrity of the rating process, promote transparency in the Company's credit rating activities, and eliminate or manage conflicts of interest.

The CI Code is based on the IOSCO Code but contains additional measures required by the EU Regulation.

CI's Supervisory Committee is responsible for reviewing the CI Code. The non-executive members of the Committee have the added responsibility of evaluating and reporting annually on CI's adherence to, and any deviations, from the IOSCO Code. This report reflects the outcome of the evaluation undertaken by the non-executive members.

### **Principal Findings**

The non-executive members of the Supervisory Committee have considered the CI Code and its alignment with the provisions of the IOSCO Code and found the following:

1. The CI Code largely reiterates the IOSCO Code and there is a very high degree of convergence between the policies and procedures of CI and the provisions of the IOSCO Code.
2. There are no substantive differences between the CI Code and the IOSCO Code. Deviations are mostly minor and, where they exist, do not conflict with the objectives of the relevant IOSCO provision. Deviations are identified in Annex I, which provides a side-by-side comparison of the IOSCO Code and the CI Code.
3. CI has established appropriate mechanisms and procedures to enforce the CI Code. These include an independent compliance function and an independent methodology review function.
4. Compliance audits indicate that adherence to the CI Code is broadly satisfactory.

## APPENDIX I

### The IOSCO Code and the CI Code Compared

The following is a side by side comparison of the provisions of the IOSCO Code (left hand column) with the provisions of the CI Code (right hand column). The full CI Code, which includes a glossary of defined terms, is available on the Company's website: [www.ciratings.com](http://www.ciratings.com)

IOSCO CODE		CI CODE	
<b>1. QUALITY AND INTEGRITY OF THE RATING PROCESS</b>			
<b>A. Quality of the Rating Process</b>			
1.1	<i>A CRA should adopt, implement and enforce written procedures to ensure that the opinions it disseminates are based on a thorough analysis of all information known to the CRA that is relevant to its analysis according to the CRA's published rating methodology.</i>	1.1	<b>CI's Credit Ratings shall be based on a thorough analysis of the quantitative and qualitative factors that may affect repayment capacity and shall be assigned in accordance with CI's methodologies and established procedures. Ratings shall only be assigned when there is adequate information of sufficient quality to form a credible opinion of future creditworthiness. Such information may be provided by Rated Entities or obtained by CI from other sources it considers reliable. CI has no obligation to audit or perform any independent verification of financial information and may, in some cases, rely on unaudited financial data.</b>
			<i>Comments: There is no difference in substance between the CI Code and IOSCO Code.</i>
1.2	<i>A CRA should use rating methodologies that are rigorous, systematic, and, where possible, result in ratings that can be subjected to some form of objective validation based on historical experience.</i>	1.2	<b>The rating methodologies used by CI shall be rigorous and systematic and, where possible, result in Credit Ratings that can be subjected to some form of objective validation based on historical experience, including back-testing.</b>
			<i>Comments: CI has put in place appropriate processes for reviewing and validating methodologies. In some cases the ability to back-test methodology is constrained by small sample sizes and the lack of default data.</i>
1.3	<i>In assessing an issuer's creditworthiness, analysts involved in the preparation or review of any rating action should use methodologies established by the CRA. Analysts should</i>	1.3	<b>In assessing the creditworthiness of a Rated Entity, Rating Analysts involved in the preparation or review of a rating action shall use criteria and</b>

	<i>apply a given methodology in a consistent manner, as determined by the CRA.</i>		<b>methodologies established by CI. Rating Analysts shall apply a given criteria or methodology in a consistent manner, as determined by CI.</b>
			<b><i>Comments: There is no difference in substance between the CI Code and IOSCO Code.</i></b>
1.4	<i>Credit ratings should be assigned by the CRA and not by any individual analyst employed by the CRA; ratings should reflect all information known, and believed to be relevant, to the CRA, consistent with its published methodology; and the CRA should use people who, individually or collectively (particularly where rating committees are used) have appropriate knowledge and experience in developing a rating opinion for the type of credit being applied.</i>	1.4	<b>Credit Ratings shall be assigned by a vote of a rating committee and not by any individual Rating Analyst. Ratings shall reflect all relevant information known, and believed to be relevant, to the rating committee and shall be consistent with CI's published methodologies. Rating committees shall be composed of Rating Analysts who, individually or collectively, have appropriate knowledge and experience in developing a rating opinion for the type of Issuer or issue being considered.</b>
			<b><i>Comments: There is no difference in substance between the CI Code and IOSCO Code.</i></b>
1.5	<i>A CRA should maintain internal records to support its credit opinions for a reasonable period of time or in accordance with applicable law.</i>	1.5	<b>CI shall maintain internal records to support its credit opinions for a reasonable period of time, or in accordance with applicable law.</b>
			<b><i>Comments: CI has a comprehensive document retention policy and keeps, inter alia, records of the documents presented at rating committee meetings, the decision taken by rating committees and the votes of each committee member.</i></b>
1.6	<i>A CRA and its analysts should take steps to avoid issuing any credit analyses or reports that contain misrepresentations or are otherwise misleading as to the general creditworthiness of an issuer or obligation.</i>	1.6	<b>CI and its Rating Analysts shall take steps to avoid issuing any credit analyses or reports that contain misrepresentations or are otherwise misleading as to the general creditworthiness of a Rated Entity. Such steps shall include, whenever possible, having a Rated Entity's senior management review credit rating reports and credit rating announcements for factual errors prior to publication.</b>
			<b><i>Comments: There is no difference in substance between the CI Code and IOSCO Code.</i></b>
1.7	<i>A CRA should ensure that it has and devotes sufficient resources to carry out</i>	1.7	<b>CI shall ensure that it has and devotes sufficient resources to carry out high-</b>

