

**HONG KONG ANNUAL  
TRANSPARENCY REPORT**

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***S&P Global Ratings Hong Kong  
Limited***

*April 30, 2019*

## **S&P GLOBAL RATINGS HONG KONG LIMITED – ANNUAL TRANSPARENCY REPORT**

This Annual Transparency Report is made available pursuant to the Securities and Futures Commission Code of Conduct for Persons Providing Credit Rating Services, paragraph 71. It provides information on the operations of S&P Global Ratings in Hong Kong. S&P Global Ratings operates in Hong Kong through S&P Global Ratings Hong Kong Limited (Central Entity Number AXG916) (“S&PHKL”). The Credit Rating Activities of S&P Global Ratings are conducted globally through various affiliated entities<sup>1</sup> that operate in accordance with policies and procedures and Criteria that are generally globally applicable. S&P Global Ratings has a globally integrated operating structure.

This Annual Transparency Report describes, to the extent relevant, certain functions established by S&P Global Ratings on a global level, but does not address S&P Global Ratings’ global operations in any of the affiliated entities outside of Hong Kong through which S&P Global Ratings conducts its Credit Rating Activities.

A glossary is provided in the Annex. Information provided in this Annual Transparency Report is current as of April 30, 2019.

Further information on S&P Global Ratings can be found at <http://www.standardandpoors.com/home/en/ap> as well as on “Understanding Ratings”, which is available on a web page information and education resource for investors that can be found at <http://www.understandingratings.com>.

Further information disclosed in accordance with the Securities and Futures Commission Code of Conduct for Persons Providing Credit Rating Services can be found at <http://www.standardandpoors.com>.

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<sup>1</sup> The affiliated entities are all direct or indirect subsidiaries, branches or divisions of S&P Global Inc., a company incorporated in the State of New York, United States of America and publicly listed on the New York Stock Exchange.

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# 1. A DESCRIPTION OF THE INTERNAL CONTROL MECHANISMS

## Overview

Applicable Hong Kong Regulatory Requirements require credit rating agencies, such as S&P Global Ratings, to establish, maintain, enforce, and document an effective internal control structure governing implementation of and adherence to policies, procedures, and methodologies for determining Credit Ratings as well as Ancillary and Other Services. The internal control structure is intended to provide executive management and its applicable boards of directors (“Boards”) with reasonable assurance that S&P Global Ratings’ and its Employees are in compliance with laws, Regulatory Requirements, and internal policies and procedures related to determining Credit Ratings.

S&P Global Ratings manages risks related to its Credit Ratings business through three lines of defense. The first line of defense is accountable for identifying and managing risks related to the Credit Ratings business and assessing the effectiveness of S&P Global Ratings’ internal control structure. The first line of defense includes the Analytical practices, the Commercial organization, and the Operations, Data and Technology functions.

S&P Global Ratings’ second line of defense facilitates and monitors effective risk and compliance management and internal control practices, working proactively with the first line of defense, and includes providing advice and effective challenge regarding compliance and risk management activities. The second line of defense (called the “Compliance and Control Department”) includes, but is not limited to, the Compliance function, the Risk and Internal Control function and the Criteria and Model Validation function.

The third line of defense reviews the effectiveness of the process and internal control environment and also assesses adherence to Criteria. The third line of defense includes the Internal Audit and Ratings Risk Review (“RRR”) functions, both of which are independent of S&P Global Ratings and its managers.

S&P Global Ratings’ management conducts a periodic assessment of the effectiveness of its internal control structure and is accountable for addressing issues in the internal control structure that are surfaced as a result of these assessments. As part of this process, management is required to develop and implement action plans describing how and when issues that constitute deficiencies or material weaknesses in the internal control structure will be addressed and provide periodic updates on the progress of remediation efforts.

## Description of Control Functions

The following organizational functions support S&P Global Ratings’ Internal Control Structure and are further described below:

- In-Business Control
- Compliance and Control Department
- Ratings Risk Review Function
- S&P Global Inc. Internal Audit

## **In-Business Control**

In-Business Control is a group within S&P Global Ratings that is responsible for implementing and maintaining the internal control structure across the Analytical practices Data, Information Technology, Operations, and Vendor Management functions. The team works closely with Compliance and other functions to ensure the consistent implementation of the internal control structure, support assessment of risk, and to address company-wide risk and internal control needs. This function reports to the Chief Operating Officer.

## **Compliance and Control Department**

The Compliance and Control Department is headed by the Global Chief Risk and Compliance Officer (“the GRCO”) who reports to the S&P Global Ratings President. The GRCO manages the Compliance function, the Risk and Internal Control function, and the Validation functions. These second line functions support adherence to global and local Regulatory Requirements as well as to S&P Global Ratings’ policies and procedures.

### Compliance Function Structure and Responsibilities

The Compliance Function’s structure and approach are grounded in three pillars:

- **Advisory:** Day-to-day advice, formal and ad hoc training, live chaperone interactions, policy violation investigations and discipline, advising on policy and reporting metrics, conducted by Covering Compliance Officers.
- **Regulatory:** Maintaining and managing regulatory relationships and interactions, exam management and coordination, regulatory filings, regulatory remediation oversight, and regulatory reporting, conducted by the Covering Compliance teams, Exam Management Team and Regulatory Coordination Team.
- **Monitoring:** Periodic and dynamic compliance examinations, continuous and periodic monitoring, surveillance, controls, and metrics reporting, conducted by the Control Room/Surveillance and Compliance Exams/Monitoring teams.

To achieve its mission, the Compliance function is organized into the following groups:

- Covering Compliance
- Compliance Examination
- Global Control Room
- Global Regulatory Coordination
- Global Matrix Office

The primary responsibilities of each group are as follows:

#### Covering Compliance

Covering Compliance Officers promote adherence to policies and procedures by supporting the direction and implementation of policies and procedures, and reviewing and monitoring adherence to policies and administering discipline for policy violations. Covering Compliance

Officers also support surveillance and monitoring activities carried out by other parts of Compliance, participate in Compliance examinations and investigations as requested, and collaborate with other S&P Global business functions on risk management, Credit Rating quality and internal controls.

Covering Compliance consist of three teams: Americas, EMEA and India, and Asia Pacific. Each Regional Compliance group is responsible for Covering Compliance functions, regulatory exam management, regulatory reporting oversight and routine policy violation examinations.

The Chief Compliance Officer for Asia Pacific (“CCO Asia Pacific”) is based in Hong Kong and reports to the GRCO. The CCO Asia Pacific manages the Compliance function across the Asia Pacific region. In addition to the CCO Asia Pacific, there are a total of seven compliance professionals based in Australia, China, Hong Kong, Japan and Singapore. They are responsible for supervision and monitoring of compliance with applicable laws and regulations as well as internal policies and procedures. They also receive support from the Global Compliance team.

### Compliance Examination

The Compliance Examination Group conducts reviews of S&P Global Ratings’ adherence to compliance policies and operating procedures globally. The primary function of the Compliance Examination Group is to conduct and report on compliance examinations and periodic monitoring reviews to evaluate the understanding and effectiveness of written compliance policies and procedures, compliance with Regulatory Requirements, and the adequacy and effectiveness of S&P Global Ratings’ compliance controls. In addition, the Compliance Examination Group may undertake special process and operational reviews where required.

