

The logo consists of the letters 'MAS' in a white, serif font, centered within a solid gold circle.

Monetary  
Authority of  
Singapore

# Code of Conduct for --- Credit Rating Agencies

## TABLE OF CONTENTS

Preamble	1
Interpretation	2
Section A: Quality and Integrity of the Rating Process	4
Quality of the Rating Process	4
Monitoring and Updating	5
Integrity of the Rating Process	6
Section B: Independence and Avoidance of Conflicts of Interest	7
General	7
Procedures and Policies	8
Representatives and Employee Independence	9
Section C: Responsibilities to the Investing Public and Issuers	10
Transparency and Timeliness of Ratings Disclosure	10
The Treatment of Confidential Information	13
Section D: Disclosure of Internal Code of Conduct and Communication with Market Participants	14

## PREAMBLE

This Code of Conduct for Credit Rating Agencies (“**Code**”) is issued by the Monetary Authority of Singapore (the “**Authority**”) pursuant to section 321 of the Securities and Futures Act (Cap. 289) (the “**Act**”). This Code applies to holders of a capital markets services licence in respect of providing credit rating services (individually, “**CRA**”) and, where appropriate, to their representatives and employees.

The Code is non-statutory in nature. A failure by any person to comply with any requirement in this Code shall not of itself render that person liable to criminal proceedings.

However, a failure by a CRA to comply with this Code will be taken into account by the Authority in determining whether a CRA satisfies the requirement that it is fit and proper to remain licensed and whether to revoke or suspend the CRA’s licence under section 95 of the Act.

Similarly, a failure by a representative of a CRA to comply with this Code will be taken into account by the Authority in determining whether the representative satisfies the requirement that he is fit and proper to remain as an appointed, provisional or temporary representative and whether to revoke or suspend the status of the representative as an appointed, provisional or temporary representative of a CRA under section 99M of the Act or whether to impose any conditions or restrictions on the representative under section 99N of the Act.

This Code is effective from 17 January 2012.

## 1 Interpretation

For the purposes of this Code:

“**Authority**” has the same meaning as in section 2(1) of the Act;

“**credit rating**” has the same meaning as in Part II of the Second Schedule to the Act;

“**credit rating activities**” means data and information analysis and the evaluation, approval, issuing and review of credit ratings;

“**CRA**” means a holder of a capital markets services licence in respect of providing credit rating services;

“**collective investment scheme**” has the same meaning as in section 2(1) of the Act;

“**debenture**” has the same meaning as in section 2(1) of the Act;

“**entity**” has the same meaning as in section 2(1) of the Act;

“**immediate family**”, in relation to an individual, means the individual’s spouse, son, adopted son, step-son, daughter, adopted daughter, step-daughter, father, step-father, mother, step-mother, brother, step-brother, sister or step-sister;

“**interest**” includes an interest of any nature, whether legal, equitable, proprietary or otherwise;

“**providing credit rating services**” has the same meaning as in Part II of the Second Schedule to the Act;

“**rated entity**” means the rating target or, in the case of a rating target that is securities, the issuer of the securities;

“**rating category**” has the same meaning as in Part II of the Second Schedule to the Act;

“**rating target**” has the same meaning as in Part II of the Second Schedule to the Act;

“**representative**” has the same meaning as in section 2(1) of the Act;

“**securities**” has the same meaning as in section 2(1) of the Act;

“**securitisation transaction**” means an arrangement that involves the sale, transfer or assignment of assets to a special purpose vehicle where –

- (a) such sale, transfer or assignment is funded by the issue of debentures or units of debentures (whether by that special purpose vehicle or another special purpose vehicle); and

- (b) payments in respect of such debentures or units of debentures are or will be principally derived, directly or indirectly, from the cash flows generated by the assets;

“**special purpose vehicle**” means an entity that is established solely in order to, or a trust that is established solely in order for its trustee to, do either or both of the following

–

- (a) hold (whether as a legal or an equitable owner) the assets from which payments to holders of any structured finance product are or will be primarily derived;
- (b) issue any structured finance product;

“**structured finance products**” means securities resulting from a securitisation transaction.

