



**Caribbean Information &  
Credit Rating Services Limited**

**March 14, 2023**

## **CariCRIS Code of Conduct**

For more information, please contact:

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## **1. INTRODUCTION AND PURPOSE**

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CariCRIS' mission is to contribute to the development of a vibrant, integrated Caribbean capital market by setting the highest standards of credible independent analysis and opinion to enable informed financial decisions. To satisfy this objective CariCRIS has updated its code of conduct and amended it to align its policies and procedures with the amendments in the Code of Conduct Fundamentals For Credit Rating Agencies published in December 2004, and subsequently revised in May 2008 and March 2015, (the "IOSCO Code"), by the International Organization of Securities Commissions ("IOSCO"). As required by the IOSCO Code, exceptions to the IOSCO Code are set forth in Section 8 of this code.

In order to disclose the Code to the public, it is available on CariCRIS' website [www.caricris.com](http://www.caricris.com).

By publicly disclosing the code however, CariCRIS does not assume any responsibility or liability to any third party arising out of or relating to the Code. The Code will not form part of any contract with any third party and no third party shall have any right (contractual or otherwise) to enforce any of this Code's provisions. CariCRIS in its sole discretion may revise this Code to reflect changes to the operating environment and changes to CariCRIS' controls, policies, and procedures.

CariCRIS expects all employees to comply with this Code and the related policies, procedures, and guidelines. Any exceptions to this Code or the related policies, procedures, and guidelines should be approved in writing by the Chief Executive Officer or his/her designee who shall be responsible for the interpretation of this Code and the related policies, procedures, and guidelines. Each year all CariCRIS employees shall be required to read the Code and affirm their compliance with the Code and all related CariCRIS policies and guidelines by signing an Affirmation Statement.

Failure to comply with this Code and the related policies, procedures, and guidelines could be sufficient reason for disciplinary action, including discharge and possible legal sanctions.



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## 2. DEFINITIONS

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For purposes of this Code, the terms set forth below shall have the following meanings:

“Agent” refers to any party working on behalf of a Rated Entity, or working on behalf of an agent of the Rated Entity

"Analyst" means an employee who has been assigned to participate in rating related discussions pertaining to an issue or issuer and is not involved in any commercial discussions with said issuer or issue.

“Ancillary Business” means those products and services provided by CariCRIS that are related to rating services, including but not limited to credit assessments, private credit ratings and credit analysis, research and other similar products and services

"Client", "Issuer", “Rated Entity” refers to the person whose securities/underlying asset are proposed to be rated.

"Confidential Information” means information received by CariCRIS from an Issuer, its affiliates, or its Agents in connection with the rating process or in connection with providing Ancillary Services or other services in which CariCRIS has received written notice specifically indicating the proprietary and confidential nature of the information.

“Credit Rating” means opinion from CariCRIS regarding the creditworthiness of an entity, debt or financial obligation, debt security, preferred share or other financial instrument, or of an issuer of such a debt or financial obligation, debt security, preferred share or other financial instrument, issued using an established and defined rating category.

“Entity” means a government; political subdivision, agency, or instrumentality of a government; or a company, corporation, partnership, trust, estate, or association.

“IOSCO” – International Organization of Securities Commissions.

"Non-Ratings Business” means services other than Ratings Services.

“Obligation” means a trading instrument, credit commitment, loan, or other similar product or transaction that has inherent credit risk.



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“Obligor” means the entity that is legally or contractually obliged to make payments on a rated obligation.

“Rating Action” means the assignment of initial credit ratings, any change or reaffirmation of an existing credit rating, withdrawal or suspension of an existing rating, rating watch, or the assignment of a new outlook to a rated entity. It also includes any other rating related advisory issued to the public or investor domain.

“Security” means any stock, note, bond, debenture, limited partnership interest, limited company interest, liability investment contract, shares of funds or other financial instrument commonly known as a security.

“Unsolicited Credit Ratings” means a credit rating initiated by CariCRIS and not requested by the Rated Entity and/or its Agents.



