

Bulletin #: 24

Policy for Reviewing Work of an Analyst Who Leaves India Ratings to Work for a Rated Entity

Effective Date: 12 September 2012

Version: 1

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I. Statement of Policy

India Ratings is committed to providing objective, timely, independent and forward-looking credit opinions. To further that goal, India Ratings shall, review the credit work of an analyst who leaves India Ratings for employment with a Rated Entity with which the analyst, or a direct report of such analyst in certain cases, has participated in the ratings process while working at India Ratings. A Rated Entity, as defined in India Ratings' Confidentiality, Conflicts of Interest and Securities Trading Policy, 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. For purposes of this policy, an affiliate of a company is solely such company's ultimate parent. This policy applies to any Rated Entities and to all analytical groups within India Ratings. By way of example, Citigroup, Inc. is a Rated Entity in connection with Citibank Credit Card Master Trust I.

II. Application of Policy

A. This policy will be applied to an analyst or a direct report of such analyst who voluntarily leaves India Ratings for employment with:

1. A Rated Entity, if the analyst was the primary, secondary or performance analyst, chair of the rating committee or team leader or group manager of the team or group with respect to such Rated Entity or its securities within two years prior to departure.
2. A Rated Entity for which the analyst voted in the rating committee process within one year prior to and including the most recent rating action to have occurred before departure, and for which Sections A.1. and A.3. are not applicable.
3. A Rated Entity for which the analyst was the manager of a direct report who voted in the rating committee process within one year prior to and including the most recent rating action to have occurred before departure, and for which Sections A.1. and A.2. are not applicable. In this case, the procedures for reviewing work shall apply to the voting participation of the direct report of the analyst.

B. India Ratings will also apply this policy as it deems appropriate to:

1. Any current employee not captured in Section II. A, and
2. Any employee whose position is terminated or eliminated. If within 90 days of departure from India Ratings, India Ratings becomes aware that the departing employee has accepted employment with a Rated Entity where Sections II A.1 through A.3 apply, India Ratings will conduct a review as described below.

The OMG group will perform a LinkedIn search on all analytical employees who leave India Ratings involuntarily to determine whether such leaver secured employment with a Rated Entity during the 90 days following termination from India Ratings. If there are no meaningful results from the LinkedIn search but India Ratings receives information from another source during the 90 days following termination that the departing employee accepted employment with a Rated Entity where Sections II A.1 through A.3 apply, India Ratings will conduct a review as described below.

- C. Where an analyst departs India Ratings for employment with a Rated Entity, India Ratings will determine, per Section III. A. below, if the situations described in Section II. A.1. through A.3. apply within 5 business days. If any one of these situations is applicable, India Ratings will promptly disclose the name of the Rated Entity in a list maintained on its website and then undertake a review of the work of the analyst with respect to the Rated Entity pursuant to Section III. If this further review determines that a potential conflict of interest did not influence any of the ratings, the entry will be removed immediately from the website list.

III. Procedures for Reviewing Work

A. If an analyst departs India Ratings in a circumstance described above, then the following procedures shall be followed:

1. The departing analyst's direct manager shall immediately inform Human Resources and OMG who shall then inform the person designated by the group head (the "GH") responsible for the Rated Entity coverage (the "Designated Person").
2. The Designated Person shall perform a search of the analyst's activities within 5 business days to determine if the situations described in Section II. A.1. through A.3. are applicable.
 - a. If Section II. A.1. through A.3. are NOT applicable, then the Designated Person shall immediately document the search result in a brief memo and deliver a copy to the relevant GH, the Chief Credit Officer, OMG and Human Resources to be kept in the permanent file of the analyst.
 - b. If any of one Section II. A.1. through A.3. IS applicable, the Designated Person shall promptly organize an Analytical Review Committee (ARC) to review the work of the

analyst with respect to the Rated Entity. In addition, the Designated Person will notify OMG who will make the website listing mentioned in Section II. C. above.

3. The ARC will consist of a minimum of three persons, the Designated Person and two other analysts at a Director level or above. The ARC may seek assistance from other more junior analysts in preparing the review.
4. Members of the ARC shall not have been at any point in the year prior to formation of the ARC a primary or secondary analyst, performance analyst, or the immediate supervisor of the analyst with respect to the Rated Entity in question.¹
5. The ARC shall prepare a report that summarizes its ratings review conclusions per Section III. B. or Section III. C. within 60 days of receipt of notification about an analyst's departure from India Ratings. The Designated Person shall deliver a copy of the ratings review conclusions report to the relevant GH, the Chief Credit Officer and Human Resources to be kept in the permanent file of the former analyst.

B. For analysts as described in Section II A.1. or at any time that India Ratings applies this policy), the ARC shall perform a review, as described below, to determine if India Ratings' credit opinions are objective and independent. If the credit opinions are determined not to be objective and independent, then the Rated Entity or security will be re-rated.