## SECTION A

### QUALITY AND INTEGRITY OF THE RATING PROCESS

#### 2 Quality of the Rating Process

2.1 A CRA should adopt and implement written procedures to ensure that the credit ratings it prepares are based on thorough analysis of all information known to the CRA that is relevant to its analysis according to the CRA's published rating methodology.

2.2 A CRA should use rating methodologies that are rigorous, systematic, and, where possible, result in credit ratings that can be subjected to some form of objective validation based on historical experience, including back-testing.

2.3 A representative of a CRA who is involved in the preparation or review of any credit rating to be issued by a CRA should use rating methodologies established by the CRA. The representative should apply a given rating methodology in a consistent manner, as determined by the CRA.

2.4 A CRA should ensure that the credit ratings it prepares are assigned by the CRA and not by any individual representative. A CRA should ensure that the credit ratings it prepares reflect all information known, and believed to be relevant, to the CRA, consistent with its published rating methodology.

2.5 A CRA and its representatives should ensure that they do not issue any credit analysis or report which contains misrepresentations or is otherwise misleading as to the general creditworthiness of the rating target.

2.6 A CRA should maintain records to support every credit rating that it issues. Such records should be kept for not less than 6 years from the issue date of the relevant credit rating.

2.7 A CRA should adopt and implement written procedures to document reporting lines and allocate functions and responsibilities clearly.

2.8 A CRA should ensure that persons who act as its representatives have, individually and collectively (particularly where rating committees are used) the appropriate knowledge and experience in developing a credit rating for the type of credit being applied.

2.9 A CRA should ensure that it has sufficient resources which are devoted to carry out high-quality credit ratings of all rating targets that it rates. When deciding whether to rate or continue rating a rating target, a CRA should assess whether it is able to devote sufficient personnel with sufficient skill sets to make a proper credit rating assessment, and whether its personnel likely will have access to sufficient information needed in order to produce the credit rating. A CRA should adopt reasonable measures so that the information it uses in assigning a credit rating is of sufficient quality to support a credible credit rating. A CRA should refrain from assigning a rating, and should ensure that any existing rating is withdrawn, if the CRA does not have sufficient quality information to support a credible rating. If the credit rating involves a type of securities presenting limited historical data (such as an innovative financial vehicle), the CRA should make clear, in a prominent place, the limitations of the credit rating.

2.10 A CRA should establish a review function made up of one or more senior staff members who have the appropriate experience to review the feasibility of providing a credit rating for securities that are materially different from the securities which the CRA currently rates.

2.11 A CRA should establish and implement a rigorous and formal review function responsible for periodically reviewing (a) the rating methodologies and models and (b) the adequacy and effectiveness of its systems and internal control mechanisms, including periodically (and at least annually) reviewing any significant change to the rating methodologies and models it uses, as well as its independent compliance function. The CRA should establish this review function to be independent from the business lines that are principally responsible for rating various classes of rating targets.

2.12 A CRA should assess whether existing rating methodologies and models for determining credit ratings of structured finance products are appropriate when the risk characteristics of the assets underlying a structured finance product change materially. In cases where the complexity or structure of a new type of structured finance product or the lack of robust data about the assets underlying the structured finance product raise serious questions as to whether the CRA can determine a credible credit rating for the structured finance product, the CRA should not issue a credit rating in this regard.

2.13 A CRA should structure its rating teams to promote continuity and avoid bias in the credit rating process. Where feasible and appropriate for the size and scope of its credit rating services, a CRA should establish an appropriate gradual rotation mechanism for its representatives which should provide for rotation in phases on the basis of individuals rather than the entire rating team.

### **3 Monitoring and Updating**

3.1 A CRA should ensure that adequate manpower and financial resources are allocated to monitoring and updating its credit ratings. Except for credit ratings that clearly indicate they do not entail ongoing surveillance, once a credit rating is published the CRA should monitor on an ongoing basis and update the credit rating by -

- (a) reviewing, at least annually, the creditworthiness of the rating target concerned;
- (b) initiating a review of the status of the credit rating upon becoming aware of any information that may reasonably be expected to result in a revision or termination of the credit rating, consistent with the applicable rating methodology; and
- (c) updating on a timely basis the credit rating, as appropriate, based on the results of such review.