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### **3. QUALITY AND INTEGRITY OF THE RATING PROCESS**

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#### **3.1 Quality of the Credit Rating Process**

- 3.1.1 CariCRIS shall establish, maintain, document, and enforce credit rating methodologies for each class of entity or obligation for which it issues credit ratings. Each credit rating methodology is rigorous, capable of being applied consistently, and where possible, results in credit ratings that can be subjected to some form of objective validation based on historical experience.
- 3.1.1 CariCRIS shall establish, maintain, document, and enforce policies, procedures, and controls to ensure that the credit ratings and related reports it disseminates are based on a thorough analysis of all information.
- 3.1.2 CariCRIS shall adopt reasonable measures designed to ensure that it has the appropriate knowledge and expertise, and that the information it uses in determining credit ratings is of sufficient quality and obtained from reliable sources to support a high-quality credit rating.
- 3.1.3 CariCRIS avoids issuing credit ratings for entities or obligations for which it does not have appropriate information, knowledge, and/or expertise.
- 3.1.4 CariCRIS takes best efforts to ensure that its analysts apply the appropriate credit rating methodology consistently across all entities or obligations for which that methodology is used.
- 3.1.5 CariCRIS shall define the meaning of each category in its rating scales and applies those categories consistently across all classes of rated entities and obligations to which a given rating scale applies.
- 3.1.6 Credit ratings are assigned by CariCRIS as an entity and not by an analyst or other employee.
- 3.1.7 CariCRIS assigns analysts who, individually or collectively, have appropriate knowledge and experience for assessing the creditworthiness of the type of entity or obligation being rated.



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- 3.1.8 CariCRIS shall maintain internal records that are accurate and sufficiently detailed and comprehensive to reconstruct the credit rating process for a given credit rating action. These records are retained for as long as necessary to promote the integrity of its credit rating process and in a manner that is consistent with the applicable laws and regulations of its various Caribbean markets. CariCRIS has also established, maintained, documented, and enforced policies, procedures, and controls designed to ensure that its employees comply with its internal record maintenance, retention, and disposition requirements.
- 3.1.9 CariCRIS shall establish, maintain, document, and enforce policies, procedures and controls designed to avoid issuing credit ratings, analyses, or reports that contain misrepresentations or are otherwise misleading as to the general creditworthiness of a rated entity.
- 3.1.10 CariCRIS ensures that it has and devotes sufficient resources to carry out and maintain high-quality credit ratings.
- 3.1.11 CariCRIS shall establish and maintain a review function made up of one or more senior managers with appropriate experience to review the feasibility of providing a credit rating for a type of entity or obligation that is materially different from the entities or obligations it currently rates.
- 3.1.12 CariCRIS shall establish and maintain a review function responsible for periodically conducting rigorous, formal reviews, of all aspects of CariCRIS 'credit rating methodologies (including models and key assumptions) and significant changes to the credit rating methodologies. Where feasible and appropriate for the size and scope of its credit rating business, this function should be independent of the employees who are principally responsible for determining credit ratings.
- 3.1.13 CariCRIS has procedures in place for selecting the analysts who will participate in determining a credit rating which ensures the balance between continuity and avoidance of bias in the credit rating process.
- 3.1.14 CariCRIS ensures that sufficient employees and financial resources are allocated to monitoring and updating all its credit ratings. It monitors its credit ratings on an ongoing basis by:
- a. reviewing the creditworthiness of the rated entity or obligation regularly;



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- b. Initiating a review of the status of the credit rating upon becoming aware of any information that might reasonably be expected to result in a credit rating action (including withdrawal of a credit rating), consistent with the applicable credit rating methodology;
- c. Reviewing the impact of and applying a change in the credit rating methodologies, models or key rating assumptions on the relevant credit ratings within a reasonable period of time;
- d. Updating on a timely basis the credit rating, as appropriate, based on the results of such review; and
- e. Incorporating all cumulative experience obtained.

3.1.15 If CariCRIS uses separate analytical teams for determining initial credit ratings and for subsequent monitoring of existing credit ratings, it will ensure that each team has the requisite level of expertise and resources to perform their respective functions in a timely manner.

3.1.16 CariCRIS shall establish, maintain, document, and enforce policies and procedures that clearly set forth guidelines for disseminating credit ratings that are the result or subject of credit rating actions and the related reports, and for when a credit rating will be withdrawn.

**3.2 Integrity of the Credit Rating Process**

3.2.1 CariCRIS and its employees shall deal fairly and honestly with rated entities, obligors, originators, underwriters, arrangers, and users of credit ratings.