	<i>high-quality credit assessments of all obligations and issuers it rates. When deciding whether to rate or continue rating an obligation or issuer, it should assess whether it is able to devote sufficient personnel with sufficient skill sets to make a proper rating assessment, and whether its personnel likely will have access to sufficient information needed in order make such an assessment. A CRA should adopt reasonable measures so that the information it uses in assigning a rating is of sufficient quality to support a credible rating. If the rating involves a type of financial product presenting limited historical data (such as an innovative financial vehicle), the CRA should make clear, in a prominent place, the limitations of the rating.</i>		<b>quality credit assessments of all Issuers and issues it rates. When deciding whether to rate or continue rating an Issuer or issue, CI shall assess whether it is able to devote sufficient personnel with sufficient skill sets to make a proper rating assessment, and whether its personnel will likely have access to sufficient information in order to make such an assessment. CI shall adopt reasonable measures so that the information it uses in assigning a Rating is of sufficient quality to support a credible Rating. If the Rating involves a type of financial product presenting limited historical data (such as an innovative financial vehicle), CI shall make clear, in a prominent place, the limitations of the rating.</b>
			<b><i>Comments: There is no difference in substance between the CI Code and IOSCO Code.</i></b>
1.7-1	<i>A CRA should establish a review function made up of one or more senior managers with appropriate experience to review the feasibility of providing a credit rating for a type of structure that is materially different from the structures the CRA currently rates.</i>	1.7.1	<b>CI's Internal Review Officer shall be responsible for periodically reviewing its methodologies and key rating assumptions, as well as any significant changes or modifications thereto. The Internal Review Officer shall be independent of the business lines which are responsible for Credit Rating Activities and shall report to CI's Supervisory Committee.</b>
			<b><i>Comments: There is no difference in substance between the CI Code and IOSCO Code.</i></b>
1.7-2	<i>A CRA should establish and implement a rigorous and formal review function responsible for periodically reviewing the methodologies and models and significant changes to the methodologies and models it uses. Where feasible and appropriate for the size and scope of its credit rating services, this function should be independent of the business lines that are principally responsible for rating various classes of issuers and obligations.</i>	1.7.2	<b>CI has established a review process to examine the feasibility of providing a Credit Rating for a type of Entity or instrument that is materially different from the Entities or instruments CI currently rates. CI's Internal Review Officer shall participate in this review process as mandated in the Company's internal policies.</b>
			<b><i>Comments: There is no difference in substance between the CI Code and IOSCO Code.</i></b>

1.7-3	<i>A CRA should assess whether existing methodologies and models for determining credit ratings of structured products are appropriate when the risk characteristics of the assets underlying a structured product change materially. In cases where the complexity or structure of a new type of structured product or the lack of robust data about the assets underlying the structured product raise serious questions as to whether the CRA can determine a credible credit rating for the security, CRA should refrain from issuing a credit rating.</i>		
			<i>Comments: This point is omitted from CI's Code as CI does not rate structured finance instruments.</i>
1.8	<i>A CRA should structure its rating teams to promote continuity and avoid bias in the rating process.</i>	1.8	<b>CI shall structure its rating teams to promote continuity and avoid bias in the rating process.</b>
			<i>Comments: There is no difference in substance between the CI Code and IOSCO Code.</i>
<b>B. Monitoring and Updating</b>			
1.9	<i>A CRA should ensure that adequate personnel and financial resources are allocated to monitoring and updating its ratings. Except for ratings that clearly indicate they do not entail ongoing surveillance, once a rating is published the CRA should monitor on an ongoing basis and update the rating by:</i>  <i>a. regularly reviewing the issuer's creditworthiness;</i> <i>b. initiating a review of the status of the rating upon becoming aware of any information that might reasonably be expected to result in a rating action (including termination of a rating), consistent with the applicable rating methodology; and,</i> <i>c. updating on a timely basis the rating, as appropriate, based on the results of such review.</i>  <i>Subsequent monitoring should incorporate all cumulative experience obtained. Changes in ratings criteria and assumptions should be applied where</i>	1.9	<b>CI shall ensure that adequate personnel and financial resources are allocated to monitoring and updating its Credit Ratings. Except for Credit Ratings that clearly indicate they do not entail ongoing surveillance, once a Rating is published CI shall monitor on an ongoing basis and update the Rating by:</b>  <b>a. regularly reviewing the Rated Entity's creditworthiness;</b>  <b>b. initiating a review of the status of the Rating upon becoming aware of any information that might reasonably be expected to result in a rating action (including the suspension or withdrawal of a rating), consistent with the applicable rating methodology; and</b>  <b>c. updating on a timely basis the Rating, as appropriate, based on the results of such a review.</b>

	<i>appropriate to both initial ratings and subsequent ratings.</i>		Subsequent monitoring shall incorporate all cumulative experience obtained. Changes in ratings criteria and assumptions shall be applied where appropriate to both initial ratings and subsequent ratings.
			<i>Comments: There is no difference in substance between the CI Code and IOSCO Code.</i>
1.9-1	<i>If a CRA uses separate analytical teams for determining initial ratings and for subsequent monitoring of structured finance products, each team should have the requisite level of expertise and resources to perform their respective functions in a timely manner.</i>		
			<i>Comments: This point is omitted from CI's Code as CI does not rate structured finance instruments.</i>
1.10	<i>Where a CRA makes its ratings available to the public, the CRA should publicly announce if it discontinues rating an issuer or obligation. Where a CRA's ratings are provided only to its subscribers, the CRA should announce to its subscribers if it discontinues rating an issuer or obligation. In both cases, continuing publications by the CRA of the discontinued rating should indicate the date the rating was last updated and the fact that the rating is no longer being updated.</i>	1.10	Except for private ratings provided only to the Issuer, any decision to suspend, withdraw or discontinue the ratings of an Issuer or issue shall be published on CI's website in a timely manner and shall include full reasons for the decision. Continuing publications by CI of the discontinued Rating shall indicate the date the Rating was last updated and the fact that the Rating is no longer being updated.
			<i>Comments: There is no difference in substance between the CI Code and IOSCO Code.</i>
<b>C. Integrity of the Rating Process</b>			
1.11	<i>A CRA and its employees should comply with all applicable laws and regulations governing its activities in each jurisdiction in which it operates.</i>	1.11	CI and its Employees shall comply with all applicable laws and regulations governing its activities in each jurisdiction in which it operates.
			<i>Comments: There is no difference in substance between the CI Code and IOSCO Code.</i>
1.12	<i>A CRA and its employees should deal fairly and honestly with issuers, investors, other market participants, and the public.</i>	1.12	CI and its Employees shall deal fairly and honestly with Rated Entities, investors, other market participants, and the public.
			<i>Comments: There is no difference in substance between the CI Code and IOSCO Code.</i>

