



## **Personal Account Dealings Policy**

Scope Ratings GmbH  
Scope Ratings UK Ltd.

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# Personal Account Dealings Policy

Scope Ratings GmbH and Scope Ratings UK

## 1. Introduction

Scope Ratings GmbH and Scope Ratings UK Ltd. (further referred to as "Scope Ratings") have defined and implemented the Personal Account Dealings Policy (the "Policy") which defines the minimum standards and provides additional guidance on controls and restrictions over Covered Employee investments and trading activity. These restrictions are reasonably designed to ensure that such activities are conducted in accordance with applicable laws to prevent potential conflicts of interest. This Policy is intended to help prevent or appropriately resolve potential conflicts of interest between Scope Ratings and its clients and Covered Employees. Even the appearance that Covered Employees receive preferential treatment in their private transactions to the detriment of Scope Ratings or its clients is to be avoided.

## 2. Applicability

This Policy and its requirements apply to all Covered Employees. Associated non-Employees must acknowledge to abide by this Policy.

Each Covered Employee is personally responsible for complying with the regulations affecting him. Compliance shall constantly monitor Covered Employees' compliance with this Policy. The monitoring shall cover all trading within the meaning of this Policy and securities accounts which are intended to be used to execute transactions in securities.

The contents of this Policy and any future updates or changes are published on Scope's website and are made available on Scope's intranet.

### Note:

For defined terms used in this Policy please see Scope Defined Terms Glossary that is available on Scope's intranet.

## 3. Principles

Covered Employee transactions may not be directed against client interests or against the Scope Ratings' own interests. In the event of conflicts of interest, the client's interests and those of Scope Ratings shall have priority. If necessary, Covered Employee transactions may be restricted. Covered Employees shall refrain from entering into transactions that give the appearance of impropriety or that may put the credibility of Scope Ratings or its Employees at issue.

Insofar as Covered Employees wish to undertake transactions for third parties outside of their employment responsibilities, they must inform such third parties of the possibility of trading restrictions and of duties of disclosure in this regard.

### Note:

Covered Employees shall trade only within their economic means. With regard to their number, scope, complexity and date of execution, Covered Employee transactions shall not be entered into in a way that interferes with the performance of the Covered Employee's duties under his employment contract.

### 3.1 General Prohibition Applicable to Covered Employees

#### • Prohibition Against Trading While In Possession of Material Non-Public Information

Notwithstanding any other provision of this Policy, Covered Employees and Family Members are prohibited from engaging in any Trade of a Security while in possession of Material Non-Public Information relating to the issuer of the Security or the Security itself or otherwise in violation of any applicable law, rule or regulation. This prohibition remains in effect until three business days after the information has been widely disseminated to the public.

Covered Employees and Family Members may not Trade any Security while in possession of Material Non-Public Information relating to that issuer or the Security. These prohibitions apply regardless of the source from which the Covered Employee or Family Member came into possession of Material Non-Public Information.

#### • Prohibition Against "Tipping"

It is illegal and a violation of this Policy for a person who is in possession of Material Non-Public Information about Scope Ratings or any other issuer to: (i) recommend that a third party trades in the issuer's Securities; or (ii) convey such Material Non-Public Information to a third party ("Tipping"). Tipping is prohibited regardless of whether or not the Covered Employee or Family Member who provides the tip receives any monetary or other benefit.



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### 3.2 Specific Restrictions regarding trading and ownership of securities of issuers

As a part of the rating process, issuers and other parties often share Material Non-Public Information with Scope Ratings Employees. In addition, any pending or upcoming Credit Rating Action of Scope Ratings is deemed to be Material Non-Public Information. Accordingly, in addition to legal restrictions that exist in many jurisdictions and the restrictions set forth in this Policy that are applicable to Covered Employees, restrictions exist on Trading and Ownership of Securities by Covered Employees and their Family Members in order to protect against any real or apparent conflicts of interest.

These limitations on Trading and Ownership are as follows:

#### I. Non-Public Information

Covered Employees and their Family Members are prohibited from Trading a Security if:

- they make the Trade while in possession of Material Non-Public Information relating to the Security or the Issuer of the Security; or
- the Trade is made while the Covered Employee or Family Member is in possession of Non-Public Information that is proprietary to Scope Ratings, regardless of whether or not the information is Material Information.
- Information relating to a potential Scope Ratings' rating action decision (including a decision not to take a rating action) is considered "proprietary" to Scope Ratings and is presumed to be Material Information for the purposes of this Policy.

#### II. Participation in Rating Actions

Covered Employees may not directly or indirectly participate in a Credit Rating Action (even if outside their Primary Area of Analytic Responsibility) if they or their Family Members Own any Security that could be affected by that rating action.

Direct or indirect participation in a Credit Rating Action includes, but is not limited to, serving as the Lead Analyst, serving as the back-up Analyst, serving on the rating committee, providing the approval to record and release a rating action, assisting in drafting the materials being considered by the rating committee or working with a rating team or Analyst on a model used in a specific rating action.