3.2 Subsequent monitoring should incorporate all cumulative experience obtained. Changes in methodologies, models and key rating assumptions relevant to a credit rating should be applied where appropriate to both the initial credit rating and subsequent credit ratings. A CRA should review affected credit ratings as soon as

possible and in any case not later than 6 months after the change and should, before the review is carried out, place those credit ratings under observation.

3.3 If a CRA uses separate rating teams for determining the initial credit rating and for subsequent monitoring of the credit rating for a structured finance product, each rating team should have sufficient expertise and resources to perform its respective functions in a timely manner.

3.4 If a CRA discontinues the preparation or issuance of a credit rating which the CRA has made available to the public, the CRA should, in a timely manner, announce the discontinuance to the public. If a CRA discontinues the production or issuance of a credit rating which the CRA has made available to subscribers only, the CRA should, in a timely manner, announce the discontinuance to the subscribers. In both cases, continuing publications by the CRA of the discontinued credit rating should indicate the date on which the credit rating was last updated and the fact that the credit rating is no longer being updated.

## 4 Integrity of the Rating Process

4.1 In carrying on the business of providing credit rating services, a CRA and its representatives and employees should deal fairly and honestly with issuers of securities, investors, other market participants, and the public.

4.2 A CRA should ensure that its representatives are held to high standards of integrity, and a CRA should not employ individuals with demonstrably compromised integrity.

4.3 A CRA and its representatives and employees should not, either implicitly or explicitly, give any assurance or guarantee of any particular credit rating prior to a credit rating assessment. This does not preclude a CRA from developing prospective credit rating assessments used in structured finance products and other similar transactions.

4.4 A CRA should prohibit its representatives from making proposals or recommendations regarding the design of structured finance products that the CRA prepares, issues or reviews credit ratings on.

4.5 A CRA should institute policies and procedures that clearly specify a person (“**compliance officer**”) to be responsible for compliance by the CRA, and compliance by its representatives and employees, with any law, regulations, notices, conditions, codes, guidelines or other requirements which are imposed on and apply to the CRA. The compliance officer should also be responsible to ensure adherence by the CRA and its representatives and employees with the CRA’s internal code of conduct (as described in paragraph 10.1 of this Code). The compliance officer’s reporting lines and compensation should be independent of the CRA’s credit rating operations.

4.6 A CRA should institute policies and procedures that requires its representatives and employees, upon becoming aware that another representative or employee of the CRA or an entity under common management or shareholding control with the CRA, is or has engaged in conduct that is illegal, unethical or contrary to the CRA’s internal code of conduct (as described in paragraph 10.1 of this Code), to report such information immediately to the compliance officer or a director of the CRA, as

appropriate, so that appropriate action may be taken. A CRA's representatives and employees are not necessarily expected to be experts in the law. Nonetheless, its representatives and employees are expected to report the activities that a reasonable person would question. The compliance officer, or any director, of a CRA who receives such a report from a representative or employee should take appropriate action, including such action as is required by any law, regulations, notices, conditions, guidelines, codes or other requirements which are imposed on and apply to the CRA. A CRA should not retaliate and should prohibit retaliation by its other representatives and employees against any representative or employee who, in good faith, makes such a report.

## **SECTION B INDEPENDENCE AND AVOIDANCE OF CONFLICTS OF INTEREST**

### **5 General**

5.1 A CRA should not forbear or refrain from preparing or revising a credit rating based on the potential effect thereof (economic, political, or otherwise) on the CRA, an issuer of securities, an investor, or other market participant.

5.2 A CRA and its representatives should use care and professional judgment to maintain both the substance and appearance of independence and objectivity in relation to any credit rating prepared, issued or revised by the CRA.