1.13	<i>A CRA's analysts should be held to high standards of integrity, and a CRA should not employ individuals with demonstrably compromised integrity.</i>	1.13	CI's Rating Analysts shall be held to high standards of integrity and CI shall not employ individuals where there is evidence that they have compromised integrity.
			<i>Comments: There is no difference in substance between the CI Code and IOSCO Code.</i>
1.14	<i>A CRA and its employees should not, either implicitly or explicitly, give any assurance or guarantee of a particular rating prior to a rating assessment. This does not preclude a CRA from developing prospective assessments used in structured finance and similar transactions.</i>	1.14	CI and its Employees shall not, either implicitly or explicitly, give any assurance or guarantee of a particular Credit Rating prior to a thorough analysis of the Rated Entity and the determination of its Rating by a rating committee.
			<i>Comments: There is no difference in substance between the CI Code and IOSCO Code.</i>
1.14-1	<i>A CRA should prohibit its analysts from making proposals or recommendations regarding the design of structured finance products that a CRA rates.</i>	1.15	CI and its Employees must not make proposals or recommendations, either formally or informally, regarding the design or structuring of any entity or issue rated by CI or on which CI is expected to issue a Credit Rating.
			<i>Comments: There is no difference in substance between the CI Code and IOSCO Code.</i>
1.15	<i>A CRA should institute policies and procedures that clearly specify a person responsible for a CRA's and a CRA's employees' compliance with the provisions of a CRA's code of conduct and with applicable laws and regulations. This person's reporting lines and compensation should be independent of a CRA's rating operations.</i>	1.16	CI's Compliance Officer shall be responsible for CI's and CI's Employees' compliance with this Code, related policies, and applicable laws and regulations. The Compliance Officer shall not be directly involved in Credit Rating Activities and shall not perform any other role within the Company that may present a conflict with the compliance function. The compensation of the Compliance Officer shall not be linked to the business performance of Capital Intelligence.
			<i>Comments: There is no difference in substance between the CI Code and IOSCO Code.</i>
1.16	<i>Upon becoming aware that another employee or entity under common control with the CRA is or has engaged in conduct that is illegal, unethical or contrary to the CRA's code of conduct, a</i>	1.17	It is the duty of all CI Employees to comply fully with the Code. Where an Employee becomes aware of any violations of the Code by another Employee or entity under common

	<i>CRA employee should report such information immediately to the individual in charge of compliance or an officer of the CRA, as appropriate, so proper action may be taken. A CRA's employees are not necessarily expected to be experts in the law. Nonetheless, its employees are expected to report the activities that a reasonable person would question. Any CRA officer who receives such a report from a CRA employee is obligated to take appropriate action, as determined by the laws and regulations of the jurisdiction and the rules and guidelines set forth by the CRA. CRA management should prohibit retaliation by other CRA staff or by the CRA itself against any employees who, in good faith, make such reports.</i>		<b>control with CI, the Employee is expected to report such violations immediately to the Compliance Officer so that appropriate action may be taken. CI's management shall prohibit retaliation by other CI staff or by CI itself against any Employees who, in good faith, reports possible violations of this Code.</b>
			<i>Comments: There is no difference in substance between the CI Code and IOSCO Code.</i>
<b>2. INDEPENDENCE AND AVOIDANCE OF CONFLICTS OF INTEREST</b>			
<b>A. General</b>			
2.1	<i>A CRA should not forbear or refrain from taking a rating action based on the potential effect (economic, political, or otherwise) of the action on the CRA, an issuer, an investor, or other market participant.</i>	2.1	<b>CI shall not forbear or refrain from taking a rating action based on the potential effect (economic, political, or otherwise) of the action on CI, a Rated Entity, an investor, or other market participant.</b>
			<i>Comments: There is no difference in substance between the CI Code and IOSCO Code.</i>
2.2	<i>A CRA and its analysts should use care and professional judgment to maintain both the substance and appearance of independence and objectivity.</i>	2.2	<b>CI and CI's Rating Analysts shall use care and professional judgment to maintain both the substance and appearance of independence and objectivity.</b>
			<i>Comments: There is no difference in substance between the CI Code and IOSCO Code.</i>
2.3	<i>The determination of a credit rating should be influenced only by factors relevant to the credit assessment.</i>	2.3	<b>The determination of a Credit Rating shall be influenced only by factors relevant to the credit assessment.</b>
			<i>Comments: There is no difference in substance between the CI Code and IOSCO Code.</i>