#### III. Primary Area of Analytic Responsibility

Although restrictions described in this chapter cover all Covered Employees and their Family Members, it is most directly applicable to Covered Employees who work on rating teams.

Covered Employees and their Family Members may not own or Trade any Security issued, guaranteed, or otherwise supported by an issuer within the Covered Employee's Primary Area of Analytic Responsibility.

- A Covered Employee's Primary Area of Analytic Responsibility is any issuer rated by the Covered Employee's team or any team that directly or indirectly reports to him/her. In addition, because the term "issuer" includes all corporate parents and majority-owned subsidiaries, Covered Employees and their Family Members may not own or Trade any Security issued, guaranteed or otherwise supported by the corporate parent or majority-owned subsidiary of an issuer that is rated by the Covered Employee's team.
- The Primary Area of Analytic Responsibility for Covered Employees not directly participating in rating actions includes those areas, teams and/or groups that they support. For example, a Covered Employee who is responsible for research coverage for the Corporate Finance Group or the Structured Finance Group has as his/her Primary Area of Analytic Responsibility all issuers and Securities rated by those 2 Groups.
- A manager's Primary Area of Analytic Responsibility includes those issuers and Securities that are also within the Primary Area of Analytic Responsibility of anyone he or she supervises or manages (directly or indirectly).

#### Example:

No Analyst or manager on the team that rates *Santander* may own or Trade any Security issued, guaranteed or otherwise supported by *Santander* or derived from *Santander* equity or fixed income securities, regardless of whether or not the Analyst or Manager has had any direct participation in the rating of *Santander*.

In addition, no Analyst or manager on that team may own or Trade Securities issued, guaranteed, derived from or otherwise supported by *General Electric* because it is the corporate parent of *Santander*.



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### Note:

If managers have questions about how to apply the restriction to Covered Employees or Family Members whose job functions support ratings teams (but who are not on ratings teams), they should consult with Compliance. In general, though, Covered Employees who support rating processes and are aligned with specific rating teams are required to abide by the restrictions applicable to the rating team or teams they support.

### IV. Restricted Lists

Employees within a Ratings Line of Business, and their Family Members, may not Own or Trade any Security on the Restricted List and on the Watch List.

Depending on their job responsibilities, other Covered Employees may not own or Trade any Security on the Restricted List and Watch Lists

### 4. Reporting and Trading Requirements

#### 4.1 Disclosure of Securities Accounts

Each Covered Employee is, at the request of Compliance, obliged to provide full disclosure of his securities accounts, the powers of attorney he holds, and any other powers of disposal he may have (e.g. legal power of disposal held by the parents of a minor or as the executor of a will).

### Note:

This disclosure includes the name of the financial institution, account number, the name of the account holder(s) and the type of account.

Compliance shall exercise its right to obtain information only if it has a justified interest in doing so. Such justified interest is deemed to exist particularly if there are indications that the employee may have violated statutory or supervisory regulations or internal policies.

For purposes of this Policy, there are three types of **Monitored Accounts**:

- **Direct Control Accounts:** a Trading or investment account where the account holder has full discretion/control over the account and can affect Trades in the account. This includes, but is not limited to, regular brokerage accounts or other financial services accounts, 401ks, IRAs, custodial and similar accounts. These accounts may be controlled directly by the account holder, or through direction provided by the account holder to a financial services provider or financial advisor.
- **Managed Self Directed Accounts:** an investment account where the account holder may choose the initial asset allocation but cannot direct any Trading activity after the initial investment. All Trading decisions and activities are performed by a third-party manager/advisor under a formal investment agreement.
- **Managed Fully Discretionary Accounts:** an investment account where the account holder has no control over the investments or trading activity in the account. The initial asset allocation and all Trading decisions and activities are performed by a third party manager/advisor under a formal investment agreement.

### Note: Changes to Employee Securities Account Status

Covered Employees must promptly notify Compliance by e-mail in any of the following circumstances:

- when they or a Family Member opens a new Monitored Account at a brokerage firm or other financial services firm that contains Reportable Securities or obtains a beneficial interest in, or the authority to trade in, an additional Monitored Account containing Reportable Securities; or
- When an existing Monitored Account is closed or materially changed (i.e.: a self directed monitored account is amended to provide a full discretionary mandate to the broker).

The Compliance Officer may require additional documentation regarding such accounts.

### Note: New Employees

New Covered Employees are given 45 Days to submit to the Compliance Officer a disclosure of their Securities accounts (as defined in this Policy). Managers are responsible for informing and assisting new joiners fulfilling obligations and requirements described in this Policy.

### 4.2 Disclosure of Securities Holdings and Trades

Each Covered Employee is, at the request of Compliance, obliged to complete an “**Employee Trading – Compliance Attestation**” during which Covered Employees have to disclose to Compliance:

- All transactions executed by the Covered Employee or his/her Family Members – during the reference period – via its own securities account or via a joint securities account or via a third party’s securities account using a power of attorney.
- All holdings in securities of the Covered Employee or his/her Family Members.

Covered Employees are further required to certify, at the request of Compliance, that they have been in compliance with PADP.

