

Bulletin: 10

## **Firewall Policy**

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**Version:** 1

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- I.** India Ratings belongs to the Fitch Group of companies. Fitch Group, Inc. (“Fitch”) through its subsidiaries Fitch, Inc. (“Fitch Ratings”), Fitch Solutions, Inc., and Fitch Training, Inc., is a leading provider of both credit ratings and business and consulting services to the global marketplace. The business and consulting activities of Fitch Training, Inc. complement the credit ratings and credit risk analysis of Fitch Ratings and allow both the rating agency and its non-rating affiliates and subsidiaries to provide enhanced services to the marketplace. Fitch recognizes, however, that maintaining the integrity of the rating process, by ensuring objectivity and the confidentiality and proper use of client information, is of paramount importance.
- II.** As a result, Fitch, together with (i) Fitch Ratings and each of Fitch Ratings’ rating affiliates and subsidiaries, including India Ratings (collectively, “Ratings”) and (ii) each of the non-rating subsidiaries of Fitch (collectively, “Non-Ratings Affiliates” or “NRA”), including Fitch Training, Inc. as well as any division, office or branch of Ratings that engages in an “ancillary business”, as this term is described in India Ratings’ Bulletin 30: *Statement on “Definition of Ancillary Business”* have implemented the following policies and procedures intended to reduce the likelihood that (x) any advisory, consulting or other ancillary business will influence the rating activities of Ratings, (y) subject to paragraph D below, NRA personnel will become privy to confidential information possessed by Ratings or (z) subject to paragraph D below, confidential information regarding NRA clients will be accessed by the personnel at Ratings responsible for making rating decisions. In addition, to avoid even the appearance of a conflict of interest, for purposes of this Firewall Policy, the Fitch Solutions division of Fitch Ratings Ltd, a wholly-owned subsidiary of Fitch Ratings (“FRL”), is treated as an NRA.
- A.** No Ratings analyst shall disclose any information regarding an individual issuer to any Non-Rating Affiliate employee, except as it relates to sharing of information for research or product development, as set forth below;
- B.** Employees of Non-Rating Affiliates shall not disclose to any analyst of Ratings any information on the nature of any NRA engagement, including the fee paid to the NRA;
- C.** NRA personnel shall not sit on any rating committee or provide any information for any Ratings report regarding the business or prospects of any NRA client;
- D.** No Ratings analyst shall also be an employee of any NRA;
- E.** NRA employees shall not request any confidential information concerning a client from any analyst of Ratings;
- F.** Ratings analysts shall not recommend the purchase of any product or service from any NRA. No employee of India Ratings, whether employed by Ratings or a Non-Ratings Affiliate, shall (i) suggest or imply that the purchase of any particular product or service from any NRA will have a favorable effect on a rating or (ii) suggest or imply that the purchase of any particular product or service from any NRA, as opposed to the purchase of a competing product or service from any NRA competitor, will have a favorable effect on a rating. Ratings analysts shall refer any inquiry about the goods and services of a Non-Ratings Affiliate to an appropriate person at the Non-Ratings

Affiliate;

- G.** NRA employees shall not recommend to their respective clients the purchase of services from Ratings as part of their engagement with such clients. NRA employees shall refer any inquiry about the ratings services of Ratings to an appropriate person at Ratings; and
- H.** Any actual or suspected leak of information from Ratings to any Non-Ratings Affiliate or from any Non-Ratings Affiliate to Ratings must be reported to the Chief Compliance Officer of India Ratings who shall further report it to the Chief Compliance Officer of Fitch, Inc. or his/her designee immediately.
- III.** To further mitigate the inappropriate flow of information between Non-Ratings Affiliates and Ratings, employees of the respective companies must, to the extent practical, be physically segregated. In addition, to the extent practical, the information and data of Ratings and Non-Rating Affiliates must be located on separate servers. Consistent with India Ratings' general policies and procedures, employees of Ratings and Non-Rating Affiliates should remove any confidential documents in their offices from plain sight.
- IV.** Non-Ratings Affiliates and Ratings may collaborate on research projects and/or product development provided such research (i) is not specific to a particular company and (ii) does not provide a ratings analyst with information concerning a specific NRA client. Ratings and any NRA are free to exchange aggregate level data and to provide products and services to each other in a manner consistent with how such products and services are provided to third-parties. When Ratings and any NRA collaborate on research projects or product development, such activities should be reported to the Compliance Group, which shall maintain a log. The Ratings and NRA participants shall provide to the Compliance Group the following: 1) Purpose of the collaboration, 2) Beginning date of the collaboration, 3) Ending date of the collaboration, and 4) Individuals involved in the collaboration, including the Fitch subsidiary employing the individual, the individual's manager, the individual's location, the individual's role in the collaboration, and the individual's period of involvement in the collaboration if different from the collaboration's beginning and ending dates.

Consistent with this policy, Ratings and Non-Ratings Affiliates also may jointly sponsor events and conferences and their respective employees may appear on panels and seminars together. In addition, administrative functions, including: legal, accounting, technology, corporate communications and human resources services, may be shared by Ratings and Non-Ratings Affiliates. Finally, the marketing departments of the respective companies may cooperate on the sale and distribution of their products.
- V.** No Ratings company may provide a rating on an entity with direct or indirect control over such Ratings company.
- VI.** Fitch's shareholders are Fimalac S.A., a French joint stock company, and the Hearst Corporation, which each own 50% of Fitch.