### Global Control Room

The Global Control Room administers a set of preventive and detective controls established to protect the integrity of the analytical process, manage conflicts of interest and to prevent misuse of Non-Public Information.

To help S&P Global Ratings prevent commercial conflicts from tainting the integrity of the analytical process the team provides chaperones for Communications between Employees in Analytical and Commercial Roles to ensure that such Communications proceed in compliance with requirements set forth in the applicable policies. In the area of protection of information, the team is responsible for maintaining insider lists, responding to regulatory and issuer requests for information on S&P Global Ratings insiders and monitoring access to work-in-progress Documents. As part of its monitoring and surveillance function, the team administers S&P Global Ratings’ electronic Communications surveillance program.

### Global Regulatory Coordination

The Global Regulatory Coordination team ensures coordination and consistency across regions and facilitates remediation activities stemming from findings and recommendations from regulatory agencies. The team validates completion of regulatory remediation efforts and reports

regulatory updates to senior management. The Global Regulatory Coordination team is also responsible for regulatory reporting. The team delivers reports to regulators and manages required regulatory disclosures on S&P.com, while ensuring that regulatory registration and reporting obligations are accurate, complete and timely.

#### Global Matrix Office

The Global Matrix Office creates and maintains the Policy Chapters of the S&P Global Ratings Policy Manual, tracks and coordinates compliance training, oversees global compliance-related projects and presentations, and gathers data periodically on certain global compliance department activities, such as Complaints, reviews and disciplinary actions.

#### Risk and Internal Control Function Structure and Responsibilities

The Risk and Internal Control function provides oversight and guidance on the implementation and maintenance of S&P Global Ratings' Internal Control Structure. The Risk and Internal Control function advises the organization on enhancements to internal controls and coordinates management's periodic assessment of the effectiveness of internal controls. Oversight of the remediation of deficiencies and material weaknesses is also performed to confirm that issues are adequately addressed and on a timely basis. The Risk and Internal Control function provides periodic reporting on risks and the effectiveness of internal control structure.

#### Criteria and Model Validation Function Structure and Responsibilities

The Validation function consists of the Criteria Validation Group and the Model Validation Group. The Criteria Validation Group is responsible for independently performing ex-ante validation to assess proposed new or revised Criteria and providing final sign-off on periodic Criteria reviews. The Model Validation Group is responsible for independently performing ex-ante validation to assess proposed new or revised Models and conducting periodic reviews of Models.

### **Ratings Risk Review Function**

Ratings Risk Review ("RRR") reports to the S&P Global Inc. (SPGI) Chief Risk and Audit Executive, who reports to the Audit Committee of the SPGI Board of Directors on a functional basis, and administratively to the SPGI President & Chief Executive Officer.

RRR Officers are assigned to specific practices and/or regions. Among other activities, RRR conducts sector and targeted reviews as well as ongoing monitoring that includes evaluation of Credit Rating files from an analytical perspective, including (i) assessment of adherence to analytical policies and procedures for determining Credit Ratings, (ii) assessment of adherence to Criteria for key aspects of the analysis, (iii) review of the assumptions made, appropriateness of the documentation of the Credit Rating analysis, and (iv) review of the published rationales for Credit Ratings. RRR monitors the performance of Credit Ratings and the Credit Ratings process to ensure that emerging trends and credit attributes are appropriately considered.

RRR prepares reports that summarize referrals (criteria and guidance related or individual rating related) as well as findings associated with the outcome of its reviews and monitoring activities, which are issued to applicable stakeholders. RRR may also refer matters to the relevant Analytical Oversight and Consistency Council or Global Head of Methodologies where RRR identifies a substantive analytical issue, which has occurred because of either inconsistent or unclear Guidance Documents or Criteria. RRR requires the Analytical practice to address all referrals, and further, develop and deliver applicable management action plans with responsible owners and completion dates to address each finding. For management action plans and referrals that result from RRR reviews, RRR formally tracks their effectiveness and completion by the Analytical practice.

RRR reports to the SPGI Audit Committee on topics such as:

- Results of sector and targeted reviews and monitoring activities;
- Overall assessments and trends by assessment point and Analytical practice;
- Status of management action plans; and
- Status of reviews against the annual review plan.

RRR also presents periodically to applicable Boards or when deemed appropriate as well as to the S&P Global Ratings Executive Committee and to Global and Regional management of the Analytical practices. These “Practice Area Updates” are presentations that typically cover the same topics as are referenced above.

### **SPGI Internal Audit**

Independent of S&P Global Ratings’ management and Compliance and Control functions, the SPGI Internal Audit (“IA”) function incorporates S&P Global Ratings in their annual risk-based internal audit plan.

IA has a team dedicated to regularly perform compliance, operational, information technology and financial audits on SPGI entities and segments including S&P Global Ratings. IA prepares and executes its internal audit plan using a comprehensive risk assessment process to identify significant risks associated with S&P Global Ratings (including those that are regulatory in nature) and to conduct audits which are scoped to assess the effectiveness of the processes and internal control environment in relation to those risks.

IA issues reports in relation to these audits and tracks the status and completion of management action plans to address IA’s findings. The results of IA reviews are reported to key stakeholders including status of management action plans and progress against the annual approved IA Plan.

The SPGI Chief Risk & Audit Executive reports to the Audit Committee of the SPGI Board of Directors on a functional basis, and administratively to the SPGI President & Chief Executive Officer. The Global Auditor reports to the Chief Risk & Audit Executive and has responsibility for the Internal Audit regional and functional teams, overseeing the Internal Audit execution process by providing day to day direction. Internal Audit reports audit results including the status of audit tracking to the SPGI Audit Committee and applicable Boards.



## **Committees and Working Groups**

S&P Global Ratings also maintains the following committees and working groups comprising executive and other levels of management that provide oversight of the internal control structure:

- Controls Working Group (“CWG”) – provides guidance to internal control efforts and serves as the decision-making body for the determination and closure of the relevant remediation efforts for deficiencies and material weaknesses identified in the internal control structure.
- Policy Governance Group (“PGG”) – develops, approves, and maintains analytical and non-analytical policies relating to prudent, ethical business practices, and compliance and regulatory matters associated with S&P Global Ratings’ activities globally, including the Code of Conduct. New policies or amendments to existing policies must be approved by PGG before they are disseminated and become effective. S&P Global Ratings’ policies and internal procedures undergo periodic review to accommodate any new regulatory requirement or interpretation, or relevant new business or technological development and are continually refined as appropriate based on input from employees.
- Global Risk Committee (“GRC”) – monitors and reports to the Boards on risks impacting the firm globally, ensuring appropriate actions are being taken.
- Global Ratings Compliance Committee (“GRCC”) – advises and assists executive management on the status of compliance and control matters across all regions in which S&P Global Ratings operates.
- The Criteria and Model Governance Committee (“CMGC”) is responsible for approving Criteria, Ratings Definitions and complex Models used (a) in the development of Criteria or (b) in determining Credit Ratings.
- The S&P Financial Services LLC Board of Managers approves new and, where required, revised (i) policies and procedures that S&P Global Ratings uses to determine Credit Ratings and (ii) Criteria and complex Models used (a) in the development of Criteria or (b) in determining Credit Ratings.

## 2. RECORDKEEPING AND RETENTION POLICY

S&PHKL applies policies and procedures in relation to documentation<sup>2</sup> covering all aspects of its business, in particular, all information created, received or in the possession or control of anyone working at or for S&PHKL. This includes internal and external Communications; Records of Credit Rating Actions; research notes; and Issuer materials. The policies and procedures in relation to documentation establish a framework for classifying Records and documents.