1. The ARC shall review the following where available for the immediately preceding two years:
 - a. Emails between the Rated Entity and the analyst as well as any other email searches conducted to determine if the ratings of the Rated Entity may have been influenced by the analyst;
 - b. Ratings of the Rated Entity and peers to determine if the Rated Entity was an outlier based on price characteristics of bonds, CDS or equity based indicators or of other publicly held ratings;
 - c. Exceptions to any policy granted such as delayed committees, publication of RACs, committee quorums;
 - d. Appeals committees; and
 - e. Credit factors of the Rated Entity measured against its peers to assess any outliers or ratings analysis that may have been overly favorable particularly related to exceptions to criteria, including: a review of the Rated Entity's rating action commentaries; management meeting notes from the primary analyst's working file retained pursuant to Appendix 1, Sections II, III and IV of Bulletin #11 "File Maintenance and Recordkeeping Policy for Analysts" for such ratings within two years prior to the analyst's departure.

C. For analysts that are described by Section II. A.2. or A.3. the ARC shall perform a review, as described below, to determine if India Ratings' credit opinions are objective and independent. If the credit opinions are determined not to be objective and independent, then the Rated Entity or security will be re-rated.

1. Review the last two years of committee files for the Rated Entity in question for which the analyst voted. The review shall consist of any committees related to the Rated Entity in the last two years plus one additional committee file on a India Ratings-rated direct competitor or on an additional transaction brought to India Ratings by the Rated Entity. The ARC shall review where available for two years prior:
 - a. Emails between the Rated Entity and the analyst as well as any other email searches conducted to determine if the ratings of the Rated Entity may have been influenced by the analyst;
 - b. Ratings of the Rated Entity and peers to determine if the Rated Entity was an outlier based on price characteristics of bonds, CDS or equity based indicators or of other publicly held ratings;
 - c. Received exceptions to any policy such as delayed committees, publication of RACs, committee quorums;
 - d. Appeal committees; and
 - e. Review credit factors of the Rated Entity measured against its peers to assess any outliers or ratings analysis that may have been overly favorable particularly related to exceptions to criteria, including: a review of the Rated Entity's rating action commentaries; management meeting notes from the primary analyst's working file to determine if the supervisor or Chair influenced the conclusions of the analyst.

D. If ARC determines that a conflict of interest has influenced a credit rating assigned to the Rated Entity, then the Designated Person must:

1. Immediately publish a rating action commentary ("RAC") placing the applicable credit rating of the Rated Entity on Rating Watch. India Ratings must disclose within the RAC (a) that the review was prompted by the analyst's departure (b) that the reason for the action is the discovery that the credit rating assigned to a Rated Entity was influenced by a conflict of interest and (c) both the date and the associated credit rating of each prior rating action that India Ratings determined may have been influenced by the conflict.
2. Initiate a full independent re-rating of all credits that the ARC believes could be compromised and immediately provide the summary report of findings to the Chief Compliance Officer. A list of these credits shall be included in the summary report of findings.

3. The independent rating committee shall be composed of: (i) a primary independent analyst previously unaffiliated with the ratings in question; (ii) two analysts previously unaffiliated with the ratings in question, one of whom shall be a managing director, the other at the senior director level or higher; (iii) the relevant Designated Person; (iv) the relevant regional group head; and (v) a credit officer designated by the Chief Credit Officer.
4. The Independent Committee shall promptly publish, based on the determination of whether the current credit rating assigned to the Rated Entity must be revised (as applicable):
 - a. A revised credit rating, if appropriate, and include within the RAC disclosing the revised credit rating (i) that the review was prompted by the analyst's departure (ii) an explanation that the reason for the action is the discovery that a credit rating assigned to a Rated Entity in one or more prior rating actions was influenced by a conflict of interest, (iii) the date and the associated credit rating of each prior rating action that India Ratings has determined was influenced by the conflict, and (iv) an estimate of the impact the conflict had on each such prior rating action; or
 - b. An affirmation of the credit rating, if appropriate, and include within the RAC disclosing the affirmation (i) that the review was prompted by the analyst's departure (ii) an explanation of why no rating action was taken to revise the credit rating notwithstanding the conflict, (iii) the date and the associated credit rating of each prior rating action that India Ratings has determined was influenced by the conflict, and (iv) an estimate of the impact the conflict had on each such prior rating action.
5. The ARC shall prepare a report that summarizes its ratings review conclusions and documents any rating changes to the affected ratings listed in the summary report of findings within 90 days of receipt of notification of such analyst's departure. The Designated Person shall deliver a copy of the ratings review conclusions report to the relevant GH, the Chief Credit Officer and Human Resources to be kept in the permanent file of the analyst.