3.2.2 CariCRIS employees shall be held to the highest standards of integrity and ethical behaviour, and CariCRIS has policies and procedures in place that are designed to ensure that individuals with demonstrably compromised integrity are not employed.

3.2.3 CariCRIS and its employees shall not, either implicitly or explicitly, give any assurance or guarantee to an entity subject to a rating action, obligor, originator, underwriter, arranger, or user of its credit ratings about the outcome of a particular credit rating action.





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- 3.2.4 CariCRIS and its employees shall not make promises or threats about potential credit rating actions to influence rated entities, obligors, originators, underwriters, arrangers, or users of its credit ratings to pay for credit ratings or other services.
- 3.2.5 CariCRIS and its employees shall not make proposals or recommendations regarding the activities of rated entities or obligors that could impact a credit rating of the rated entity or obligation, including but not limited to proposals or recommendations about corporate or legal structure, assets and liabilities, business operations, investment plans, lines of financing, business combinations, and the design of structured finance products.
- 3.2.6 CariCRIS will be compliant with all the Acts/Regulations prescribed by the various regional regulatory bodies with respect to credit rating agencies.
- a. CariCRIS compliance function shall be responsible for monitoring and reviewing the compliance of CariCRIS and its analysts with the provisions of the Code and with applicable laws and regulations.
  - b. The compliance function is also responsible for reviewing the adequacy of the policies, procedures, and controls designed to ensure compliance with the Code and with applicable laws and regulations.
  - c. CariCRIS has outsourced its compliance function to an external auditing firm. The reporting lines and compensation of this firm are independent of CariCRIS' credit rating operations.
- 3.2.7 An employee shall, upon becoming aware that another employee or an affiliate of CariCRIS is (or has) engaged in conduct that is illegal, unethical, or contrary to the Code of Conduct, report such information immediately to the Chief Executive Officer, or another senior officer of CariCRIS, or any member of the Board of Directors, as appropriate, so proper action may be taken. Upon receiving such a report from an employee, CariCRIS shall take appropriate action, as determined by the laws and regulations of the appropriate regional jurisdiction and the policies, procedures, and controls established, maintained, documented, and enforced by CariCRIS. CariCRIS shall prohibit retaliation against any employees who, in good faith, make such reports.



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## **4. INDEPENDENCE AND AVOIDANCE OF CONFLICTS OF INTEREST**

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### **4.1 General**

- 4.1.1 CariCRIS shall not delay or refrain from taking a credit rating action based on the potential effect (economic, political, or otherwise) of the Action on CariCRIS, a rated entity, obligor, originator, underwriter, arranger, investor, or other market participant.
- 4.1.2 CariCRIS and its employees shall use care and professional judgment to maintain both the substance and appearance of its independence and objectivity.
- 4.1.3 CariCRIS' determination of a credit rating shall be influenced only by factors relevant to assessing the creditworthiness of the rated entity or obligor.
- 4.1.4 The credit rating assigned by CariCRIS to an entity or obligation should not be affected by whether there is an existing or potential business relationship between CariCRIS and the rated entity, obligor, originator, underwriter, arranger, or any other party.
- 4.1.5 CariCRIS shall operationally separate its credit rating business and its analysts from any other businesses that may present a conflict of interest. For other businesses that do not necessarily present a conflict of interest, CariCRIS' policies, procedures, and controls shall be designed to minimize the likelihood that conflicts of interest will arise. CariCRIS shall state in its Annual Report and/or Website [www.caricris.com](http://www.caricris.com) why it believes those other businesses do not present a conflict of interest with its credit rating business.

### **4.2 Policies, Procedures, Controls and Disclosures**

- 4.2.1 CariCRIS shall establish, maintain, document and enforce policies, procedures and controls to identify and eliminate, or manage and disclose as appropriate, any actual or potential conflicts of interest that may influence the credit rating methodologies, credit rating actions, or analyses of CariCRIS or the judgment and analyses of its employees.
- 4.2.2 CariCRIS shall disclose actual and potential conflicts of interest in a complete, timely, clear, concise, specific, and prominent manner. When the actual or potential conflict of interest is unique or specific to a credit rating action with respect to a particular rated entity, obligor, originator, lead underwriter, arranger, or obligation, such conflict of



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interest is disclosed in the same form and through the same means as the relevant rating action.