Records in relation to Credit Ratings held by S&PHKL are subject to applicable retention periods, and they include, but are not limited to:

- a. For each Rating Decision, the identity of the Analysts participating in the determination of the Credit Rating and of the identity of the persons who have approved the Credit Rating, information as to whether the Credit Rating was solicited or unsolicited, and the date on which the Credit Rating action was taken;
- b. An account record for each rated entity, Related Third Party or other user that has paid for the issuance or maintenance of a Credit Rating. In accordance with applicable policies, Analysts do not have access to such account Records;
- c. The Records documenting the established procedures and methodologies used by S&PHKL to determine its Credit Ratings;
- d. The final version of internal Records, including Non-Public Information and work papers, used to form the basis of the Rating Decision taken;
- e. Records of the procedures and measures implemented to comply with regulations applicable to S&PHKL; and
- f. Copies of internal and external Communications, including electronic Communications, received and sent by S&PHKL and its Employees that relate to Credit Rating Activities.

The Primary Analyst for a Credit Rating is responsible for the retention of the Records associated with the Credit Rating Action, although a Practice Area may delegate this responsibility to someone other than the Primary Analyst, as necessary and appropriate. All other personnel are responsible for the retention of any record that they generate or receive that is required to be retained pursuant to the *Recordkeeping & Retention Policy*.

S&PHKL personnel retain designated Records for at least seven years after the Records are made or received in relation to Credit Rating Activities, Ancillary Services and Other Services.

The heads of each Practice Area, as well as the heads of certain departments and functions, are responsible for their respective Practice Area's compliance with the *Recordkeeping & Retention Policy*.

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<sup>2</sup> These policies are maintained by S&P Global Ratings. This section particularly addresses the documentation requirements applicable in Hong Kong.

### **3. A DESCRIPTION OF MANAGEMENT**

Simon Jin, who is a Director S&PHKL, serves as the Manager-In-Charge for Overall Management Oversight. Ryan Tsang and Christopher Lee are S&PHKL's Executive Directors and Managers-In-Charge for the Key Business Line. Ryan and Christopher are also Responsible Officers.

As part of its global operating structure, staff of S&P Global Ratings reports along functional lines.

Besides Ryan and Christopher, S&PHKL currently has five other Responsible Officers: Aaron Lei, Andy Liu, Lawrence Lu, Terry Sham, and Christopher Yip. Together, they oversee and manage Credit Rating Activities, Ancillary Services or Other Services of S&PHKL.

## 4. ANALYST ROTATION POLICY

S&PHKL applies the *Analyst Rotation Policy*, which sets out the standards applicable in the Hong Kong office and elsewhere on the rotation of Analysts.

To meet Hong Kong Regulatory Requirements and in order to implement required periodic rotation and cooling-off periods, the following approaches have been established:

- Three Analytical Roles, defined below for this Analyst Rotation Policy (**Rotation Analytical Roles**), in relation to Analyst rotation apply to global scale Credit Ratings. The Rotation Analytical Roles of Other Rating Analyst and Rotation Rating Committee Chairperson are effective on a prospective basis as of January 1, 2019.
  - Rotation Primary Analyst: The Analyst who is responsible for the Rating Recommendation and for communicating with the Rated Entity, SF Issuer, and/or SF Related Third Party in the same Asset Class with respect to a particular Credit Rating. The Annual Review presenting Analyst is included in this definition. The maximum permitted assignment period (rotation period) for an Analyst in this role is five years (60 months).
  - Other Rating Analyst: Any Analyst who has attended the most recent management meeting with a Rated Entity and votes in a Rating Committee within 12 subsequent months following the date of the management meeting. The Other Rating Analyst role is only applicable when management meetings take place. The maximum permitted assignment period (rotation period) for an Analyst in this role is seven years (84 months).
  - Rotation Rating Committee Chairperson: The Rating Committee Chairperson of the Rating Committee at which the Credit Rating for the Rated Entity or Issue was decided or the Annual Review sign-off Analyst. The maximum permitted assignment period (rotation limit) for an Analyst in this role is nine years (108 months).
- With respect to the rotation procedures applicable to the SF Practice Area:
  - an “Asset Class” is a collateral type within a regional Practice Area such as U.S. ABS, U.S. CLO, EMEA ABS, U.S. Residential Mortgages, or APAC CMBS.
  - an “SF Issuer” is an entity that issues debt or equity securities (i.e. the special purpose entity), their Employees and agents acting on its behalf, and its SF Related Third Parties.
  - an “SF Related Third Party” is any arranger, any underwriter, any sponsor of a security or money market instrument or any other financial firm acting, for example, as collateral manager, derivative counterparty, or originator of the assets backing the security, with whom the Primary Analyst has had an SF Analytical Interaction with respect to the applicable Credit Rating Action.
  - an “SF Analytical Interaction” is a verbal or written analytical communication made, or meeting attended, by a Rotation Primary Analyst with an SF Issuer, when such communication relates to Credit Ratings. It excludes any of the following types of interaction by a Rotation Primary Analyst: administrative contact, data gathering and information receipt, or general research including on the related market sector.

- The rotation requirements set forth above for SF Rotation Primary Analysts only relate to a given SF Related Third Party when the Rotation Primary Analyst has an SF Analytical Interaction with that SF Related Third Party in the course of executing his or her primary responsibilities of (i) determining a Rating Recommendation, (ii) presenting a Rating Recommendation to a Rating Committee, or (iii) communicating with respect to a specific Credit Rating Action.
- If a Rotation Primary Analyst does not have an SF Analytical Interaction with a given SF Related Third Party, the rotation requirements set forth in these procedures are not applicable with respect to that SF Related Third Party until an SF Analytical Interaction has taken place with that SF Related Third Party.
- After having served the maximum period in any of the Rotation Analytical Roles set forth above, the Analyst is required to cool-off in relation to a specific Rated Entity, SF Issuer, or SF Related Third Party for a continuous period of 12 months (the “cool-off period”). During the cool-off period the Analyst shall not:
  - Serve as Rotation Primary Analyst, Voting Analyst, Rotation Rating Committee Chairperson, or Other Rating Analyst for the Rated Entity or SF Issuer;
  - Serve as Rotation Primary Analyst for a transaction that contains the SF Related Third Party in the same Asset Class (only applicable to Rotation Primary Analysts in the Structured Finance Practice Area); or
  - Engage in an SF Analytical Interaction with the SF Related Third Party in the same Asset Class (only applicable to Rotation Primary Analysts in the Structured Finance Practice Area).
- Once a continuous one-year (12 continuous months) cool-off period has been completed an Analyst may be re-assigned any Rotation Analytical Role in relation to the Rated Entity, SF Issuer, and SF Related Third Party.

Analysts are rotated on an individual basis so that the composition of the analytical teams and the composition of the Rating Committee change gradually over time.

Each Practice Area is responsible for assigning Analysts to perform Credit Ratings Activities in a manner that adheres to the Analyst Rotation Policy, its related guidelines and the Regulatory Requirements set out in the Securities and Futures Commission Code of Conduct for Persons Providing Credit Rating Services, paragraph 14.