Compliance may further request that Covered Employees provide consent that their broker submits duplicate trade confirmations and/or brokerage account statements (“Zweitschriften”) to Compliance, or that the Covered Employee provides a copy of such trade confirmations and brokerage account statements to Compliance.

### 5. Self-Disclosure of Non-Compliance

Covered Employees may find that a change of circumstances creates a potential breach of this Policy.

For example, investments made prior restrictions coming into force or, a Covered Employee may be reassigned to a new rating team or, inheritance from a Family Member of Securities that are on a Restricted List(s) that applies to the Covered Employee’s Line of Business.

**In such circumstances**, Covered Employees must contact the Compliance Officer promptly in writing to address any such potential breaches of this Policy, **additionally** Covered Employees (and Covered Employees’ Family Member) are instructed to wait for Compliance instructions prior selling / buying any Security they believe may not be in compliance with this Policy.

### 6. Exemptions

**The following are not considered Employee Transactions within the meaning of this Policy and do not need to be reported during a Quarterly “Employee Trading – Compliance Attestation”:**

1. Transactions in the context of financial portfolio management (discretionary portfolio management) unless there was contact between the portfolio manager and the Covered Employee or the person on whose account he is acting before the transaction was concluded.
2. Transactions in investment fund units within the meaning of section 1 (1) of the German Capital Investment Code (Kapitalanlagegesetzbuch) unless the fund contains financial instruments of a single issuer of more than 20%.
3. Investments made under the German Capital Formation Act (VermBG) or other contractually agreed savings plans.
4. Transactions in financial instruments which map indices or baskets provided the share of an individual asset in the financial instrument does not exceed 20%.
5. Purchasing of Scope SE & Co. KGaA shares, within the scope of an employee participation program or an employee share based payment program.
6. Distribution of subscription rights and other pro rata distribution of financial instruments directly by the issuer (e.g. the allocation of bonus shares) as well as the sale of subscription rights at the last day of the time limitation.
7. Derivatives related to goods (for example, precious metals) freight rates, emission allowances, climatic or other physical variables, inflation rates or other economic variables or other assets within the meaning of section 2 (2) No. 2 of the German Securities Trading Act (WpHG).
8. Derivatives related to money market instruments, foreign exchange or interest rates within the meaning of section 2 (2) No. 1 of the German Securities Trading Act (WpHG).
9. Money market instruments.

In case of doubt, the Covered Employee must, before performing the transaction, clarify with Compliance whether one of the aforementioned exceptions applies to him.

**Additional Considerations: The following are exemptions from reporting and Trading requirements:**



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**Precious Metals:** Funds or ETFs solely holding physical precious metal bullion (i.e. gold, silver, and platinum). However, ETFs holding securities related to the precious metals industry are subject to the reporting Requirements and Trading restrictions for Covered Employees.

**Insurance Policies and Annuities:** Personal insurance policies, such as homeowners, life, auto, disability and individual annuity policies where there is no ability for the account holder to direct the investments or Trading within the annuity.

**Certificates of Deposit** when issued by governments, banks, credit unions, and savings and loans.

**Widely Diversified Mutual Funds**, this exemption applies to:

1. money market mutual funds;
2. widely diversified mutual funds;
3. widely diversified collective investment schemes;
4. exchange-traded funds that represent a diversified index or otherwise are not sector specific; or
5. Unit investment trusts.

**Property Ownership:** Neither the Trading restrictions nor the reporting requirements of the PADP apply to ownership in any housing co-op, property owners' association, nor similar not-for-profit association or corporation related to the ownership or enjoyment of a Covered Employee's home or neighbourhood.

**In case of doubt, the Covered Employee must, before performing the transaction, clarify with Compliance whether one of the aforementioned exceptions applies to him.**

## 7. Violation of Personal Account Dealings Policy

Covered Employees must immediately report violations or suspected violations of this Policy to Compliance.

Any action by Scope Ratings or by any Employee which violates, or might reasonably be expected to lead to or result in a violation of, the provisions set forth in this policy is strictly prohibited and can result in disciplinary action, up and including, termination of employment. Any potential infringements of these requirements will be investigated and reported to Senior Management to determine appropriate intervention.

Compliance along with Scope Ratings Management will be responsible for the implementation and the enforcement of this Policy.

If case of questions about this Policy or any doubt as to Covered Employees' obligations under this Policy, guidance should be sought from Compliance.

Persons who violate restrictions and prohibitions set forth in this Policy may be held personally responsible and face criminal penalties, civil penalties, and private damage awards.

Aside from such penalties, subject to applicable law, a Covered Employee who violates this Policy or who has a Family Member whose actions cause the Covered Employee to violate this Policy will be subject to disciplinary action by Scope Ratings, up to and including termination of employment.

This Policy are without prejudice to the legal requirements of the EU Market Abuse Regulation and in particular on the prohibition of insider trading, violating these prohibitions may result in criminal prosecution or civil penalties.

In such cases, Scope Ratings is obliged to notify a suspicion to the Supervisory Authority without delay.



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