5.3 When assigning a credit rating, a CRA should take into consideration only factors relevant to the credit assessment.

5.4 A CRA should ensure that its credit ratings are not affected by the existence of or potential for a business relationship between the CRA (or its affiliates) and any rated entity (or its affiliates) or any other party, or the non-existence of such a relationship.

5.5 A CRA should not provide consultancy or advisory services to a rated entity or a related party of the rated entity regarding the corporate or legal structure, assets, liabilities or activities of that rated entity or its related party.

5.6 A CRA should not carry on any business, including consulting or advisory businesses, which can reasonably be considered to have the potential to give rise to any conflict of interest in relation to the carrying on of its business of providing credit rating services.

5.7 A CRA should ensure that its ancillary business operations which do not necessarily present conflicts of interest with the CRA's credit rating business have in place procedures and mechanisms designed to minimise the likelihood that conflicts of interest will arise. A CRA should also define what it considers to be an ancillary business and why it cannot reasonably be considered to have the potential to give rise to any conflict of interest with the CRA's credit rating business.

5.8 A CRA should not enter into any contingent fee arrangement for providing credit rating services. For the purpose of this paragraph, a contingent fee is a fee the amount

of which is determined by reference to the outcome of a transaction or the result of services provided by the CRA.

## **6 Procedures and Policies**

6.1 A CRA should adopt and implement written procedures and mechanisms to (a) identify, and (b) eliminate, or manage and disclose, as appropriate, any actual or potential conflicts of interest that may influence the credit ratings a CRA makes or the judgment and analyses of its representatives on the CRA's credit ratings decisions. A CRA's internal code of conduct (as described in paragraph 10.1 of this Code) should also state that the CRA will publicly disclose such conflict avoidance and management measures.

6.2 A CRA should publicly disclose any actual or potential conflicts of interest that may arise in relation to the carrying on of its business of providing credit rating services. Such disclosures should be complete, clear, concise, specific and prominent and should be made in a timely manner. A CRA should also publicly disclose a list of all its ancillary businesses and update the list in a timely manner whenever there is any change thereto.

6.3 A CRA should publicly disclose the general nature of its compensation arrangements with rated entities.

6.4 Where a CRA, or any of its affiliates that is a credit rating agency, receives from a rated entity compensation unrelated to the CRA's or the affiliate's credit ratings services, the CRA should publicly disclose the proportion such compensation constitutes against the fees the CRA or the affiliate receives from the rated entity for providing credit ratings services.

6.5 A CRA should publicly disclose if it receives 5 percent or more of its annual revenue from a single issuer, originator, arranger, client or subscriber, of securities (including any affiliates of that issuer, originator, arranger, client or subscriber).

6.6 CRAs should encourage issuers and originators of structured finance products to publicly disclose all relevant information regarding these structured finance products so that investors and other CRAs can conduct their own analyses independently of the CRA contracted by the issuers and/or originators to provide a rating. CRAs should disclose in their credit rating announcements whether the issuer of a structured finance product has informed the CRA concerned that it is publicly disclosing all relevant information about the product being rated or if the information remains not available to the public.

6.7 A CRA should ensure that it and its representatives and employees do not engage in any dealings in securities or derivatives that can reasonably be considered to have the potential to give rise to any conflict of interest in relation to its business of providing credit rating services.

6.8 In instances where rated entities (e.g., the government of a sovereign country) have, or are simultaneously pursuing, oversight functions related to the CRA, the CRA should use different representatives to prepare and revise its credit ratings in relation to those rated entities from those individuals involved in its oversight issues.

## 7 Representatives and Employee Independence

7.1 Reporting lines for representatives and employees of a CRA and the compensation arrangements of the representatives and employees should be structured to eliminate or effectively manage actual and potential conflicts of interest.

7.2 A CRA's internal code of conduct (as described in paragraph 10.1 of this Code) should state that a representative will not be compensated or evaluated on the basis of the amount of revenue that the CRA derives from rated entities of the credit ratings that the representative rates or with which the representative interacts regularly.