## 5. GLOSSARY OF TERMS

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1. **“AML”**: Anti-Money Laundering
2. **“Affiliate of S&P Global Ratings”**: any Associated Person
3. **“Analyst”**: an Employee who is directly involved in S&P Global Ratings Activities, but not part of the Criteria organization or the Compliance or Legal Departments.
4. **“Analytic Error”**: an error defined as such in the Error Correction, Tracking and Reporting for Credit Rating Activities SOP.
5. **“Analytical Employee”**: all Employees in an Analytical Role.
6. **“Analytical Interaction”**: a verbal or written analytical Communication made, or meeting attended, by an Analyst with an Issuer, when such communication forms part of Credit Rating Activities. It excludes any of the following types of interaction by an Analyst: administrative contact, routine data gathering and information receipt or general research including on the related market sector.
7. **“Analytical Manager” or “AM”**: an Employee who oversees the day-to-day work of Analysts or other Analytical Managers, but who is not acting in a General Management Role.
8. **“Analytical Role”**: the role of an Employee when acting as an Analyst or in a Criteria Function. Examples include Analysts and Analytical Managers.
9. **“Ancillary Service”**: a product or service that S&P Global Ratings provides or sells that is not a Credit Rating or Credit Ratings Activity and is either a market forecast, an estimate of economic trends, a pricing analysis, other general data analysis, or distribution services related to a Credit Rating, a market forecast, an estimate of economic trends, a pricing analysis, or general data analysis.
10. **“AOCC”**: The Analytical Oversight and Consistency Council is a forum to maintain consistency in the ratings approach. S&P Global Ratings can have AOCCs by practice, region and sector and is typically comprised of senior Analysts, Analytical Managers and researchers.
11. **“Approved Document Repository”**: the methods approved by S&P Global Ratings for saving and storing documents. A list of Approved Document Repositories is maintained by the Documentation Governance Council, which also approves any changes to the list. The Approved Document Repository list does not include data repositories, which are managed separately.
12. **“Arranger”**: for purposes the Secure Website Policy – SEC Rule 17g-5, an Issuer, sponsor or underwriter.
13. **“Associated Person”**: S&P Global Inc., any entity (including S&P Global Ratings) that is under the direct or indirect control of S&P Global Inc., and any of their respective partners, directors, officers, branch managers and employees (and persons occupying a similar status or performing similar functions).
14. **“Associated Role”**: the role of an Employee when acting in a role other than an Analytical Role, a Control Role, a Commercial Role, or a General Management Role.
15. **“BCP”**: Business Continuity Plan
16. **“Business Contact”**: an Issuer or any other third party with whom S&P Global Ratings does business. With respect to a particular Employee, a Business Contact does not include strictly personal and familial relationships that are social in nature and with whom the Employee does not interact in connection with his or her duties as an Employee.

17. **“Business Entertainment”**: any form of entertainment where (a) the person providing the entertainment is present and (b) business will be discussed. Examples include: meals, recreational, social, sporting, theatrical, or musical events. Business Entertainment does not include light refreshments incidental to routine business interactions such as business meetings that have an aggregate value of no more than US \$25 or its local equivalent (or 3000 yen for activities subject to Japanese jurisdiction). For these purposes, entertainment where the person providing the entertainment is not present is a Gift.
18. **“Business Records”**: see the Recordkeeping & Retention Policy and may be known as “Official Business Records” or “OBRs”.
19. **“Business Unit”**: one of the following analytical groups within S&P Global Ratings: Corporates, Financial Services, Sovereigns/ International Public, Structured Finance and U.S. Public Finance.
20. **“CAD”**: S&P Global Inc.’s Corporate Audit Department
21. **“CCO”**: Chief Compliance Officer
22. **“Chaperoned Communication”**: a Communication is a Chaperoned Communication if (a) the Communication takes place in the presence (live or via conference call) of a member of the Compliance Department or the Legal and Regulatory Affairs Department, or (b) the Communication takes place exclusively via email and the Compliance Department is copied on all such emails; the Compliance Department may waive the opportunity to chaperone a Communication.
23. **“CLO”**: the Chief Legal Officer of S&P Global Ratings.
24. **“CMGC”**: Criteria and Model Governance Committee
25. **“CRA”**: Credit Rating Agency
26. **“Commercial Activities”**: Sales or Marketing Activities.
27. **“Commercial Employee”**: any Employee in a Commercial Role.
28. **“Commercial Role”**: the role of an Employee when engaging in Sales or Marketing Activities.
29. **“Communication”**: includes any communication, whether verbal or non-verbal, via any means, whether in person, in writing, by telephone, by email, by social media, through a third party, or otherwise.
30. **“Complaint”**: means
  - any written communication received from persons, whether or not associated with the NRSRO, containing dissatisfaction about the performance of an Analyst in initiating, determining, maintaining, monitoring, changing, or withdrawing a Credit Rating, or
  - any communication of a dissatisfaction regarding Credit Ratings, models, methodologies and compliance with securities laws and policies and procedures adopted thereunder.

In any case, a Complaint must be specific as to the alleged conduct, which may be characterized as intentional or negligent, but does not include ordinary course of business discussions regarding Credit Ratings, Criteria, methodologies or timeliness where differing views may be expressed.

For Credit Ratings subject to Japanese jurisdiction, the definition of Complaint shall also include any expression of dissatisfaction regarding all operations of S&P Global Ratings Japan Inc. and S&P Global SF Japan Inc., including Credit Rating Activities regardless of written expression or verbal expression, but not including ordinary course discussions where differing views may be expressed regarding routine matters.

A communication does not include any posting on electronic social media such as a blog, mini-blog, or chat room.

31. **“Confidential Credit Rating”**: a Credit Rating that is not made public by S&P Global Ratings and is not intended to be disclosed by the party requesting the Credit Rating to any other party other than advisors bound by appropriate confidentiality obligations or as otherwise required by law or regulation or for regulatory purposes.
32. **“Confidential for Internal Purposes or “CIP Credit Rating”**: a Credit Rating that is used solely for internal purposes as a component of another Credit Rating, and is not made public or disseminated outside of S&P Global Ratings.
33. **“Confidential Information”**: any of the following types of information: (a) Issuer Confidential Information; (b) S&P Global Ratings Confidential Information; and (c) Other Confidential Information.
34. **“Control Role”**: the role of an Employee in a Compliance & Controls (excluding however Criteria and Model Validation) or Ratings Risk Review function.
35. **“Country Business Manager”**: a Commercial Employee appointed as administrative head for a specific region, country or office.
36. **“Covered Model”**: a Model that is subject to the Methodology Policy and SOP and classified as a Ratings Model, Criteria Model, Market Intelligence Model or S&P Global Ratings External Model, collectively referred to as Covered Models.
37. **“Credit Assessment”**: see S&P Global Ratings Definitions as published on the Free Website.
38. **“Credit Estimate”**: see S&P Global Ratings Definitions as published on the Free Website.
39. **“Credit Rating”**: a forward looking opinion regarding, the creditworthiness of an entity a debt or financial obligation, debt security, preferred share or other financial instrument (including a money market instrument), or of an issuer of such a debt or financial obligation, debt security, preferred share or other financial instrument, issued using S&P Global Ratings established and defined symbology. A Rating Outlook is not a Credit Rating but is subject to the same S&P Global Ratings policies and procedures applicable to a Credit Rating.
40. **“Credit Rating Action”**: an initial Credit Rating, change to an existing Credit Rating, affirmation of an existing Credit Rating, withdrawal or suspension of an existing Credit Rating, or CreditWatch action, in each case as and when such action is Released. Credit Rating Action does not include a Rating Agency Confirmation (RAC).
41. **“Credit Rating Activities”**: an activity engaged in by S&P Global Ratings that leads to or directly supports the issuance or surveillance of a Credit Rating including:
  - the evaluation, approval, issuance, or review of Credit Ratings;
  - analysis of data and information related to Credit Ratings;
  - a Credit Rating Action or Rating Decision; and
  - the development or approval of Criteria, including the development or approval of qualitative and quantitative Models, or of Guidance Documents.