  - A.** No member of the board, officer or employee of Fimalac, S.A. is permitted to participate in any rating matters at Ratings nor participate in any rating committee. However, if any such person is an independent director of Fitch Ratings or FRL then

in addition to his or her general duties as a member of the board, he or she must also monitor the (i) development of rating policy and methodologies, (ii) effectiveness of the relevant company's policies and procedures to identify and eliminate or manage and disclose conflicts of interest, (iii) effectiveness of the relevant company's internal quality control system as such system applies to rating activities and (iv) compliance and governance processes of the relevant company. For the avoidance of doubt, if any such member of the board, officer or employee of Fimalac S.A. (such person a "Fimalac Affiliated Person") is also a member of the board, officer or employee of a Rated Entity<sup>1</sup>, then Ratings' analysts may hold management meetings with the Fimalac Affiliated Person in his/ her capacity as a member of the board, officer or employee of the Rated Entity consistent with Ratings' standard practices. In such cases, disclosure of the fact that such person is a Fimalac Affiliated Person must be made: i) in the case of public ratings, in public commentary announcing the rating and any changes subsequent to, or affirmations of, the rating or ii) in the case of private ratings, in the letter assigning the rating and documenting any changes subsequent to, or affirmations of, the rating.

- B.** Whenever (i) Fimalac, S.A. has an equity interest of greater than 5% in a Rated Entity, (ii) Marc Ladreit de Lacharrière, the controlling shareholder of Fimalac, S.A. has an equity interest of greater than 5% in, or serves on the board of, a Rated Entity, or (iii) a Rated Entity has an equity interest of greater than 5% in Fimalac, S.A., disclosure of this fact must be made: i) in the case of public ratings, in public commentary announcing the rating and any changes subsequent to, or affirmations of, the rating or ii) in the case of private ratings, in the letter assigning the rating and documenting any changes subsequent to, or affirmations of, the rating.
- C.** No member of the board, officer or employee of Hearst is permitted to participate in any rating matter at Ratings or participate in any rating committee. For the avoidance of doubt, if any such member of the board, officer or employee of Hearst (such person a "Hearst Affiliated Person") is also a member of the board, officer or employee of a Rated Entity, then Ratings' analysts may hold management meetings with the Hearst Affiliated Person in his/ her capacity as a member of the board, officer or employee of the Rated Entity consistent with Ratings' standard practices. In such cases, disclosure of the fact that such person is also a Hearst Affiliated Person must be made: i) in the case of public ratings, in public commentary announcing the rating and any changes subsequent to, or affirmations of, the rating or ii) in the case of private ratings, in the letter assigning the rating and documenting any changes subsequent to, or affirmations of, the rating.
- D.** Whenever (i) Hearst has an equity interest of greater than 5% in a Rated Entity or (ii) a Rated Entity has an equity interest of greater than 5% in Hearst disclosure of this fact

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<sup>1</sup> "**Rated Entity**" means the issuer, guarantor or credit support provider (letter of credit banks, bond insurers, etc.) with respect to any Security. In addition, it means the sponsor, seller or seller/servicer, originator or arranger with respect to a Security in a structured finance transaction, and the financial advisor with respect to a Security in a public finance transaction, that is rated or in the process of being rated by India Ratings. It also includes any companies that are affiliates of any of those parties. By way of example, Citigroup, Inc. is a Rated Entity in connection with Citibank Credit Card Master Trust I.

must be made: i) in the case of public ratings, in the public commentary announcing the ratings and any subsequent changes to or affirmations of the ratings, or ii) in the case of private ratings, in the letter assigning the rating and documenting any changes subsequent to, or affirmations of, the rating.

- VII.** In some cases, third parties hold shares in a Ratings company due to restrictions on foreign ownership and historic shareholdings.
- A.** No shareholder other than the appropriate Ratings company shall be involved in the day-to-day rating operations of, or credit reviews undertaken by, that subsidiary or affiliate.
  - B.** In the few cases where a Ratings company maintains ratings on one of its shareholders this fact shall be disclosed: i) in the case of public ratings, in the public commentary announcing the ratings and any subsequent changes to, or affirmations of, the ratings or ii) in the case of private ratings, in the letter assigning the rating and documenting any changes subsequent to, or affirmations of, the rating.
- VIII.** In a limited number of cases, directors of a Ratings company, including the independent directors of Fitch Ratings or FRL, may serve as directors on the boards of a Rated Entity.
- A.** In all such cases, the Ratings director is not permitted to participate in any rating matters, including, without limitation, participating in any rating committee, relating to the Rated Entity on which they serve as a director. Fitch shall ensure that no confidential information about this Rated Entity, or information that could be of interest to this Rated Entity, is shared with such a director.
  - B.** Disclosure of the nature of such affiliation shall be made: i) in the case of public ratings, in the public commentary announcing the ratings and any subsequent changes to or affirmations of the ratings, or ii) in the case of private ratings, in the letter assigning the rating and documenting any changes subsequent to, or affirmations of, the rating.
- IX.** Fitch may undertake minority investments in companies providing services to Rated Entities. In all such cases, such companies shall be regarded as Non-Ratings Affiliates for the purposes of this policy.