7.3 A CRA should conduct formal and periodic reviews of compensation policies and practices for its representatives and employees who participate in or who might otherwise have an effect on the credit rating process to ensure that these policies and practices do not compromise the objectivity of the CRA's credit rating process.

7.4 A CRA should ensure that representatives who are directly involved in credit rating activities do not initiate, or participate in, discussions regarding fees or payments with any rated entity, related third party or any person directly or indirectly linked to the rated entity by control.

7.5 No representative or employee of a CRA should participate in the credit rating activities or otherwise influence the determination of a credit rating of any particular rating target if the representative or employee –

- (a) owns securities or derivatives of the rated entity, other than holdings in diversified collective investment schemes;
- (b) owns securities or derivatives of any entity related to a rated entity, the ownership of which may cause or may be perceived as causing a conflict of interest, other than holdings in diversified collective investment schemes;
- (c) has had a recent employment or other significant business relationship with the rated entity that may cause or may be perceived as causing a conflict of interest;
- (d) has an immediate family member who currently works for the rated entity; or
- (e) has, or had, any other relationship with the rated entity or any related party thereof that may cause or may be perceived as causing a conflict of interest.

7.6 A representative of a CRA who is directly involved in credit rating activities (or his or her spouse or minor children or any account that is controlled by the representative in which the representative has a beneficial interest) should not buy or sell or engage in any transaction in securities or derivatives based on the securities issued, guaranteed, or otherwise supported by any entity within such representative's

area of primary analytical responsibility, other than holdings in diversified collective investment schemes.

7.7 [Deleted wef 19/11/2012]

7.8 A CRA should prohibit its representatives and employees from soliciting money, gifts or favours from anyone with whom the CRA conducts business and should prohibit its representatives and employees from accepting gifts offered in the form of cash or any gifts exceeding a minimal monetary value.

7.9 Any representative of a CRA who becomes involved in any personal relationship that creates the potential for any real or apparent conflict of interest (including, for example, any personal relationship with an employee or agent of a rated entity within the representative's area of analytic responsibility), should be required to disclose such relationship to the compliance officer or an appropriate director of the CRA, as determined by the CRA's compliance policies.

7.10 A CRA should establish policies and procedures for reviewing the past work of representatives that leave the employ of or engagement with the CRA and join a rated entity that the representative has been involved in preparing, issuing or revising a credit rating, or a financial firm with which the representative has had significant dealings as part of his duties at the CRA.

## **SECTION C RESPONSIBILITIES TO THE INVESTING PUBLIC AND ISSUERS**

### **8 Transparency and Timeliness of Ratings Disclosure**

8.1 A CRA should distribute its credit ratings, reports and updates in a timely manner.

8.2 A CRA should publicly disclose its policies for distributing credit ratings, reports and updates.

8.3 A CRA should include with each of its credit ratings (a) a clear indication of when the credit rating was first distributed and when it was last updated, and (b) a clear and prominent statement identifying the name and job title of the representative who is primarily responsible for the credit rating, and the name and the position of the person primarily responsible for approving that credit rating.

8.4 A CRA should indicate in each credit rating announcement the principal rating methodology or methodology version that was used in determining the credit rating and where a description of that rating methodology can be found. Where the credit rating is based on more than one methodology, or where a review of only the principal rating methodology might cause investors to overlook other important aspects of the credit rating, the CRA should explain this fact in the credit rating announcement, and indicate where a discussion of how the different methodologies and other important aspects factored into the credit rating can be found.

8.5 Except for private credit ratings prepared pursuant to an individual order which is intended to be provided exclusively to the person who placed the order and not intended for public disclosure or distribution by subscription, a CRA should disclose any credit rating, as well as any decision to discontinue a credit rating, on a non-selective basis and in a timely manner. For the avoidance of doubt, in the case of credit ratings that are only provided to subscribers, disclosure on a non-selective basis means disclosure to all the subscribers only.

8.6 A CRA should ensure that all material sources, including the rated entity and, where appropriate, a related party of the rated entity, which were used to produce, assign, issue or revise the credit rating, are identified. An indication should also be provided as to whether the credit rating has been disclosed to the rated entity or to its related party and, following such disclosure, whether the credit rating has been amended before being issued.