Examples include:

- Participating and/or voting in Rating Committees;
- Attending management meetings that are for the purpose of gathering information and for determining the basis of a rating recommendation;
- Communicating with Rated Entities and Related Third Parties to determine a Credit Rating Action;
- Managing Analysts, as applicable, in their analytical work;



- Developing Criteria or Guidance Documents;
- Conducting surveillance of a Credit Rating;
- Developing analytical models to support Criteria in which the results are used by a Rating Committee as part of determining a Credit Rating.

In addition Credit Rating Activities also include:

- Advanced Analytics;
- Mappings;
- Rating Agency Confirmation (RAC);
- Rating Evaluations Service (RES);
- Recovery Ratings

Any other activity engaged in by S&P Global Ratings, such as data analysis that does not lead to, or directly support the issuance or surveillance of, a Credit Rating is either an Ancillary Service or Other Service.

For the purposes of this definition, (i) legal counseling by the Legal Department or GRA is not a Credit Rating Activity and (ii) Sales or Marketing Activities are not Credit Rating Activities.

- 42. “Credit Rating File”:** a compilation of all material information created or received by S&P Global Ratings relative to a rated Issue or Issuer. It contains all documents that are presented at Rating Committee, analytical OBRs such as surveillance Documents or correspondence with an Issuer, information documenting the rating process, and rating related data.
- 43. “Credit Rating Rationale” or “Rationale”:** the written explanation associated with a Credit Rating(s) that explains the principal basis for the Credit Rating(s), regardless of whether it is published. A Credit Rating Rationale may support more than one Credit Rating (e.g., in the case of Linked Rating Actions).
- 44. “CreditWatch”:** see S&P Global Ratings Definitions as published on the Free Website.
- 45. “Criteria”:** Criteria are the published analytic framework for determining Credit Ratings. Criteria include fundamental factors, analytical principles, methodologies, and /or key assumptions that we use in the ratings process to produce our Credit Ratings. Criteria, like our Credit Ratings, are forward-looking in nature. Criteria are intended to help users of our Credit Ratings understand how S&P Global Ratings analysts generally approach the analysis of Issuers or Issues in a given sector. Criteria include those material methodological elements identified by S&P Global Ratings as being relevant to credit analysis. However, S&P Global Ratings recognizes that there are many unique factors / facts and circumstances that may potentially apply to the analysis of a given Issuer or Issue. Accordingly, S&P Global Ratings Criteria is not designed to provide an exhaustive list of all factors applied in our rating analyses. Analysts exercise analytic judgement in the application of Criteria through the Rating Committee process to arrive at rating determinations.
- 46. “Criteria Borrowing”:** When there are existing Criteria for which the Credit Rating is in scope (“main Criteria”) that addresses the preponderance of the risk factors and facts needed to assess the creditworthiness of an Issue or Issuer but there are no in-scope Criteria for a limited part of the analysis, separate and distinct Criteria (“complementary Criteria”) can be borrowed to complement and complete the risk assessment and analysis without superseding any methodology or assumptions in such main Criteria. For further information see Methodology SOP.
- 47. “Criteria Error”:** an error defined as such in the Error Correction, Tracking, and Reporting for Credit Rating Activities SOP.
- 48. “Criteria Exception”:** A Criteria Exception is an approved departure from existing Criteria, typically relating to specific features of the Criteria for a specific Issuer or Issue and/or a specific subset group of Issuers or Issues to which the Criteria otherwise applies, and must be supported by objective reason or reasons. For further information see Methodology SOP.

49. **“Criteria Function”**: the role of an Employee when acting as a member of the Methodologies Group or Criteria and Model Validation Groups.
50. **“Criteria Library”**: the internal repository of Criteria.
51. **“Criteria Model”**: a complex Model that is based on advanced economic, financial, mathematical, or statistical methodologies used in the development of Criteria
52. **“Criteria Subject Matter Expert” or “CSME”**: A member of the Methodologies Group with relevant Criteria expertise.
53. **“Criteria Validation Group” or “CVG”**: conducts the analysis necessary to validate the Criteria which may include qualitative and quantitative methods.
54. **“Criteria Validation Officer” or “CVO”**: Member of CVG.
55. **“DCO”**: the designated compliance officer for the purposes of the U.S. Securities Exchange Act of 1934 and rules thereunder that are applicable to a Nationally Recognized Statistical Rating Organization and the designated compliance officer for the purposes of Canadian National Instrument 25-101 relating to designated rating organizations.
56. **“D&O”**: Data and Operations
57. **“Document” or “Record”**: information recorded in any form, including electronic or paper form, used by S&P Global Ratings to perform business functions. Documents or Records include, but are not limited to, Documents created using computer desktop or corporate applications, e-mails, faxes, instant messages, journals, diaries, calendars, planners, notes, photographs, audio files, voice mails, video files, images, microfilm, hard copy, and any other electronically stored information. The terms Document and Record may be used interchangeably. For example, e-mails are considered both Documents and Records.
58. **“EUC”**: End User Computing
59. **“E-mail”**: any form of electronic or digital communication as referred to in S&P Global Inc. Corporate Policy 54 (Appropriate Use of Digital Communications) that is or may be monitored and retained by S&P Global Inc., as specified in S&P Global Inc. Corporate Policy 52 (Monitoring of Information Technology Systems).  
  
For purposes of this definition, the term monitoring includes blocking, quarantining, interception, scanning, screening, filtering, and reviewing electronic or digital communications and monitoring the extent, nature, and content of access to and use of Company IT Systems, including monitoring of remote access to Company IT Systems.
60. **“Employee”**: any S&P Global Ratings personnel or any other natural person, whose services are placed at the disposal or under the control of S&P Global Ratings.
61. **“Error Record”**: documentation in S&P Global Ratings’ electronic error tracking and reporting system of a Criteria Error, Model Error, Analytic Error or Publication Error as defined in the Error Correction, Tracking, and Reporting for Credit Rating Activities SOP and its subsequent disposition.
62. **“External Website”**: a website meeting S&P Global Ratings’ documentation retention requirements, as determined and approved by Global Records Management, and is considered an Approved Form and Media Storage.
63. **“External Written Comments”**: comments received in writing from market participants on proposed Criteria, including proposed material changes to Criteria, as well as in-use Criteria, through the opportunity provided on the Free Website.
64. **“Finance Department”**: the Finance department of S&P Global Ratings.