2.4	<i>The credit rating a CRA assigns to an issuer or security should not be affected by the existence of or potential for a business relationship between the CRA (or its affiliates) and the issuer (or its affiliates) or any other party, or the non-existence of such a relationship.</i>	2.4	The Credit Rating CI assigns to a Rated Entity shall not be affected by the existence of, or potential for, a business relationship between CI (or its affiliates) and the Rated Entity (or its affiliates) or any other party, or the non-existence of such a relationship.
			<i>Comments: There is no difference in substance between the CI Code and IOSCO Code.</i>
2.5	<i>A CRA should separate, operationally and legally, its credit rating business and CRA analysts from any other businesses of the CRA, including consulting businesses that may present a conflict of interest. A CRA should ensure that ancillary business operations which do not necessarily present conflicts of interest with the CRA's rating business have in place procedures and mechanisms designed to minimize the likelihood that conflicts of interest will arise. A CRA should also define what it considers, and does not consider, to be an ancillary business and why.</i>	2.5	CI shall not provide advisory or consultancy services to a Rated Entity or Related Third Party regarding corporate or legal structure, assets, liabilities or the activities of the Rated Entity or Related Third Party.
			<i>Comments: Point 2.5 of the IOSCO Code is addressed in Points 2.5 and 2.6 of CI's Code. There is no difference in substance.</i>
		2.6	CI does not provide any Ancillary Services, as defined in the Glossary of Terms in the Annex to this Code. In the event of any ancillary business operations being undertaken in the future, CI shall take steps to minimise the likelihood of conflicts of interest arising with its credit rating business and shall disclose in the final credit rating reports any Ancillary Services provided for the Rated Entity or any Related Third Party.
			<i>Comments: There is no difference in substance between the CI Code and IOSCO Code.</i>
		2.7	CI will not issue a Credit Rating, or in the case of an existing Credit Rating will immediately disclose, if the Rated Entity or a Related Third Party is directly or indirectly linked to CI by control.

			<i>Comments: There is no equivalent provision in the IOSCO Code.</i>
		2.8	CI will not issue a Credit Rating, or in the case of an existing Credit Rating will immediately disclose, if CI or an Employee who is directly involved in the issuing or approving of the Credit Rating directly or indirectly own financial instruments of the Rated Entity or a Related Third Party or has any other direct or indirect ownership interest in that entity or party, other than holdings in diversified collective investment schemes.
			<i>Comments: There is no equivalent provision in the IOSCO Code.</i>
		2.9	CI will not issue a Credit Rating, or in the case of an existing Credit Rating will immediately disclose, if an Employee who is directly involved in the issuing or approving of the Credit Rating is a member of the administrative or supervisory board of the Rated Entity or a Related Third Party.
			<i>Comments: There is no equivalent provision in the IOSCO Code.</i>
		2.10	CI will not issue a Credit Rating, or in the case of an existing Credit Rating will immediately disclose, if a Rating Analyst who participated in determining the rating, or a person who approved the rating, has had a relationship with the Rated Entity or a Related Third Party which may cause a conflict of interest.
			<i>Comments: There is no equivalent provision in the IOSCO Code.</i>

<b>B. CRA Procedures and Policies</b>			
2.6	<i>A CRA should adopt written internal procedures and mechanisms to (1) identify, and (2) eliminate, or manage and disclose, as appropriate, any actual or potential conflicts of interest that may influence the opinions and analyses a CRA makes or the judgment and analyses of the individuals a CRA employs who have an influence on ratings decisions. A CRA's code of conduct should also state that the CRA will disclose such conflict avoidance and management measures.</i>	2.11	<b>CI shall adopt written internal procedures and mechanisms to identify and eliminate, or manage and disclose, as appropriate, any actual or potential conflicts of interest that may influence the opinions and the analyses CI makes, or the judgment and analyses of the individuals CI employs who have an influence on ratings decisions. Details of conflict avoidance and management measures are provided throughout this Code. A list of actual and potential conflicts of interest is available on CI's website.</b>
			<i>Comments: There is no equivalent provision in the IOSCO Code.</i>
2.7	<i>A CRA's disclosures of actual and potential conflicts of interest should be complete, timely, clear, concise, specific and prominent.</i>	2.12	<b>CI's disclosures of actual and potential conflicts of interest shall be complete, timely, clear, concise, specific and prominent.</b>
			<i>Comments: There is no difference in substance between the CI Code and IOSCO Code.</i>
2.8	<i>A CRA should disclose the general nature of its compensation arrangements with rated entities. a. Where a CRA receives from a rated entity compensation unrelated to its ratings service, such as compensation for consulting services, a CRA should disclose the proportion such non-rating fees constitute against the fees the CRA receives from the entity for ratings services. b. A CRA should disclose if it receives 10 percent or more of its annual revenue from a single issuer, originator, arranger, client or subscriber (including any affiliates of that issuer, originator, arranger, client or subscriber). c. CRAs as an industry should encourage structured finance issuers and originators of structured finance products to publicly disclose all relevant information regarding these products so that investors and other CRAs can conduct their own analyses independently of the CRA contracted by the issuers and/or originators to provide</i>	2.13	<b>CI shall disclose the general nature of its compensation arrangements with Rated Entities and shall make every effort to ensure that the payment of fees by Rated Entities does not conflict with the objectivity and integrity of CI's Credit Ratings and rating actions.</b>

