



# **Analyst Rotation Policy**

May 2024

## 1. Regulatory Background

The following constitute the legal basis of this **Policy**: Whereas Article 12 of the **CRA Regulation**, Article 7 point 4 of **CRA Regulation**, Annex I section C point (8) of the **CRA Regulation** and question 12 of ESMA Questions and Answers on Implementation of the Regulation (EU) 462/2013 on the **CRA Regulation**.

## 2. Preamble

Scope Ratings has adopted the following Analyst Rotation Policy (**Policy**) covering the requirements for a gradual rotation of **Lead Analysts**, **Rating Analysts** and **Persons Approving Credit Ratings (PACRs)**. Its purpose is to mitigate the risk of personal conflicts of interest created by fraternization and familiarity caused by long-lasting relationships with **Covered Entities**.

## 3. Applicability

This Policy applies to:

- Analytical Personnel in Scope Ratings GmbH.

## 4. Defined Terms

Below follows a list of capitalized terms with their definition under this Policy. Any capitalized term which is not defined in this Policy, is defined in the Defined Terms Glossary (**Glossary**).<sup>1</sup>

- **Rating Analyst** means an Analyst who performs analytical functions that are necessary for the issuing of a **Credit Rating**, who is not a **Lead Analyst** or **PACR**.
- **Person Approving Credit Rating (PACR)** means the person who provides the formal sign-off of **Credit Ratings** or monitoring reviews for release, and all other related authorizing actions taken after the elaboration of the rating, prior to the release of the rating.
- **Related Third Party (RTP)** means A **RTP** means the originator, arranger, sponsor, servicer, or any other party that interacts with **Scope CRAs** on behalf of a **Rated Entity**, including any person directly or indirectly linked by control to that **Rated Entity** or entity to be rated.
- A **Covered Entity** is a **Rated Entity** that has an active public, subscription or Restricted Subscription Credit Rating assigned to it or issues securities that have a **Credit Rating** assigned to them, and, where relevant, any legal entity that acts as a **RTP** to that entity.
- **Rating Committee (RC)**: means the committee that is in charge of voting on the analytical recommendation in respect to a **Credit Rating Action** as prescribed in the Rating Process Manual (**RPM**).
- **Credit Rating Activities** means data and information analysis, evaluation, approval, issuance, and the review of **regulated Credit Ratings** and, if applicable, the related **Outlook** or Under **Review**.
- **Time On Period (TOP)** means the period of time from the date an **Analyst** is assigned as **Lead Analyst**, **Rating Analyst** or **PACR** to a **Covered Entity** until the date the **Analyst** ceases to be involved in **Credit Rating Activities** for that **Covered Entity**.
- **Cooling Off Period (COP)** means the continuous two years period that follows after the **TOP** and during which the relevant **Analyst** is not permitted to engage in **Credit Rating Activities** with respect to a specific **Credit Rating** and its relevant **Covered Entity**.

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<sup>1</sup> The defined terms in this section can also be defined in an identical manner in the **Glossary**.



# Analyst Rotation Policy

Scope CRAs

## 5. Analyst Rotation Principles

### 5.1 Time On Periods (TOP)

For each **Credit Rating**, **Scope Ratings** rotates **Analysts** based on the role:

- **Rating Analysts** assigned to a **Covered Entity** after a maximum **TOP** of 5 years.
- **Lead Analysts** assigned to the same **Covered Entity** after a maximum **TOP** of 4 years.
- **PACRs** assigned to a **Covered Entity** after a maximum **TOP** of 7 years.

### 5.2 Cooling Off Periods (COP)

After the maximum **TOP**, each Analyst who served in one of the above roles will be subject to a **COP** of 2 years before he or she can engage in **Credit Rating Activities**, be re-assigned as a **Lead Analyst**, **Rating Analyst** or **PACR** to the same **Covered Entity**.

## 6. Procedure

Detailed guidelines on analyst rotation are laid down in the Analyst Rotation Procedure (**Procedure**).

### Compliance with this Policy / Procedure and requirements regarding breaches or suspected breaches

This **Policy / Procedure** reflect the way **Scope CRAs** comply with regulatory requirements.

If case of questions about this **Policy / Procedure** or any doubt as to personal obligations under this **Policy / Procedure**, guidance should be sought from **Compliance** via the Jira Ticketing System.

A breach or suspected breach of this **Policy / Procedure** may lead to breach of regulatory obligations. As a result, any action by persons to whom this **Policy / Procedure** applies which breaches or might reasonably be expected to lead to or result in a breach, of the provisions set forth in this **Policy / Procedure**, is prohibited and can result in disciplinary action, up and including, termination of employment or contract. Any potential infringements of these requirements will be investigated and might be reported to **Senior Management** to determine on intervention, if appropriate.

Any breaches or suspected breaches of this **Policy / Procedure** need to be reported to **Compliance** without undue delay via the Jira Ticketing System or alternatively via email to [compliancenotifications@scoperatings.com](mailto:compliancenotifications@scoperatings.com).

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