65. **“Formal Review”**: a surveillance review conducted at least every 12 months, or as otherwise required by Regulatory Commitment, that includes several types of reviews described by the Surveillance SOP.
66. **“Free Website”**: S&P Global Ratings websites that are provided with free access for a variety of regions and languages for regulatory disclosures including its public Credit Ratings and related information.
67. **“GRA”**: The Legal and Regulatory Affairs Department
68. **“GRM”**: Global Risk Management
69. **“GRRG”**: Global Regulatory Reporting Group
70. **“General Management Role” or “GM”**: the role of an Employee when engaging in the management of S&P Global Ratings’ business and operational activities. Examples include:
- managing the business and coordinating the operations of a unit including overseeing quality, human resources and policy compliance; participating in marketplace outreach; establishing marketing and business strategy for the unit and making decisions with respect to product development;
  - overseeing the analytical operations without participating in the evaluation, approval, issuance, or review of any specific Credit Rating Action; and
  - budgeting and managing revenues, profits, expenses, and other financial targets, including establishing general fee structures, together with Commercial Employees.
71. **“Gifts”**: goods and services of monetary value, including but not limited to, cash or cash equivalents (such as gift certificates or cards), as well as things with no clear monetary value that benefit the recipient, such as a favor. For these purposes, entertainment where the person who provides the entertainment is not present or where the entertainment does not involve the discussion of business matters is a Gift. Gifts do not include: (a) items incidental to routine business interactions such as items provided at business meetings (e.g., note pads and pens) that have an aggregate value of no more than US \$25 or its local equivalent (or 3000 yen for activities subject to Japanese jurisdiction), (b) Promotional Items (e.g., logo branded items), including complimentary passes to conferences, rewards for submitting surveys, and prizes provided by S&P Global Ratings, S&P Dow Jones Indices, and S&P Global Market Intelligence for random drawings, raffles, or contests offered broadly and where permitted by law, or (c) promotional or other items of *de minimis* value (i.e., no more than US\$10 or its local equivalent) received in the normal course of business (and in Japan, offered generally for free).
72. **“Gift and Entertainment Log” (“Gift Log”, “logged” or “logging”)**: the mandatory electronic system and process used by S&P Global Ratings to record the giving, receipt, and/or return or disposition of any Gift, Business Entertainment, or honorarium by Employees.
73. **“Global Model Advisory Team” or “GMAT”**: Group tasked with (i) Covered Model determination, and (ii) Covered Model material change determination.
74. **“Guidance Document”**: A Guidance Document is designed to provide guidance to the Analysts and Rating Committees on various matters by (i) articulating how specific aspects of the Criteria may be applied, (ii) describing variables or considerations related to Criteria that may change over time, (iii) providing additional information on non-fundamental factors that Analysts may consider in the application of Criteria, and/or (iv) providing additional guidance on the exercise of analytical judgment established in the Criteria. Guidance Documents are not considered Criteria, as they do not establish an analytic framework for determining Credit Ratings.
75. **“Immediate Family”**: (a) an Employee’s spouse, domestic partner, or equivalent or an Employee’s dependent child or stepchild regardless of residence; (b) an Employee’s relative, whether or not that

person is dependent on the Employee (e.g., grandchild, parent, stepparent, grandparent, sibling, mother- or father-in-law, sister- or brother-in-law, and son- or daughter-in-law, including adoptive and guardian relationships) who has shared the same household as the Employee for at least one year immediately preceding the date that the household member engages in the applicable activity; and (c) any legal entity (including a trust or partnership) directly or indirectly managed or controlled by, established for the benefit of, or whose economic interests are substantially equivalent to, either an Employee or a person listed above in items (a) or (b). For these purposes, the terms “dependent”, “domestic partner,” and “adoptive or guardian relationship” are defined by the national law where the Employee works.

76. **“Issue”**: a debt or financial obligation, debt security, preferred share or other financial instrument (including a money market instrument).
77. **“Issuer”**: an entity that issues debt or equity securities, as well as a bank or insurance companies, and their employees and agents acting on its behalf. An Issuer includes the Rated Entity and its Related Third Parties.
78. **“Issuer Confidential Information”**: verbal or written information from an Issuer or its agents or advisors that S&P Global Ratings has agreed to keep confidential, whether temporarily, such as during the rating process until a rating is published, or indefinitely.
79. **“Key Control”**: an activity developed by S&P Global Ratings to prevent or detect a departure from a Regulatory Commitment. Key Controls include, but are not limited to, policies, guidelines, important business procedures, ethical standards, training, certifications, reporting requirements, systems, and monitoring and testing programs.
80. **“Lead Analytical Manager” or “LAM”**: an Employee who oversees the day-to-day work of Analytical Managers, but who is not acting in a General Management Role.
81. **“Legal Department”, “Legal and Regulatory Affairs Department”, “Global Legal and Regulatory Affairs Department”, or “GRA”**: the S&P Global Ratings Legal and Regulatory Department or the S&P Global Inc. Legal and Regulatory Affairs Department, as the context requires.
82. **“Legal and Regulatory Affairs Department”**: the S&P Global Ratings Legal and Regulatory Affairs Department, which encompasses the Legal Department and GRA.
83. **“Linked Rating Action”**: means a Credit Rating Action that is derived either in whole or part from another Credit Rating Action.

The most common Linked Rating Actions issued by S&P Global Ratings include:

- i. A Credit Rating of an Issue, that in turn is dependent upon an outstanding Issuer Credit Rating (ICR) (e.g., a Government Related Entity);
- ii. A Credit Rating of an Issue that is dependent upon an outstanding Credit Rating of a credit enhancement provider (e.g., a Letter or Credit or bond insurance);
- iii. A Credit Rating of an Issue that is dependent upon the outstanding Credit Rating of a different Issue (e.g., a repackaged single-name synthetic security);
- iv. A Credit Rating of an Issuer that is dependent upon the outstanding Credit Rating of a different Issuer (e.g., a swap or guaranteed investment contract provider);
- v. A Credit Rating of a new issuance by a rated Issuer when such issuance conforms to prior rated issuances, is consistent with the Issuer’s current financial plans as considered by the original Rating Committee, and for which no new information is present to warrant a rating committee review; and
- vi. A Credit Rating of a new issuance by a rated Issuer pursuant to an established financing plan (e.g., a Medium Term Note program).

84. **“MID”**: Model Information Document
85. **“Market Intelligence Model”**: a Model that is used by Analysts to prioritize credits for review, but is not a Ratings Model.
86. **“Material Criteria Change” or “Material Covered Model Change”** – a material change or revision to Criteria or a Covered Model, as applicable, described in the <Material Changes to Criteria and Covered Model Section> of the Methodology SOP. For further information see Methodology SOP.
87. **“Material Non-Public Information” or “MNPI”**: - Shall mean all non-public information that a reasonable investor would likely consider important in making an investment decision or non-public information that is reasonably likely to affect the market price of a Security when it is publicly disclosed. Information is non-public if it has not been disseminated to the public in a manner reasonably designed to provide broad distribution, such as a required or voluntary filing with a government agency or regulatory body, a publication of general circulation, or a press release issued by an issuer or client. Material Non-Public Information can be positive or negative and may involve events with contingencies.
88. **“Methodologies”**: S&P Global Ratings considers Criteria to be its methodologies.
89. **“Methodologies Center of Excellence” or “MCOE”**: Group within the Methodologies Group generally responsible for the development, update and maintenance of (i) cross-sector Criteria and Covered Models, and (ii) Criteria and Models standards.
90. **“Methodologies Group”**: oversees the development of Criteria and Covered Models for S&P Global Ratings.
91. **“Methodologies Sector Head”**: Employee, reporting to the Global Head of Methodologies, accountable for all activities related to one of the following areas within the Methodologies Group: Corporates & Infrastructure, Financial Services, Governments, Structured Finance and Methodologies Center of Excellence.
92. **“Model”**: S&P Global Ratings considers a model to be a quantitative method, system or approach that applies statistical, economic, financial or mathematical theories, techniques, and assumptions to process input data into quantitative estimates. A model also includes quantitative approaches whose inputs are partly or wholly qualitative or based on expert judgment, provided that the outputs are quantitative in nature.
- A model consists of three components:
- i. An information input component, which delivers assumptions and data to the model;
  - ii. A processing component, which transforms inputs into estimates; and
  - iii. A reporting component, which translates the estimates into useful business information.
93. **“Model Error”**: an error defined as such in the Error Correction, Tracking, and Reporting for Credit Rating Activities SOP.
94. **“Model Owner”**: A Model Owner is responsible for all the activities related to the maintenance of a Covered Model. The Model Owner may or may not have built the Covered Model. For Covered Models under development, the Model Owner will be the Squad member with the primary responsibility for Model development as well as responsible for other Covered Model specific tasks except testing and validation. The Model Owner has accountability to the Sector Head or Squad Leader, as applicable.
95. **“Model Repository”**: the database of record for all Covered Models and their related files and documents.