	<i>a rating. CRAs should disclose in their rating announcements whether the issuer of a structured finance product has informed it that it is publicly disclosing all relevant information about the product being rated or if the information remains non-public.</i>		
			<p><i>Comments: The provisions of part a. of Point 2.8 of the IOSCO Code are omitted from the CI Code as CI does not provide consultancy or advisory services to rated entities (see Point 2.5 of the CI Code).</i></p> <p><i>Part b. of Point 2.8 of the IOSCO Code is addressed in Point 2.14 of the CI Code. CI's Code is stricter, setting the disclosure threshold at 'more than 5%' rather than 10%.</i></p> <p><i>Part c. of Point 2.8 of the IOSCO Code is omitted from the CI Code as CI does not rate structured finance instruments.</i></p>
		2.14	CI shall disclose to the public the names of the Rated Entities or Related Third Parties from which it receives more than 5% of its annual revenue.
			<i>Comments: See the previous comment.</i>
2.9	<i>A CRA and its employees should not engage in any securities or derivatives trading presenting conflicts of interest with the CRA's rating activities.</i>	2.15	CI and its Employees shall not engage in any securities or derivatives trading presenting conflicts of interest with CI's Credit Rating Activities.
			<i>Comments: There is no difference in substance between the CI Code and IOSCO Code.</i>
2.10	<i>In instances where rated entities (e.g., governments) have, or are simultaneously pursuing, oversight functions related to the CRA, the CRA should use different employees to conduct its rating actions than those employees involved in its oversight issues.</i>	2.16	In instances where Rated Entities (e.g. governments) have, or are simultaneously pursuing, oversight functions related to CI, CI shall, to the extent possible, use different Employees to conduct its rating actions than those Employees involved in its oversight issues.
			<i>Comments: The CI Code includes the qualifying term 'to the extent possible' as the relatively small number of staff means it is possible that a rating analyst may be involved in the preparation of regulatory submissions.</i>

<b>C. Analyst and Employee Independence</b>			
2.11	<p><i>Reporting lines for CRA employees and their compensation arrangements should be structured to eliminate or effectively manage actual and potential conflicts of interest.</i></p> <p><i>a. A CRA's code of conduct should also state that a CRA analyst will not be compensated or evaluated on the basis of the amount of revenue that the CRA derives from issuers that the analyst rates or with which the analyst regularly interacts.</i></p> <p><i>b. A CRA should conduct formal and periodic reviews of compensation policies and practices for CRA analysts and other employees who participate in or who might otherwise have an effect on the rating process to ensure that these policies and practices do not compromise the objectivity of the CRA's rating process.</i></p>	2.17	<p><b>Reporting lines for CI Employees and their compensation arrangements shall be structured to eliminate or effectively manage actual and potential conflicts of interest.</b></p> <p><b>a. The compensation and performance evaluation of Rating Analysts shall not be contingent on the amount of revenue that CI derives from Rated Entities or Related Third Parties.</b></p> <p><b>b. CI shall conduct periodic reviews of compensation policies and practices for Rating Analysts and any other Employees who could potentially have an effect on the rating process to ensure that these policies and practices do not compromise the objectivity of CI's rating process.</b></p>
			<p><i>Comments: There is no difference in substance between the CI Code and IOSCO Code.</i></p>
2.12	<p><i>A CRA should not have employees who are directly involved in the rating process initiate, or participate in, discussions regarding fees or payments with any entity they rate.</i></p>	2.18	<p><b>CI Employees who are directly involved in Credit Rating Activities shall not initiate or participate in negotiations regarding fees or payments with any Rated Entity, Related Third Party or any person directly or indirectly linked to the Rated Entity by control.</b></p>
			<p><i>Comments: There is no difference in substance between the CI Code and IOSCO Code.</i></p>
2.13	<p><i>No CRA employee should participate in or otherwise influence the determination of the CRA's rating of any particular entity or obligation if the employee:</i></p> <p><i>a. Owns securities or derivatives of the rated entity, other than holdings in diversified collective investment schemes;</i></p> <p><i>b. Owns securities or derivatives of any entity related to a rated entity, the ownership of which may cause or may be perceived as causing a conflict of interest, other than holdings in diversified collective investment schemes;</i></p> <p><i>c. Has had a recent employment or other significant business relationship with the</i></p>	2.19	<p><b>No CI Employee shall participate in or otherwise influence the determination of a Credit Rating of any particular Rated Entity if that Employee or an Associated Person:</b></p> <p><b>a. Owns financial instruments of the Rated Entity, other than holdings in diversified collective investment schemes (including managed funds such as pension funds or life insurance);</b></p> <p><b>b. Owns financial instruments of any</b></p>

	<p>rated entity that may cause or may be perceived as causing a conflict of interest;</p> <p>d. Has an immediate relation (i.e., a spouse, partner, parent, child, or sibling) who currently works for the rated entity; or</p> <p>e. Has, or had, any other relationship with the rated entity or any related entity thereof that may cause or may be perceived as causing a conflict of interest.</p>		<p>entity related to a Rated Entity, the ownership of which may cause or may be generally perceived as causing a conflict of interest, other than holdings in diversified collective investment schemes; or</p> <p>c. Has had a recent employment, business or other relationship with the Rated Entity that may cause or may be generally perceived as causing a conflict of interest.</p>
			<p><i>Comments: There is no difference in substance between the CI Code and IOSCO Code.</i></p>
2.14	<p>A CRA's analysts and anyone involved in the rating process (or their spouse, partner or minor children) should not buy or sell or engage in any transaction in any security or derivative based on a security issued, guaranteed, or otherwise supported by any entity within such analyst's area of primary analytical responsibility, other than holdings in diversified collective investment schemes.</p>	2.20	<p>CI Employees and Associated Persons shall not buy or engage in any transaction in any financial instrument issued, guaranteed, or otherwise supported by any Rated Entity within their area of primary analytical responsibility, other than holdings in diversified collective investment schemes.</p>
			<p><i>Comments: There is no difference in substance between the CI Code and IOSCO Code.</i></p>
2.15	<p>CRA employees should be prohibited from soliciting money, gifts or favors from anyone with whom the CRA does business and should be prohibited from accepting gifts offered in the form of cash or any gifts exceeding a minimal monetary value.</p>	2.21	<p>CI Employees shall not solicit or accept money, gifts or favours from anyone with whom CI does business.</p>
			<p><i>Comments: There is no difference in substance between the CI Code and IOSCO Code.</i></p>
2.16	<p>Any CRA analyst who becomes involved in any personal relationship that creates the potential for any real or apparent conflict of interest (including, for example, any personal relationship with an employee of a rated entity or agent of such entity within his or her area of analytic responsibility), should be required to disclose such relationship to the appropriate manager or officer of the CRA, as determined by the CRA's compliance policies.</p>	2.22	<p>A Rating Analyst who becomes involved in any personal relationship that creates the potential for any real or apparent conflict of interest (including, for example, any personal relationship with an employee of a Rated Entity or agent of such entity within his or her area of analytical responsibility), must disclose such a relationship to the Compliance Officer and Managing Director.</p>
			<p><i>Comments: There is no difference in substance between the CI Code and IOSCO Code.</i></p>