8.7 A CRA should publicly disclose the extent to which it has examined the quality of information used in the credit rating process and whether it is satisfied with the quality of information it bases its credit rating on.

8.8 Where a CRA rates a structured finance product, it should provide to the public (in the case of a credit rating which is made available to the public) or to subscribers (in the case of a credit rating which is made available only to subscribers) with sufficient information about its loss and cash-flow analysis so that an investor in the product can understand the basis for the CRA's credit rating, and an indication of any expected change in the credit rating. A CRA should also publicly disclose the degree to which it analyses how sensitive a credit rating of a structured finance product is to changes in the CRA's underlying rating assumptions.

8.9 A CRA should publicly disclose, on a timely and ongoing basis, information concerning all structured finance products submitted to it for its initial review or for a preliminary credit rating. Such disclosure should be made irrespective of whether the issuer of such a structured finance product engages the CRA to provide a final credit rating. A CRA should state the level of assessment it has performed concerning the due diligence processes conducted in relation to the underlying finance products, or other assessment of the structured finance product. The CRA should publicly disclose whether it has undertaken any assessment of such due diligence processes or whether it has relied on a third-party assessment, indicating how the outcome of such assessment influences the credit rating.

8.10 A CRA should differentiate credit ratings of structured finance products from credit ratings of traditional corporate bond, preferably through a different rating symbology. A CRA should also publicly disclose how this differentiation functions. A CRA should clearly define a given rating symbol and apply it in a consistent manner for all types of securities to which that symbol is assigned.

8.11 A CRA should provide information and explanations to assist investors in developing a greater understanding of what a credit rating is, and the limits to which credit ratings can be put to use vis-à-vis the particular types of securities that the CRA rates. A CRA should clearly indicate the attributes and limitations of each credit rating and the limits to which the CRA verifies information provided to it by the rated entity.

8.12 When issuing or revising a credit rating, the CRA should explain in its press releases and reports the key elements underlying the credit rating.

8.13 Where feasible and appropriate, prior to issuing or revising a credit rating, the CRA should inform the issuer of securities of the critical information and principal considerations upon which a credit rating will be based and afford the issuer an opportunity to clarify any likely factual misperceptions or other matters that the CRA would wish to be made aware of in order to produce an accurate credit rating. A CRA should duly evaluate the response. Where in particular circumstances the CRA has not informed the issuer prior to issuing or revising a rating, the CRA should inform the issuer as soon as practical thereafter and, generally, should explain the reason for the delay.

8.14 In order to promote transparency and to enable market participants to best judge the performance of its credit ratings, a CRA, where possible, should publish sufficient information about the historical default rates of the CRA's rating categories and whether the default rates of these rating categories have changed over time, so that interested parties can understand the historical performance of each category and if and how rating categories have changed, and be able to draw quality comparisons among ratings given by different CRAs. If the nature of the credit rating or other circumstances makes a historical default rate inappropriate, statistically invalid, or otherwise likely to mislead the users of the credit rating, the CRA should explain this. This information should include verifiable, quantifiable historical information about the performance of its credit ratings that are organised, structured and, where possible, standardised in such a way to assist investors in drawing performance comparisons between different CRAs.

8.15 For each credit rating, a CRA should publicly disclose with the credit rating whether the rated entity or any related party of the rated entity participated in the process of the credit rating and (in the case of an unsolicited rating) whether the CRA had access to the accounts and other relevant internal documents of the rated entity or its related party. Each unsolicited credit rating should be identified as such. A CRA should also publicly disclose its policies and procedures regarding unsolicited credit ratings.

8.16 A CRA should ensure that sufficiently clear and easily comprehensible information is published about its methodologies, models, key rating assumptions and significant practices, procedures and processes (including financial statement adjustments that deviate materially from those contained in the issuer's published financial statements and a description of the rating committee process, if applicable) used in carrying out its credit rating activities, so that outside parties can understand how a rating was arrived at by the CRA. This information should include (but not be limited to) the meaning of each rating category and the definition of default or recovery, and the time horizon the CRA used when making a rating decision.