- 4.2.3 CariCRIS shall disclose the general nature of its compensation arrangements with rated entities, obligors, lead underwriters, or arrangers.
  - a. Where CariCRIS receives from a rated entity, obligor, originator, lead underwriter, or arranger compensation unrelated to its credit rating services, CariCRIS shall disclose in its Annual Report such unrelated compensation as a percentage of total annual compensation received from such rated entity, obligor, lead underwriter, or arranger as appropriate.
  - b. CariCRIS shall disclose in its Annual Report, if it receives 10 percent or more of its annual revenue from a single client (e.g., a rated entity, obligor, originator, lead underwriter, arranger, or subscriber, or any of their affiliates).
- 4.2.4 CariCRIS shall encourage structured finance issuers and originators of structured finance products to publicly disclose all relevant information regarding these products so that investors can conduct their own independent analyses.
- 4.2.5 CariCRIS or its employees shall not hold or transact in securities presenting a conflict of interest with its credit rating activities.
- 4.2.6 In instances where rated entities or obligors (e.g. sovereign nations) have, or are simultaneously pursuing, oversight functions related to CariCRIS, the employees responsible for interacting with the officials of the rated entity or the obligor (e.g. government regulators) regarding supervisory matters are separate from the employees that participate in taking credit rating actions or developing or modifying credit rating methodologies that apply to such rated entity or obligor.

**4.3 Employee Independence**

- 4.3.1 Reporting lines for CariCRIS employees and their compensation arrangements are structured to eliminate or effectively manage actual or potential conflicts of interest.
  - a. CariCRIS employees who participate in or who might otherwise have an effect on a credit rating action with respect to an entity or obligation are not compensated or



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evaluated on the basis of the amount of revenue that CariCRIS derives from that entity or obligor.

- b. CariCRIS conducts formal and periodic reviews of its compensation policies, procedures, and practices for its employees who participate in or who might otherwise have an effect on a credit rating action to ensure that these policies, procedures, and practices have not compromised and do not compromise the objectivity of the credit rating process.

4.3.2 Other than the Chief Executive Officer, who is currently responsible for business development in the company, and whose role in the credit rating process is limited to quality control of the final rating report, CariCRIS employees who participate in or who might otherwise have an effect on a credit rating action shall not initiate or participate in discussions with rated entities, obligors, arrangers, or subscribers regarding fees or payments charged to such rated entity, obligor, arranger, or subscriber.

4.3.3 CariCRIS employees shall not participate in or otherwise influence credit rating action with respect to any entity or obligation if the employee, an immediate family member of the employee (e.g. spouse, domestic partner, or dependent), or an entity managed by the employee (e.g. a trust):

- a. Holds or transacts in a security issued by the rated entity or obligor that is greater than 0.01% of shares outstanding;
- b. Holds or transacts in a security (other than a diversified collective investment scheme) that itself owns an interest in the rated entity or obligor, or is a derivative based on a trading instrument issued by the rated entity or obligor that is greater than 0.01% of shares outstanding;
- c. Holds or transacts in a security issued by an affiliate of the rated entity or obligor that is greater than 0.01% of shares outstanding, the ownership of which may cause or may be perceived as causing a conflict of interest with respect to the employee or CariCRIS;
- d. Holds or transacts in a security issued by a lead underwriter or arranger of the rated obligation that is greater than 0.01% of the shares outstanding, the



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ownership of which may cause or may be perceived as causing a conflict of interest with respect to the employee or CariCRIS;

- e. Is currently employed by, or had a recent employment or other significant business relationship with the rated entity or obligor or a lead underwriter or arranger of the rated obligation that may cause or may be perceived as causing a conflict of interest;
- f. Is a director of the rated entity or obligor, or lead underwriter or arranger of the rated obligation; or
- g. Has, or had, another relationship with or interest in the rated entity, obligor, or the lead underwriter or arranger of the rated obligation (or any of their affiliates) that may cause or may be perceived as causing a conflict of interest.

4.3.4 CariCRIS analysts shall not hold or transact in a security issued by a rated entity or obligor that is greater than 0.01% of shares outstanding in the analyst's area of primary analytical responsibility. This would not preclude an analyst from holding or trading a diversified collective investment scheme that owns a security issued by a rated entity or obligor in the analyst's area of primary analytical responsibility.