2.17	<i>A CRA should establish policies and procedures for reviewing the past work of analysts that leave the employ of the CRA and join an issuer the CRA analyst has been involved in rating, or a financial firm with which the CRA analyst has had significant dealings as part of his or her duties at the CRA.</i>	2.23	<b>Where a Rating Analyst terminates his or her employment and joins a Rated Entity, which he or she has been involved in rating, or a financial firm, with which he or she has had dealings as part of his or her duties at CI, CI shall review the relevant work of the Rating Analyst over two years preceding his or her departure.</b>
			<i>Comments: There is no difference in substance between the CI Code and IOSCO Code.</i>
<b>3. RESPONSIBILITIES TO THE INVESTING PUBLIC AND ISSUERS</b>			
<b>A. Transparency and Timeliness of Ratings Disclosure</b>			
3.1	<i>A CRA should distribute in a timely manner its ratings decisions regarding the entities and securities it rates.</i>	3.1	<b>CI shall make available its credit rating actions regarding the entities and securities it rates.</b>
			<i>Comments: Point 3.1 of the CI Code is similar to the IOSCO Code but does not refer to 'timeliness. Timeliness is referred to in Point 3.4 of the CI Code.</i>
3.2	<i>A CRA should publicly disclose its policies for distributing ratings, reports and updates.</i>	3.2	<b>CI shall publish on its website its policies for distributing ratings, reports and updates (see Policy on Distributing Credit Ratings, Reports and Updates at <a href="http://www.ciratings.com">www.ciratings.com</a>).</b>
			<i>Comments: There is no difference in substance between the CI Code and IOSCO Code.</i>
3.3	<i>A CRA should indicate with each of its ratings when the rating was last updated. Each rating announcement should also indicate the principal methodology or methodology version that was used in determining the rating and where a description of that methodology can be found. Where the rating is based on more than one methodology, or where a review of only the principal methodology might cause investors to overlook other important aspects of the rating, the CRA should explain this fact in the ratings announcement, and indicate where a discussion of how the different methodologies and other important aspects factored into the rating decision.</i>	3.3	<b>CI shall ensure that each credit rating announcement contains at least the following information: the names and job titles of the Primary Rating Analyst and chairman of the rating committee; the date at which the Rating was first released for distribution and when it was last updated; the principal methodology or methodology version that was used in determining the Rating and where a description of that methodology can be found; the main source(s) of information used to prepare the Credit Rating; and whether the Rating has been disclosed to the Rated Entity and amended following that disclosure before being issued. Where the Credit Rating is</b>

			based on more than one methodology, or where reference only to the principal methodology might cause investors to overlook other important aspects of the Credit Rating, CI shall explain this fact in the credit rating announcement and indicate how the different methodologies or these other aspects are taken into account in the Credit Rating.
			<i>Comments: There is no difference in substance between the CI Code and IOSCO Code.</i>
3.4	<i>Except for “private ratings” provided only to the issuer, the CRA should disclose to the public, on a non-selective basis and free of charge, any rating regarding publicly issued securities, or public issuers themselves, as well as any subsequent decisions to discontinue such a rating, if the rating action is based in whole or in part on material non-public information.</i>	3.4	Except for private ratings provided only to the issuer, CI shall disclose all Credit Ratings, as well as any decision to discontinue a Credit Rating, on a non-selective basis and in a timely manner. Credit Ratings and credit rating announcements shall be freely available to registered users of CI’s website. Full rating reports and commentaries shall be made available to paying subscribers only.
			<i>Comments: There is no difference in substance between the CI Code and IOSCO Code.</i>
3.5	<i>A CRA should publish sufficient information about its procedures, methodologies and assumptions (including financial statement adjustments that deviate materially from those contained in the issuer’s published financial statements and a description of the rating committee process, if applicable) so that outside parties can understand how a rating was arrived at by the CRA. This information will include (but not be limited to) the meaning of each rating category and the definition of default or recovery, and the time horizon the CRA used when making a rating decision. a. Where a CRA rates a structured finance product, it should provide investors and/or subscribers (depending on the CRA’s business model) with sufficient information about its loss and cash-flow analysis so that an investor allowed to invest in the product can understand the basis for the CRA’s rating. A CRA should also disclose the degree to which it analyzes how sensitive a rating of</i>	3.5	CI shall publish sufficient information about its procedures, methodologies and assumptions (including financial statement adjustments that deviate materially from those contained in the issuer’s published financial statements and a description of the rating committee process) so that outside parties can understand how a Rating was arrived at by CI. This information will include (but not be limited to) the meaning of each rating category, the definition of default, and the time horizon of the Rating.  a. CI shall assist investors in developing a greater understanding of what a Credit Rating is, and the limits to which Credit Ratings can be put to use vis-à-vis a particular type of financial product that CI rates. CI shall indicate in each credit rating announcement whether the quality of information available on the Rated Entity is considered to be

