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## Moody's Credit Policy

### *Designating Issuers that do not Participate in the Rating Process*

#### Statement of Purpose

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This document defines Moody's practice with respect to designating issuers which have declined an invitation to participate in the rating process. This action extends the previous practice of designating *initial* rating assignments for which an issuer declined our invitation to participate in the analytic process. Under this revised policy, Moody's will now also designate issuer non-participation for all corporate, financial institution, sovereign, and structured finance issuers with published ratings where the issuer:

1. Has indicated to Moody's its decision not to participate in the rating process, and,
2. Has not participated in the analytic process during the previous 12 months.

We will also indicate the issuer's non-participation in the text of press releases or Credit Opinions published for such issuers.

Moody's has adopted this practice based on comments from market participants suggesting that rating agencies should provide greater transparency on the nature of their interaction with rated issuers. Some investors have indicated that they would like to know which ratings do not have the benefit of issuer participation in the analytic process. We believe that by designating non-participating ratings, Moody's will add greater transparency to our credit ratings.

#### Issuers That Will Be Designated As Non-participating

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Effective October 14, 2004, we will identify on [www.moody.com](http://www.moody.com) and in selected research any issuer that has declined our invitation to participate in the rating process as described below.

1. This policy will initially apply to all corporate, financial institution, sovereign and structured issuers with a published rating from Moody's. It may be extended to the largest US public finance issuers at a later date.
2. Designation will apply at the issuer level, not the issue level.
3. For structured transactions, the issuer could also be considered to include the sponsor, banker, collateral manager, trustee, or other issuer representative.
4. Non-participating issuers are defined as those where the issuer:
  - (a) has indicated to Moody's its decision not to participate in the rating process, **and** (b) has not participated in the process at any point during the previous 12 months.
5. Non-participation in the rating process will be defined as the absence of communications on credit matters. Credit related communications would generally include:
  - In person meetings, video conferences, telephone conversations, emails or other written communication with management of the issuer regarding the issuer's financial condition, credit profile, strategy, market position, or other topics that would inform our rating process;
  - Substantive comments on research or press releases;

- For structured finance, this also extends to the receipt of data or information from the issuer, trustee, collateral manager or other issuer representative used to monitor the transaction.

Communications that would not be considered as participation in the rating process would include:

- Any commercial discussions (inquiries around fees, paying status);
  - Discussion of general or industry methodologies or of rating practices;
  - Minor feedback on press releases.
6. Moody's will generally rely on the issuer to advise us that they intend to suspend participation in the rating process. However, if an analyst suspects an issuer is no longer participating, Moody's may initiate contact to determine the issuer's intention.
    - Should the issuer accept our invitation to participate, the issuer will not be designated "non-participating."
    - If on the other hand, the issuer declines our invitation to participate, and has not engaged in communication on credit-related issues within 12 months, the issuer will be designated as non-participating until the point in time when the issuer engages with Moody's once again.
  7. Given that the designation is primarily driven by the issuer's participation in the rating process during the previous 12 months, the list of non-participating ratings will be periodically updated to reflect any change in the informational relationship between Moody's and the issuer.
    - By way of example, at the outset an issuer will be designated as non-participating if it has not participated in the rating process and has made clear its intention that it will not participate. However, should the issuer at some later stage provide Moody's with credit related information, it will be removed from the designated list, and will be considered a participating issuer.
  8. Designation for all issuers within a rated family will generally be governed by participation at the parent level.
    - However, in the event any non-guaranteed rated subsidiaries meet the criteria for non-participation, we will separately designate such issuers as non-participating.
    - Conversely, if non-guaranteed subsidiaries of a non-participating parent continue to have communications on credit related issues, we will not designate those subsidiaries as non-participating.
    - For issuers where the rating is dependent on a guarantee or insurance, we will generally require non-participation from both the underlying issuer and the guarantor/insurer before designating the rating as non-participating.

## **Related Research**

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### **Rating Methodology:**

[Designation Of Unsolicited Ratings In Which The Issuer Has Not Participated, November 1999 \(# 49946\)](#)

### **Special Comment:**

[Moody's Guidelines for the Withdrawal of Ratings, January 2004 \(# 81048\)](#)

### **Special Report:**

[Non-Participating Rated Issuers, October 2004 \(# 89128\)](#)

*To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.*

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**Production Specialist**

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