4.3.5 CariCRIS employees are prohibited from soliciting money, gifts, or favours from anyone with whom CariCRIS does business and are prohibited from accepting gifts offered in the form of cash or cash equivalents or any gifts exceeding a minimal monetary value.

4.3.6 CariCRIS employees who become involved in a personal relationship that creates an actual or potential conflict of interest shall be required to disclose the relationship to the Chief Executive Officer or another officer of CariCRIS, as appropriate.

4.3.7 CariCRIS has established procedures, systems and controls that limits any conflict of interest that may influence analysts' recommended credit rating actions for any originator, underwriter or arranger, given the significant dealings that analysts may have with these entities or any of their affiliates as part of their duties at CariCRIS. In circumstances where it is required by a regulator, when an analyst departs CariCRIS and attains employment with any originator, underwriter or arranger for which CariCRIS issued a credit rating during a 12-month period prior to attaining employment, if the analyst participated in any capacity in the determination of the credit rating, CariCRIS will perform a 'look-back' review to determine whether a



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conflict of interest influenced the credit rating action. The review will be conducted in accordance with the stipulated regulatory requirements and any disclosure will be published.

## **5. RESPONSIBILITIES TO THE INVESTING PUBLIC, RATED ENTITIES, OBLIGORS, ORIGINATORS, UNDERWRITERS AND ARRANGERS**

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### **5.1 Transparency and Timeliness of Credit Ratings Disclosure**

- 5.1.1 CariCRIS assists investors and other users of credit ratings in developing a greater understanding of credit ratings by disclosing in plain language, among other things, the nature and limitations of credit ratings and the risks underlying relying on them to make an investment or other financial decisions. In addition, CariCRIS and its employees shall not state that the regional regulatory bodies endorse its credit ratings or use their registration status to advertise the quality of its ratings.
- 5.1.2 CariCRIS has disclosed sufficient information about its credit rating process and its credit rating methodologies, so that investors and other users of credit ratings can understand how a credit rating was determined.
- 5.1.3 CariCRIS shall disclose on its website [www.caricris.com](http://www.caricris.com) any material modification to a credit rating methodology prior to the modification taking effect unless doing so would negatively impact the integrity of a credit rating by unduly delaying the taking of a credit rating action. In either case, CariCRIS will disclose the material modification in a non-selective manner.
- 5.1.4 CariCRIS shall disclose its policies and procedures that address the issuance of unsolicited credit ratings.
- 5.1.5 CariCRIS has disclosed its policies and procedures for distributing credit ratings and reports, and for when a credit rating will be withdrawn.
- 5.1.6 CariCRIS has disclosed clear definitions of the meaning of each category in its rating scales, including the definition of a default.



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- 5.1.7 CariCRIS shall differentiate credit ratings of structured finance products from credit ratings of other types of entities or obligation by inserting (SO) following the Credit Rating of all its new and existing Ratings for structured finance instruments.
- 5.1.8 CariCRIS shall be transparent with investors, rated entities, obligors, originators, underwriters, and arrangers about how the relevant entity or obligation is rated.
- 5.1.9 Where feasible and appropriate, CariCRIS informs the rated entity, or the obligor, or arranger of the rated obligation about the critical information and principal considerations upon which a credit rating will be based prior to disseminating a credit rating that is the result or subject of the credit rating action and afford such rated entity, obligor, arranger and adequate opportunity to clarify any factual errors, factual omissions, or factual misperceptions that would have a material effect on the credit rating. CariCRIS duly evaluates any response from such rated entity, obligor, or arranger. Where in particular circumstances CariCRIS has not informed such rated entity, obligor, or arranger prior to disseminating a credit rating action, CariCRIS shall inform such rated entity, obligor or arranger as soon as practical thereafter and, generally, should explain why it did not inform such rated entity, obligor, or arranger prior to disseminating the credit rating action.
- 5.1.10 For all public ratings, CariCRIS publicly discloses a credit rating that is the result or subject of a credit rating action, as soon as practicable after taking such action and on a non-selective basis.
- 5.1.11 CariCRIS discloses with a credit rating that is the result or subject of a credit rating action whether the rated entity, obligor, or originator, or the underwriter or arranger of the rated obligation participated in the credit rating process.
- 5.1.12 CariCRIS shall clearly indicate the attributes and limitations of each credit rating, and the extent to which CariCRIS verifies information provided to it by the rated entity, obligor, or originator, or the underwriter or arranger of the rated obligation. For example, if the credit rating involves a type of entity or obligation for which there is limited historical data, CariCRIS should disclose this fact and how it may limit the credit rating.
- 5.1.13 CariCRIS indicates in the announcement of a credit rating that is the result or the subject of a credit rating action when the credit rating was last updated or reviewed.



