



A. CODE OF CONDUCT FOR RATING AGENCIES

1. Quality of the Rating Process:

A Rating Agency shall:

- a. prohibit Rating Agent analysts from making proposals or recommendations regarding the design of structured finance products that the Rating Agency rates;
- b. adopt reasonable measures so that the information they use is of sufficient quality to support a credible rating.
- c. establish and implement a rigorous and formal review function for periodically reviewing the methodologies models and significant changes to the methodologies and models it uses;
- d. ensure that the decision-making process for reviewing and potentially up grading or downgrading a current rating of a product is conducted in an objective manner. The review of the rating report shall be published;
- e. ensure that Rating Agency employees that make up the Rating Agency rating committees have appropriate knowledge and experience in developing a rating opinion for the relevant type of credit;
- f. establish new products review process for reviewing the feasibility of providing a rating for a structure that is materially different from the structures a Rating Agency currently rates;

- g. 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;
- h. ensure that adequate resources are allocated to monitoring and updating its ratings.

2. Independence and avoidance of conflicts of interest

A Rating Agency shall:-

- a. disclose whether any issuer, originator, issuing house, subscriber or other client and its affiliates make up more than 10% of the Rating Agency's annual revenue;
- b. establish policy and procedures for reviewing the past work of analysts that leave the employment of the Rating Agency;
- c. conduct formal and periodic reviews of remuneration policy and practices for Rating Agency analysts to ensure that these policy and practices do not compromise the objectivity of the Rating Agency's rating process;
- d. define what it considers or not to be an ancillary business;
- e. Not rate an issuer that own the rating agency.

3. Responsibilities to the Investing Public and Issuers

A Rating Agency shall:-

- a. publish verifiable, quantifiable historical information about its rating opinions, and where possible, standardized in such a way to assist investors in drawing performance comparisons between different Rating Agencies;

- b. differentiate ratings of structured finance products from other ratings, preferably through different rating symbols;
- c. indicate the attribute and limitations of each credit opinion, and the limits to which it verifies information provided to it by the issuer or originator of a rated security;
- d. provide investors and/or subscribers (depending on the Rating Agency business model) with sufficient information about its loss and cash-flow analysis of structured finance products;
- e. disclose the principal methodology in use in determining a rating.

4. Disclosure of the Code of Conduct and Communications with Market Participants

A Rating Agency shall publish in a prominent position on its home webpage links to the Rating Agency's code of conduct, a description of the methodologies it uses and information about the Rating Agency's historic performance data.