



**Caribbean Information &
Credit Rating Services Limited**

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CariCRIS Conflicts of Interest Policy

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1. INTRODUCTION AND PURPOSE

CariCRIS is committed to issuing objective, independent, and timely credit rating opinions. When, in the course of its business operations, actual or potential conflicts of interest are identified, CariCRIS will, as far as possible, implement internal policies, procedures, and mechanisms to minimize situations that may compromise or appear to compromise the credibility or reliability of its credit ratings. CariCRIS has adopted this Policy to set forth a framework designed to:

- 1.1. Identify and eliminate, or manage and disclose, as appropriate, any actual or potential conflicts of interest.
- 1.2. Guard against any actual or potential conflicts of interest that may influence its credit rating actions, analysis, or judgment and ensure that Ratings are solely determined by factors relevant to the credit assessment.

2. DEFINITIONS

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

"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, security valuation, and other similar products and services.

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

"Commercial Activities" means negotiating, discussing, or arranging fees or payments or collecting fees or payments.



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“Confidential Information” means any data or information that is not generally publicly available, obtained during the course of its business activities and/or the property of CariCRIS, its affiliates, or any other company in which CariCRIS is a shareholder or has an interest. This includes confidential information received from a rated entity or its agents, material, non-public information obtained from any source, and private ratings and opinions issued by CariCRIS.

“Conflict of interest” means the appearance that the performance of analysts’ or Rating Committee (RC) members’ duties or professional judgment may be improperly influenced by competing responsibilities or interests.

Examples of actual or perceived conflicts that may arise for RC members, employees, and their immediate family include but are not limited to the following:

- a. Ownership of securities of a rated entity other than ownership held through diversified collective investment schemes
- b. Membership on the Board of Directors or senior management position held in a rated entity
- c. Close business ties/ dealings with an entity that is rated by CariCRIS
- d. Employment (within the last six months) with a rated entity
- e. Acceptance of any gift and/or other forms of benefit exceeding **TT\$500.00** in value from a rated entity that could reasonably appear to influence his/her independence.

“Immediate Family” means employee’s spouse, partner, dependent children, and any entity or trust, owned or controlled by any of these persons.

“Material interest” means equity interest that when aggregated for the RC member or employee and his immediate family member(s) represents more than 5% ownership interest in the entity concerned in the case of the RC member and 0.01% in the case of the employee.

“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 to the public or investor domain.

“Rating Committee” means a committee comprised of highly qualified and experienced individuals who are independent of the Board and Shareholders.

“Rated Entity” means (i) the issuer, obligor or guarantor with respect to any Security that is rated or in the process of being rated by CariCRIS, (ii) a sponsor, seller or seller/servicer, originator,



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underwriter or arranger with respect to a Security in a structured finance transaction that is rated by CariCRIS.

“Sales or Marketing Activities” means activities that relate to or are directed at increasing, improving, maintaining, obtaining, securing or defending the sales, revenues, marketing, or business development activities of CariCRIS including, without limitation, all efforts to solicit business from, or “pitch” products or services to, an issuer or prospective issuer, and any other efforts to sell or market the products or services of CariCRIS.



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3. GENERAL

CariCRIS is paid by entities, obligors, or issuers of securities to issue credit rating opinions about their creditworthiness. Because of the **nature of its business model**¹ conflicts of interest may arise. CariCRIS is dedicated to implementing the appropriate policies and procedures to maintain the integrity of the credit rating process and effectively manage all actual or potential conflicts.

Determination of Rating Fees

Rating fees are determined prior to the commencement of the rating exercise and are in no way linked to the rating assigned nor the success or failure of the proposed issue.

Separation of Analytical Process from Business Development

The determination of a credit rating should be influenced only by factors relevant to assessing the creditworthiness of the rated entity or obligation. The Ratings Team is prohibited from initiating, arranging, negotiating, or participating in discussions with rated entities, obligors, arrangers about fees, or commercial matters related to selling of any Ratings services. All such sales activities are conducted by the CEO and other Non-Analytical Personnel. This measure is implemented to minimize conflicts that may arise between assigning a rating and commercial considerations.

Rating Assignments

The analytical process is tailored to reduce individual bias that is likely to arise in the assignment of a rating. Each credit assessment is performed by a team. This assessment is then subject to multiple reviews before it is presented to the external Rating Committee, comprised of several highly qualified and experienced professionals from the Caribbean Region, who then assigns a final credit rating.

Employee Compensation

Employee compensation is structured to eliminate or effectively manage actual and potential conflicts of interest. Employees are not compensated or evaluated on the basis of the amount of revenue derived from an entity or obligor. Bonuses and other performance incentives are based purely on the analyst's performance during a particular period.