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- 5.1.14 When rating a structured finance product, CariCRIS shall publicly disclose or distribute to its subscribers sufficient information about its loss and cash-flow analysis with the credit rating, so that investors in the product, other users of credit ratings, and/or subscribers can understand the basis for the CariCRIS' credit rating. CariCRIS shall also publicly disclose or distribute information about the degree to which it analyses how sensitive a credit rating of a structured finance product is to changes in the assumptions underlying the applicable credit rating methodology.
- 5.1.15 When issuing or revising a credit rating, CariCRIS explains in its announcement and/or report the key assumptions and data underlying the credit rating, including financial statement adjustments that deviate materially from those contained in the published financial statements of the relevant rated entity or obligor.
- 5.1.16 If CariCRIS discontinues monitoring a credit rating for a rated entity or obligation it WILL withdraw the credit rating and/or disclose such discontinuation to the public or its subscribers as soon as practicable. A publication by CariCRIS of a credit rating that is no longer being monitored shall indicate the date the credit rating was last updated or reviewed, the reason the credit rating is no longer monitored, and the fact that the credit rating is no longer being updated.
- 5.1.17 To promote transparency and to enable investors and other users of credit ratings to compare the performance of different CRAs, CariCRIS shall disclose, where practicable, sufficient information about the historical transition and default rates of its credit rating categories with respect to the classes of entities and obligations it rates. This information should include verifiable, quantifiable historical information, organized over a period of time, and, where possible, standardized in such a way to assist investors and other users of credit ratings in comparing different CRAs. If the nature of the rated entity or obligation or other circumstances make such historical transition or default rates inappropriate, statistically invalid, or otherwise likely to mislead investors or other users of credit ratings, CariCRIS will disclose why this is the case.

**5.2 The Treatment of Confidential Information**

- 5.2.1 CariCRIS has established maintained, documented, and enforced policies, procedures, and controls to protect confidential and/or material non-public information, including confidential information received from a rated entity, obligor, or originator, or the underwriter or arranger of a rated obligation, and non-public information about a credit rating action.





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- a. The policies, procedures, and controls prohibit CariCRIS and its employees from using or disclosing confidential and/or material non-public information for any purpose unrelated to its credit rating activities, including disclosing such information to other employees where the disclosure is not necessary in connection with its credit rating activities, unless disclosure is required by applicable law or regulation.
  - b. The policies, procedures, and controls require CariCRIS and its employees to take reasonable steps to protect confidential and/or material non-public information from fraud, theft, misuse, or inadvertent disclosure.
  - c. With respect to confidential information received from a rated entity, obligor, originator, underwriter, or arranger, the policies, procedures, and controls prohibit CariCRIS and its employees from using or disclosing such information in violation of the terms of any applicable agreement or mutual understanding that it will keep the information confidential, unless disclosure is required by applicable law or regulation.
  - d. With respect to a pending credit rating action, the policies, procedures, and controls prohibit CariCRIS and its employees from selectively disclosing such information about the pending rating action, except to the rated entity, obligor, arranger, or their designated agents, or as required by applicable law or regulation.
- 5.2.2 CariCRIS has established, maintained, documented, and enforced policies, procedures, and controls designed to prevent violations of applicable laws and regulations governing the treatment and use of confidential and/or material non-public information.
- 5.2.3 CariCRIS has established maintained, documented, and enforced policies, procedures, and controls that prohibit employees that possess confidential and/or material non-public information concerning a security from engaging in a transaction in the security or using the information to advise or otherwise advantage another person in transacting in the security.