96. **“Model Subject Matter Expert” or “MSME”**: A member of the Methodologies Group with the relevant Model expertise.
97. **“Model Validation Group” or “MVG”**: the Model Validation Group independently analyzes and validates Covered Models, either developed by S&P Global Ratings or provided by third parties.
98. **“Model Validation Officer” or “MVO”**: Member of MVG
99. **“NRSRO”**: Nationally Recognized Statistical Rating Organization
100. **“Other Confidential Information”**: any information, other than Issuer Confidential Information and S&P Global Ratings Confidential Information, obtained from any source that an Employee believes is intended to be confidential.
101. **“Other Service”**: a product or service that S&P Global Ratings provides or sells that is neither an Ancillary Service nor part of its Credit Rating Activities.
102. **“Outlook: see “Rating Outlook”**
103. **“Outsourced Activity”**: Credit Ratings Activities or Regulatory Requirements, or responsibilities of S&P Global Ratings that are performed by a Service Provider that S&P Global Ratings’ internal staff or management could have performed.
104. **“PCR”**: Presentation Credit Ratings
105. **“PGG”**: S&P Global Ratings Policy Governance Group
106. **“PSIL”**: Practice Standard Information List
107. **“Practice Area”**: a group within a Business Unit that is responsible for a particular type of credit sector and/or geographic area. For example, North American Utilities and Infrastructure, EMEA Asset Backed Securities, APAC Financial Institutions, etc.
108. **“Practice Representative”**: a member of the Practice Area who participates in updates on Criteria-related issues to regional regulators, as appropriate; participates in updates on Criteria-related issues to S&P Global Ratings’ regional boards of directors, as appropriate; serves as a regional point of contact for CSME in order to tailor testing and implementation plans to regional conditions; and works closely with the CSME on recommendations for the Criteria project pipeline.
109. **“Preliminary Credit Rating”**: a Credit Rating that is based on information that is subject to finalization but otherwise consistent with the Sufficient Information Policy. For example, a Credit Rating that is based on information relating to a pending event.
110. **“Primary Analyst”**: the Analyst who has been assigned primary responsibility for (a) determining a Rating Recommendation, (b) presenting that Rating Recommendation to a Rating Committee and (c) Communicating with an Issuer with respect to a specific Credit Rating Action. A Primary Analyst means the “lead rating analyst” pursuant to E.U. regulations and Japanese regulations. Individuals not eligible to be a Primary Analyst are: (i) CRISIL GAC Analysts, and (ii) Employees in analytical support roles located in New York office such as Rating Analyst and Rating Specialist.
111. **“Private Credit Rating”**: a Credit Rating that is not made public and is not intended to be disclosed to any party, other than a limited number of third parties identified by the party requesting the Credit Rating and (A) professional advisers who are bound by appropriate confidentiality obligations, (B) as required by law or regulation or for regulatory purposes or (C) subject to certain conditions, for the purpose of preparing required periodic reports relating to the assets owned by a special purpose vehicle that has purchased the rated securities. In certain jurisdictions, S&P Global Ratings may limit the availability of Private Credit Ratings to certain Issue sizes, a set number of recipients, or as otherwise prescribed by regulation.

- 112. **“Product Specialist”**: the Employee within S&P Global Ratings who has the primary responsibility for a product and service relating to Credit Rating Activities and/or Ancillary Services or Other Services. A “Product Specialist” may be an Employee in a Commercial, Analytical or General Management Role.
- 113. **“Promotional Items”**: items which have either the: (i) S&P Global Ratings; (ii) S&P Dow Jones Indices; or (iii) S&P Global Market Intelligence brand logo affixed.
- 114. **“Publication Error”**: an error defined as such in the Error Correction, Tracking, and Reporting for Credit Rating Activities SOP.
- 115. **“Publications”**: items of information in any written form created by S&P Global Ratings and distributed to the public on a Free Website or other broad distribution platform whether or not owned by Standard & Poor’s Financial Services, LLC. Publications do not include communications between Employees and third parties that are intended to be private. Publications ordinarily do not include Confidential or Private Credit Ratings and their related Credit Rating Rationales unless S&P Global Ratings distributes such items to the public in error.
- 116. **“RADAR”**: Regulatory Administration, Detection and Review system
- 117. **“RAMP”**: Ratings Analysis and Methodology Profile.
- 118. **“RDR”**: Records Document Repository
- 119. **“RPM”**: Ratings Process Manager
- 120. **“RRR”**: Ratings Risk Review
- 121. **“Rated Entity”**: an entity whose creditworthiness is assessed in a Credit Rating.
- 122. **“Rating Committee”**: the committee that determines a Credit Rating.
- 123. **“Rating Committee Chairperson”**: the Analyst whose role is to oversee the Rating Committee, including the process for arriving at a Rating Decision and approve the Rating Decision as determined by the Rating Committee.
- 124. **“Rating Decision”**: a Credit Rating that is determined by a Rating Committee prior to its Release.
- 125. **“Rating Outlook” or “Outlook”**: an assessment as to the potential direction of a long-term Credit Rating over the intermediate term (typically six months to two years). In determining a Rating Outlook, consideration is given to any changes in economic and/or fundamental business conditions. A Rating Outlook is not necessarily a precursor of a rating change or future CreditWatch action. A Rating Outlook is not a Credit Rating but is subject to the same S&P Global Ratings policies and procedures applicable to a Credit Rating.
- 126. **“Rating Recommendation”**: the Credit Rating that is recommended by the Primary Analyst and is presented to the Rating Committee for consideration.
- 127. **“Ratings Model”**: a Model that is used in the process of determining a Credit Rating.
- 128. **“Rating to Principles”**: the process of developing methodology and key assumptions to determine a rating when such Credit Rating is based mostly on the “Principles of Credit Ratings” (Principles) rather than on a specific Criteria. For further information see Methodology SOP.
- 129. **“Ratings Transparency and Educational Objectives”**: include:

- increasing the transparency of S&P Global Ratings' Credit Rating Activities in order to promote marketplace understanding of Credit Rating Activities and competition among CRAs on the basis of the substance and quality of their Credit Ratings and the Criteria they use, and
  - helping actual or prospective Issuers and other persons (internal or external) better understand S&P Global Ratings' Credit Ratings and Criteria.
- 130. “Recommendation”:** any statement, oral or written, direct or indirect, that suggests to an Issuer (a) how it should arrange a corporate or legal structure, (b) how it should manage or structure its assets, liabilities or activities in connection with a Credit Rating, or (c) how it should design or structure a structured finance instrument.
- 131. “Record”** See **“Document”**
- 132. “Recovery Rating”:** see S&P Global Ratings Definitions as published on the Free Website.
- 133. “Regulatory Commitments”:** S&P Global Ratings Regulatory Requirements and Regulatory Expectations.
- 134. “Regulatory Expectations”:** the expectations S&P Global Ratings' regulators have with respect to S&P Global Ratings' actions based upon statements made in regulatory filings, responses to examination findings, internal policies, public announcements, and through voluntary commitments S&P Global Ratings has made to its regulators.
- 135. “Regulatory Requirements”:** the requirements set forth in the statutes, regulations, and rules that are applicable to S&P Global Ratings in various jurisdictions.
- 136. “Related Third Party”:** the arranger, obligor, originator, servicer, sponsor, underwriter, or any other party that interacts with S&P Global Ratings on behalf of a Rated Entity, including any person directly or indirectly linked to that Rated Entity by control.
- 137. “Release” or “Released”:** When a Rating Decision is made effective by posting in CORE or a successor system.
- 138. “Retention Schedule” or “Record Retention Schedule” or “RRS”:** refers to the S&P Global Records Retention Schedule, which identifies Records and Documents that must be retained and their required retention periods.
- 139. “S&P Global Ratings”:** S&P Global Ratings, as registered with the SEC as an NRSRO.
- 140. “S&P Global Ratings Confidential Information”:**
- i. A Rating Recommendation, Rating Decision, and unpublished versions of (a) Credit Rating Actions, (b) Criteria, (c) Guidance Documents, (d) opinions and (e) estimates, and
  - ii. related unpublished analysis, reports and press releases created by S&P Global Ratings. S&P Global Ratings Confidential Information also includes unpublished information concerning the committee process and the timing of potential ratings actions or ratings-related announcements.
- 141. “S&P Global Ratings External Model”:** a Model that S&P Global Ratings disseminates externally to generally facilitate the understanding of the factors that influence our Credit Ratings.
- 142. “S&P Global Ratings IT or “IT”:** Information Office of S&P Global Ratings.
- 143. “SFDC”:** Salesforce.com
- 144. “SOP”:** Standard Operating Procedure



145. **“SOR”**: System of Record
146. **“Sales or Marketing Activities”**: activities that are directed at increasing, improving, maintaining, obtaining, securing or defending the sales, revenues, marketing, business development, market share or market position of S&P Global Ratings, any Affiliate of S&P Global Ratings, or any of their respective products or services, including, without limitation, all efforts to solicit business from, or “pitch” products or services to, an Issuer or prospective Issuer, any other efforts directed at selling or marketing the products or services of S&P Global Ratings or any Affiliate of S&P Global Ratings to existing or prospective clients, and soliciting, negotiating, discussing, or arranging for the establishment, payment or collection of fees for any product or service of S&P Global Ratings or any Affiliate of S&P Global Ratings. Sales or Marketing Activities do not include Credit Rating Activities or activities aimed at Ratings Transparency and Educational Objectives or at increasing the quality, efficiency and/or timeliness of Credit Rating Activities.
147. **“Sales or Marketing Considerations”**: include any consideration, concern, communication, plan, goal or objective relating to or directed at Sales or Marketing Activities.
148. **“Security”**: any stock, note, bond, debenture, limited partnership interest, limited liability company interest, an investment contract, an obligation issued by or an interest in a vehicle which purchases and pools investments in other securities (such as a mutual fund, an exchange traded fund (ETF), hedge fund, or venture capital fund), or other financial instrument commonly known as a security, including securities issued globally, and American Depository Receipts (ADRs). It also includes any put or call options, futures contracts, or any other derivative instruments related to securities.
149. **“Service Provider”**: a person or entity that performs an Outsourced Activity on behalf of S&P Global Ratings.
150. **“Solicited Credit Rating”**: Credit Ratings, other than Confidential for Internal Purposes Credit Ratings, assigned by S&P Global Ratings at the request of the Issuer. A Credit Rating will be considered to be at the request of the Issuer if (a) there is an agreement with the Issuer or its agent for the provision of the Credit Rating (or an agreement does not specifically identify the Credit Rating but indicates S&P Global Ratings expects to rate the Issuer’s obligations in the future, unless the Issuer has confirmed to S&P Global Ratings in writing that it does not wish the obligation to be rated) or (b) the Issuer pays for the Credit Rating. Solicited Credit Ratings do not include Credit Ratings that were initially requested by the Issuer but, while still maintained by S&P Global Ratings, are no longer requested by the Issuer as demonstrated by the fact that S&P Global Ratings no longer receives payment from the Issuer for these Credit Ratings.
151. **“Supervisory Function”**: Individual or group of Employees representing the Methodologies Group and, in certain cases, the relevant Practice Area, collectively responsible for:
- Reviewing and approving the development of Criteria and Covered Models
  - Reviewing and recommending the approval of Criteria for publication (RFC and final), and
  - Identifying coaching opportunities of Squad members
152. **“Supervisory Lead”**: Lead of the Supervisory Function and accountable for the outcome of its activities
153. **“Squad”**: Cross-functional team with the required skills, responsible for the end-to-end execution of Criteria and Covered Model projects and Guidance Documents, where applicable. A Squad does not include members of the Criteria Validation or Model Validation Groups.
154. **Squad Leader**: Leader of the Squad and responsible for coordinating its activities and accountable for execution
155. **“Tier Huddles”**: re-occurring internal meetings of operational nature in the context of S&P Global Ratings’ lean management initiative to discuss issues such as process improvement, operational risk, morale, and resources.

- 156. **“Tier 3 & 4 Huddles”**: Tier Huddles led by a GM or another global head of one of S&P Global Ratings’ business functions, such as the global heads of IT and HR.
- 157. **“TOR”**: Terms of Reference
- 158. **“Transitory Information”**: see the Recordkeeping & Retention Policy.
- 159. **“USPF”**: US Public Finance
- 160. **“Under Criteria Observation”** or **“UCO”**: an identifier that may (or shall, if an EU regulatory requirement) be assigned to Credit Ratings under review as a result of a Criteria revision. The addition of the UCO identifier to a Credit Rating does not change that Credit Rating's definition or S&P Global Ratings’ opinion about the Issue's or Issuer's creditworthiness.
- 161. **“Unsolicited Credit Rating”**: Credit Ratings, other than Confidential for Internal Purposes Credit Ratings, that are not Solicited Credit Ratings.
- 162. **“Validation Operations”**: Group, reporting to the Global Head of Criteria and Model Validation, responsible for providing operational support to the Criteria and Model Validation Groups.
- 163. **“Voting Analyst”**: an Analyst who has been approved by an Analytical Manager or his or her designee to vote in a Rating Committee. A CRISIL GAC Analyst or a member of the New York Newspaper Guild is not eligible to be a Voting Analyst.
- 164. **“Work-in-Progress Information”**: see the Recordkeeping & Retention Policy.
- 165. **“WFM”**: Work Flow Manager