¹ *The 'issuer pays' model has been accepted globally as the most efficient and sustainable business model for rating agencies.*



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4. RATING COMMITTEE MEMBERS

The following procedures have been adopted to manage and disclose those conflicts that may arise at the RC level:

- 4.1 RC Members shall ensure that any professional engagements or assignments undertaken outside of their engagement with CariCRIS, or any of their material interests, do not pose a direct or perceived conflict with the issuance of credit ratings and other similar services provided by CariCRIS.
- 4.2 Members shall voluntarily declare their (and their immediate family's) material & fiduciary interests in entities or securities before joining CariCRIS' Rating Committee and agree to keep the same updated as and when such interests change.
- 4.3 In instances where a member is also a Director of, or has a material interest in an entity rated by CariCRIS, the member will be excluded from:
 - a. All deliberations relating to the assignment of a rating to the specific entity or issue.
 - b. The receipt of any documents distributed for consideration by the RC for the assignment of a rating.
- 4.4 Material interests shall be declared by Rating Committee members on an annual basis, either directly to a sub-committee of the Board of Directors, appointed for the purpose of monitoring and managing conflicts of interest, or directly to the CEO until such time that such a sub-committee is put in place. The CEO shall be responsible for bringing instances of conflict of interest at Rating Committee meetings to the notice of this sub-committee, once installed. Non-declaration / false declaration of material interest may result in the termination of engagement of the concerned Rating Committee member.
- 4.5 CariCRIS may also follow the practice of declaring the members' interest as well as abstention from the Rating Committee deliberations, while disseminating the ratings related to such entities, or follow such other policies as the organization may adopt from time to time.
- 4.6 CariCRIS will include a disclosure statement prominently in all Rating Reports circulated to the Rating Committee if conflicts arise.



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- a. If there are no conflicts, CariCRIS shall include in its rating report a statement that the members of its Rating Committee are not aware of any conflict of interest relating to the entity/issue being rated.
- b. CariCRIS will also document in the minutes to the RC meetings and its conflict of interest register, all conflict of interest disclosures, and make such information available to rated entities upon request.

5. ANALYSTS AND OTHER EMPLOYEES INDEPENDENCE

The following procedures have been adopted to maintain the independence and objectivity of CariCRIS' employees:

- 5.1 Employees should not acquire a material interest in any client or other entity that may create an actual or potential conflict with their duties unless approval is received from the Senior Manager, Ratings, or direct supervisor and then from the compliance department or designee. Analysts shall refrain from participating in the rating process if he or she:
 - a. Directly own securities or derivatives of a rated entity exceeding 0.01%, other than via diversified collective investment schemes (refer to the Securities Trading Policy) in which they have no investment-decision input;
 - b. Was recently (one year or less) employed by or had a significant business relationship with a rated entity, which could cause conflicts of interest;
 - c. Have immediate family who currently works for or has a significant business relationship with the rated entity.

- 5.2 Employees serving as a director, officer or consultant of a rated entity or a company in receipt of other services from CariCRIS will be considered as a CariCRIS representative. Employees should only accept such a position after receiving approval from the SMR, the CEO, and the compliance department or designated compliance person. If the employee in question is the SMR then that individual should only accept such a position after receiving approval from the Chief Executive Officer and then the compliance department or designated person. In the case of the Chief Executive Officer, that individual should only accept such a position after receiving approval from the Chairman of the Board of Directors and then the compliance department or designated person.



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- 5.3 Employees shall disclose personal relationships (including, for example, a personal relationship with an individual acting in the capacity of senior management or director of a rated entity, obligor, or originator, or the lead underwriter or arranger of a rated obligation) that create an actual or potential conflict of interest.
- 5.4 Employees and their Immediate Family must not give, solicit, accept, or receive any gifts that might reasonably be expected to create a conflict of interest with their employer's interests. Specifically, you may not accept:
 - a. Gifts, or entertainment regardless of its value, where it is believed that it is offered in an attempt to influence rating opinions;
 - b. Gifts in the form of cash or cash equivalents, such as gift vouchers or certificates;
 - c. Excessive or extravagant gifts or entertainment that exceeds local social or business custom. They may, however, participate in Business Entertainment provided they pay their own expenses and with approval from their manager.
- 5.5 Rating staff may accept incidentals provided in the context of a business interaction including meals, writing implements, stationary — limited to US \$25 (or the local equivalent) per person, per business interaction, per day.
- 5.6 In case of conflicts including any other potential conflicts not specified in this Policy, the analyst will disclose such conflicts to the SMR and/or his/her direct supervisor and will not be allowed to participate in any manner in the assignment of the credit rating for the entity being rated.
- 5.7 CariCRIS will conduct a review to determine whether a conflict of interest of the analytical personnel influenced a credit rating of a rated entity (future employer) if a Rating Analyst terminates his or her employment with CariCRIS and accepts employment with this entity. CariCRIS will take all required action, including revising a credit rating, if appropriate.