	<p>a structured finance product is to changes in the CRA's underlying rating assumptions.</p> <p>b. A CRA should differentiate ratings of structured finance products from traditional corporate bond ratings, preferably through a different rating symbology. A CRA should also disclose how this differentiation functions. A CRA should clearly define a given rating symbol and apply it in a consistent manner for all types of securities to which that symbol is assigned.</p> <p>c. A CRA should assist investors in developing a greater understanding of what a credit rating is, and the limits to which credit ratings can be put to use vis-à-vis a particular type of financial product that the CRA rates. A CRA should clearly indicate the attributes and limitations of each credit opinion, and the limits to which the CRA verifies information provided to it by the issuer or originator of a rated security.</p>		<p>satisfactory and to what extent CI has verified information provided to it by the Rated Entity or its Related Third Party. If a Credit Rating involves a type of entity or financial instrument for which historical data is limited, CI shall state the limitations of the Credit Rating. In addition, each credit rating announcement shall contain a direct web link to information on the attributes and limitations of CI's Credit Ratings.</p>
			<p><i>Comments: Point 3.5 of the CI Code is broadly similar to the equivalent point of the IOSCO Code but references to structured finance products are omitted as CI does not rate structured finance instruments.</i></p>
3.6	<p>When issuing or revising a rating, the CRA should explain in its press releases and reports the key elements underlying the rating opinion.</p>	3.6	<p>When issuing or revising a Rating, CI shall explain in its credit rating announcements and reports the key elements underlying the rating opinion.</p>
			<p><i>Comments: There is no difference in substance between the CI Code and IOSCO Code.</i></p>
3.7	<p>Where feasible and appropriate, prior to issuing or revising a rating, the CRA should inform the issuer of the critical information and principal considerations upon which a rating will be based and afford the issuer an opportunity to clarify any likely factual misperceptions or other matters that the CRA would wish to be made aware of in order to produce an accurate rating. A CRA will duly evaluate the response. Where in particular circumstances the CRA has not informed the issuer prior to issuing or revising a rating, the CRA should inform the issuer as soon as practical thereafter and, generally, should explain the reason for the delay.</p>	3.7	<p>CI shall notify the Rated Entity during working hours of the Rated Entity and at least a full working day before publication of the Credit Rating and of the principal grounds on which the Rating is based, in order to give the Entity the opportunity to correct any factual errors.</p>

			<i>Comments: There is no difference in substance between the CI Code and IOSCO Code.</i>
3.8	<i>In order to promote transparency and to enable the market to best judge the performance of the ratings, the CRA, where possible, should publish sufficient information about the historical default rates of CRA rating categories and whether the default rates of these categories have changed over time, so that interested parties can understand the historical performance of each category and if and how rating categories have changed, and be able to draw quality comparisons among ratings given by different CRAs. If the nature of the rating or other circumstances make a historical default rate inappropriate, statistically invalid, or otherwise likely to mislead the users of the rating, the CRA should explain this. This information should include verifiable, quantifiable historical information about the performance of its rating opinions, organized and structured, and, where possible, standardized in such a way to assist investors in drawing performance comparisons between different CRAs.</i>	3.8	<b>In order to promote transparency and to enable the market to best judge the performance of the Ratings, CI, where possible, shall publish sufficient information about the historical default rates of CI rating categories and whether the default rates of these categories have changed over time. If the nature of the Rating or other circumstances make a historical default rate inappropriate, statistically invalid, or otherwise likely to mislead the users of the Rating, CI shall explain this. Where feasible, this information shall include historical information about the performance of its rating opinions, organised and structured, and, where possible, standardised in such a way to assist investors in drawing performance comparisons between different credit rating agencies.</b>
			<i>Comments: There is no difference in substance between the CI Code and IOSCO Code.</i>  <i>CI does not publish standardised performance data. However, it does provide ratings data to the central repository (CEREP) of the European Securities and Markets Authority (ESMA) which has been set up to publish rating activity statistics and rating performance statistics of registered credit rating agencies operating in the EU. CEREP allows the public to search, filter, download and print statistics for credit rating agencies for time periods of varying length and different rating types.</i>
3.9	<i>For each rating, the CRA should disclose whether the issuer participated in the rating process. Each rating not initiated at the request of the issuer should be identified as such. A CRA should also disclose its policies and procedures</i>	3.9	<b>Unsolicited Credit Ratings – where the Rated Entity does not pay a rating fee and has not formally requested the Rating – shall be identified as such by CI in credit rating announcements and rating reports. When a Rating is</b>

	<i>regarding unsolicited ratings.</i>		unsolicited, CI shall also disclose whether or not the Rated Entity participated in the rating process and whether CI had access to the internal accounts, management and other relevant internal documents of the Rated Entity. CI's policy regarding unsolicited Credit Ratings shall be made available on the Company's website (see Policy on Unsolicited Ratings at <a href="http://www.ciratings.com">www.ciratings.com</a> ).
			<i>Comments: There is no difference in substance between the CI Code and IOSCO Code.</i>
3.10	<i>Because users of credit ratings rely on an existing awareness of CRA methodologies, practices, procedures and processes, the CRA should fully and publicly disclose any material modification to its methodologies and significant practices, procedures, and processes. Where feasible and appropriate, disclosure of such material modifications should be made prior to their going into effect. A CRA should carefully consider the various uses of credit ratings before modifying its methodologies, practices, procedures and processes.</i>	3.10	CI shall fully and publicly disclose any material modification to its methodologies and significant practices, procedures, and processes. Where feasible and appropriate, disclosure of such material modifications shall be made prior to their coming into effect. CI shall carefully consider the various uses of Credit Ratings before modifying its methodologies, practices, procedures and processes.
			<i>Comments: There is no difference in substance between the CI Code and IOSCO Code.</i>
<b>B. Treatment of Confidential Information</b>			
3.11	<i>A CRA should adopt procedures and mechanisms to protect the confidential nature of information shared with them by issuers under the terms of a confidentiality agreement or otherwise under a mutual understanding that the information is shared confidentially. Unless otherwise permitted by the confidentiality agreement and consistent with applicable laws or regulations, the CRA and its employees should not disclose confidential information in press releases, through research conferences, to future employers, or in conversations with investors, other issuers, other persons, or otherwise.</i>	3.11	CI shall adopt procedures and mechanisms to protect the confidential nature of information shared with it by Rated Entities under the terms of a confidentiality agreement or otherwise under a mutual understanding that the information is shared confidentially. Unless otherwise permitted by the confidentiality agreement and consistent with applicable laws or regulations, CI and its Employees should not disclose confidential information in credit rating announcements, through research conferences, to future employers, or in conversations with investors, other Issuers, other persons, or otherwise.