8.17 A CRA should publicly disclose any material modification to its methodologies, models, key rating assumptions and significant practices, procedures and processes. Where feasible and appropriate, disclosures of such material modifications should be made prior to their going into effect. A CRA should carefully consider the various uses of credit ratings before modifying its methodologies, models, key rating assumptions, practices, procedures and processes.

8.18 When methodologies, models or key rating assumptions used in preparing any of its credit ratings are changed, a CRA should immediately disclose the likely scope of credit ratings to be affected by using the same means of communication as was used for the distribution of the affected credit ratings.

## **9 The Treatment of Confidential Information**

9.1 A CRA should adopt procedures and mechanisms to protect the confidential nature of information which is shared with it by rated entities under the terms of a confidentiality agreement or otherwise under a mutual understanding that the information is shared confidentially. Unless otherwise permitted by the confidentiality agreement and consistent with applicable law and regulations, the CRA and its representatives and employees should not disclose confidential information in press releases, through research conferences, to future employers, or in conversations with investors, other issuers, other persons, or otherwise.

9.2 A CRA should use confidential information only for purposes related to its credit rating activities or otherwise in accordance with any confidentiality agreements with the rated entity.

9.3 A CRA should take all reasonable measures to protect all property and records belonging to or in possession of the CRA from fraud, theft or misuse.

9.4 A CRA should prohibit its representatives and employees from engaging in transactions in securities when they possess confidential information concerning the issuer of such securities. A representative or employee of a CRA (or his or her spouse, minor children or any account that is controlled by the representative or employee in which the representative or employee has a beneficial interest) should not engage in transactions in securities when the representative or employee possesses confidential information concerning the issuer of such securities.

9.5 In preservation of confidential information, representatives and employees of a CRA should familiarise themselves with the internal securities trading policies maintained by the CRA, and periodically certify their compliance as required by such policies.

9.6 A CRA should ensure that its representatives and employees do not selectively disclose any information that are not publicly available about credit ratings or possible future issues or revisions of any credit rating by the CRA, except to the issuer of the securities or its designated agents.

9.7 A CRA should ensure that it and its representatives and employees do not share confidential information entrusted to the CRA with its affiliates that are not credit rating agencies or with the employees of such affiliates. A CRA and its representatives and employees should not share such confidential information within the CRA or with its affiliates that are credit rating agencies or the employees of such affiliates except on an "as needed" basis and as permitted under any relevant confidentiality agreement.

9.8 A CRA should ensure that its employees do not use or share confidential information for the purpose of dealing in securities or for any purpose other than for carrying on business in providing credit rating services.

## **SECTION D DISCLOSURE OF INTERNAL CODE OF CONDUCT AND COMMUNICATION WITH MARKET PARTICIPANTS**

10.1 A CRA should have its internal code of conduct and should publicly disclose it together with a description of how the provisions of its internal code of conduct fully implement the provisions of this Code. A CRA should also describe generally how it intends to enforce its internal code of conduct and should disclose on a timely basis any changes to its internal code of conduct and how it is implemented and enforced.

10.2 A CRA should establish a function within its organisation (or that of an affiliate) charged with communicating with market participants and the public about any questions, concerns or complaints that the CRA may receive. The objective of this function should be to help ensure that the CRA's officers and management are informed of those issues that the CRA's officers and management would want to be made aware of when setting the organisation's policies.

10.3 A CRA should publish in a prominent position on its home webpage links to (a) the CRA's internal code of conduct; (b) a description of the rating methodologies it uses; and (c) information about the CRA's historic performance data and that of its affiliates which are credit rating agencies.

10.4 A CRA should ensure that details of the following information are made available to the public on an annual basis –

- (a) its legal structure;
- (b) its ownership;
- (c) financial information about its revenue;
- (d) internal control mechanisms adopted by it to ensure the quality of its credit rating activities;
- (e) its record-keeping policy; and
- (f) its management and representative rotation policy.