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## **6. GOVERNANCE, RISK MANAGEMENT, AND EMPLOYEE TRAINING**

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- 6.1 CariCRIS' Board shall have ultimate responsibility for ensuring that CariCRIS establishes, maintains, documents, and enforces a code of conduct that gives full effect to the IOSCO Code of Conduct Fundamentals for Credit Rating Agencies.
- 6.2 CariCRIS shall establish a risk management function made up of one or more senior managers or employees with the appropriate level of experience responsible for identifying, assessing, monitoring, and reporting the risks arising from its activities, including, but not limited to legal risk, reputational risk, operational risk, and strategic risk. The function should be independent of the internal audit function (if practicable given the CRA's size) and make periodic reports to the board (or similar body) and senior management to assist them in assessing the adequacy of the policies, procedures, and controls the CRA establishes, maintains, documents, and enforces to manage risk, including the policies, procedures, and controls specified in the IOSCO Code of Conduct Fundamentals for Credit Rating Agencies.
- 6.3 CariCRIS shall establish, maintain, document, and enforce policies, procedures, and controls requiring employees to undergo formal ongoing training at reasonably regular time intervals. The subject matter covered by the training will be relevant to the employee's responsibilities and will cover, as applicable, the CariCRIS' code of conduct, rating methodologies, policies, procedures, and controls and the laws governing CariCRIS' credit rating activities. The policies, procedures, and controls will include measures designed to verify that employees undergo required training.

## **7. DISCLOSURE AND COMMUNICATION WITH MARKET PARTICIPANTS**

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- 7.1 CariCRIS disclosures, including those specified in the provisions of the IOSCO Code, shall be complete, fair, accurate, timely, and understandable to investors and other users of credit ratings.
- 7.2 CariCRIS shall disclose with its code of conduct a description of how the provisions of its code of conduct fully implement the provisions of the IOSCO Statement of Principles Regarding the Activities of Credit Rating Agencies and the IOSCO Code of Conduct Fundamentals for Credit Rating Agencies (collectively, the "IOSCO provisions"). If the CariCRIS' code of conduct deviates from an IOSCO provision, CariCRIS will identify the



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relevant IOSCO provision, explain the reason for the deviation, and explain how the deviation nonetheless achieves the objectives contained in the IOSCO provisions. CariCRIS will describe how it implements and enforces its code of conduct and will also disclose as soon as practicable any changes to its code of conduct or changes to how it is being implemented or enforced.

- 7.3 CariCRIS shall establish and maintain a function within its organization charged with receiving, retaining, and handling complaints from market participants and the public. The function should establish, maintain, document, and enforce policies, procedures, and controls for receiving, retaining, and handling complaints, including those that are provided on a confidential basis. The policies, procedures, and controls should specify the circumstances under which a complaint must be reported to senior management and/or the board (or similar body).
- 7.4 CariCRIS publishes in a prominent position on its public website, [www.caricris.com](http://www.caricris.com), web page links to:
  - a. The Code of Conduct;
  - b. A description of CariCRIS' methodologies;
  - c. Any other disclosures specified in the provisions of the IOSCO Code as applicable.



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## **8 VARIATIONS FROM THE CODE**

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Provision 2.5 of the IOSCO Code (3.2.5 of CariCRIS' Code of Conduct) states that a CRA should operationally, legally, and, if practicable, physically separate its credit rating business and its analysts from any other businesses of the CRA that may present a conflict of interest. Because of our small size, CariCRIS has adopted an analytical firewall policy, which it considers sufficient, to ensure that the rating process is not compromised by other services offered by CariCRIS that may present a conflict of interest.

Provision 2.9 of the IOSCO Code (5.1.14 of CariCRIS' Code of Conduct) provides that a CRA should disclose in its credit rating announcement whether the issuer of a structured finance product has informed the CRA that it is publicly disclosing all relevant information about the obligation being rated or if the information remains non-public. CariCRIS will encourage issuers and originators of structured finance products to publicly disclose all relevant information regarding these products.

Provision 3.18 of the IOSCO Code (5.1.17 of CariCRIS' Code of Conduct) provides that CRAs should publish verifiable, quantifiable historical information about the performance of their rating opinions and, where possible, standardize this information in a way that will assist interested parties in drawing performance comparisons between CRAs. CariCRIS has been maintaining transition data for its ratings since inception. In any publication of such data CariCRIS will be careful to disclose that the data set is limited based on a still relatively small number of ratings outstanding and over a limited time period.