			<i>Comments: There is no difference in substance between the CI Code and IOSCO Code.</i>
3.12	<i>A CRA should use confidential information only for purposes related to its rating activities or otherwise in accordance with any confidentiality agreements with the issuer.</i>	3.12	<b>CI shall use confidential information only for purposes related to its Credit Rating Activities or otherwise in accordance with any confidentiality agreements with the Rated Entity.</b>
			<i>Comments: There is no difference in substance between the CI Code and IOSCO Code.</i>
3.13	<i>CRA employees should take all reasonable measures to protect all property and records belonging to or in possession of the CRA from fraud, theft or misuse.</i>	3.18	<b>CI Employees shall take all reasonable measures to protect all property and records belonging to or in the possession of CI from fraud, theft or misuse.</b>
			<i>Comments: There is no difference in substance between the CI Code and IOSCO Code.</i>
3.14	<i>CRA employees should be prohibited from engaging in transactions in securities when they possess confidential information concerning the issuer of such security.</i>	3.16	<b>CI Employees shall be prohibited from engaging in transactions in securities when they possess confidential information concerning the Issuer of such security.</b>
			<i>Comments: There is no difference in substance between the CI Code and IOSCO Code.</i>
3.15	<i>In preservation of confidential information, CRA employees should familiarize themselves with the internal securities trading policies maintained by their employer, and periodically certify their compliance as required by such policies.</i>	3.14	<b>In preservation of confidential information, CI Employees should familiarise themselves with the internal securities trading policies of the Company, and periodically certify their compliance as required by such policies.</b>
			<i>Comments: There is no difference in substance between the CI Code and IOSCO Code.</i>
3.16	<i>CRA employees should not selectively disclose any non-public information about rating opinions or possible future rating actions of the CRA, except to the issuer or its designated agents.</i>	3.17	<b>Employees must not disclose any non-public information about Credit Ratings or possible future credit rating actions of CI, except to the Rated Entity or its Related Third Party.</b>
			<i>Comments: There is no difference in substance between the CI Code and IOSCO Code.</i>
3.17	<i>CRA employees should not share confidential information entrusted to the CRA with employees of any affiliated entities that are not CRAs. CRA employees should not share confidential information within the CRA except on an</i>	3.13	<b>Employees shall not share confidential information entrusted to CI with employees of any affiliated entities. Employees may disclose non-public information only to other Employees within CI on an “as needed” basis and</b>

	<i>“as needed” basis.</i>		<b>the information may be used only for internal analytical purposes.</b>
			<i>Comments: There is no difference in substance between the CI Code and IOSCO Code.</i>
3.18	<i>CRA employees should not use or share confidential information for the purpose of trading securities, or for any other purpose except the conduct of the CRA’s business.</i>	3.15	<b>CI Employees should not use or share confidential information for the purpose of trading securities, or for any other purpose other than the conduct of CI’s business.</b>
			<i>Comments: There is no difference in substance between the CI Code and IOSCO Code.</i>

<b>4. DISCLOSURE OF THE CODE OF CONDUCT AND COMMUNICATION WITH MARKET PARTICIPANTS</b>			
4.1	<i>A CRA should disclose to the public its code of conduct and describe how the provisions of its code of conduct fully implement the provisions of the IOSCO Principles Regarding the Activities of Credit Rating Agencies and the IOSCO Code of Conduct Fundamentals for Credit Rating Agencies. If a CRA's code of conduct deviates from the IOSCO provisions, the CRA should explain where and why these deviations exist, and how any deviations nonetheless achieve the objectives contained in the IOSCO provisions. A CRA should also describe generally how it intends to enforce its code of conduct and should disclose on a timely basis any changes to its code of conduct or how it is implemented and enforced.</i>	4.1  4.2	<b>The Managing Director is responsible for the approval and maintenance of all policies and procedures related to the Code of Business Conduct and Code of Ethics. The Compliance Officer is responsible for overseeing the implementation and enforcement of policies and procedures related to the Code.</b>  <b>The Capital Intelligence Supervisory Committee shall evaluate, report and disclose, on an annual basis, the Company's adherence to the IOSCO Code. The principal findings of the report and the Company's explanation for any deviations from the IOSCO provisions shall be published on the Company's website.</b>
			<i>Comments: The provisions of Point 4.1 of the IOSCO are addressed in Points 4.1 and 4.2 of the CI Code. There are no substantive differences.</i>
4.2	<i>A CRA should establish a function within its organization charged with communicating with market participants and the public about any questions, concerns or complaints that the CRA may receive. The objective of this function should be to help ensure that the CRA's officers and management are informed of those issues that the CRA's officers and management would want to be made aware of when setting the organization's policies.</i>	4.3	<b>Any questions, concerns or complaints about CI that market participants or the public may have should be made in writing to the Managing Director.</b>
			<i>Comments: There is no difference in substance between the CI Code and IOSCO Code.</i>
4.3	<i>A CRA should publish in a prominent position on its home webpage links to (1) the CRA's code of conduct; (2) a description of the methodologies it uses; and (3) information about the CRA's historic performance data.</i>	4.4	<b>CI shall make easily accessible on its website: (1) The Code of Business Conduct and Code of Ethics; (2) a description of the methodologies it uses; and (3) information about the historical default rates and transitions between each of CI's rating categories.</b>
			<i>Comments: There is no difference in substance between the CI Code and IOSCO Code.</i>