
Bulletin #: 11

File Maintenance And Recordkeeping Policy

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To: Fitch Analysts

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OBJECTIVE

The adoption of a standardized and centralized file maintenance, document storage and record retrieval system throughout Fitch Ratings ("Fitch").

OVERVIEW

This policy has been promulgated with four primary considerations:

- (1) the role our records play in supporting current credit decisions and historical context and content;
- (2) the continuity given analyst turnover and rotation;
- (3) the security, confidentiality and integrity of records, and;
- (4) access to files, storage and retrieval and handling/maintenance of material non-public information.

The legal and regulatory requirements in various jurisdictions provide the basis for retention periods established in this policy which are contained in the Appendices. With offices in over 30 countries, any Fitch office subject to jurisdictional requirements that are more restrictive in document retention than outlined in this policy will conform to the respective requirements. Such exceptions are to be reported to the Credit Compliance Group and the Legal Department.

Documents can exist either in traditional print or electronically, for example as a portable document format (pdf) file or in compact disc form (CDs do not have to be printed). CDs must be housed on-site (for a minimum of two years) or in approved off-site archives. If in electronic format, documents must be stored within our systems (network or shared drive). Increasingly, in addition to electronic mail, many financial documents and other records are transmitted to Fitch electronically. At the present time, such electronic documents, in order to meet the requirements of this policy, must be stored on the network or a shared drive with the records clearly identified and readily accessible. The location of electronic documents should be clearly noted where appropriate within the physical files.

SECTION 1 – COVERAGE AND SCOPE**1.1 Effective Date**

The effective date of this policy is May 10, 2004. From that date forward, all documentation and file management practices of all analytical groups, support groups and offices must conform to this policy.

1.2 Groups, Departments and Global Offices

This policy applies to all analytical groups, as well as appropriate Administrative, Business Development, Information Services/Media/Publishing and Financial groups, as outlined below. Any legal, regulatory or other jurisdictional requirement that is more stringent than those outlined in this policy will at all times prevail. The office head for any office in which legal, regulatory or jurisdictional requirements conflict with this policy will notify the Credit Compliance Group and the Legal Department of that office's plans to meet the file management and recordkeeping requirements in a manner suitable for their jurisdiction.

Within Fitch, issuer files and records are structurally divided and distinct and may exist within the analytical, administrative, business development and publishing/media groups. Furthermore, within Fitch, issuer records are contained in broad databases as they appear in the Information Services Group, which is responsible for the ratings database (ARCs) and also the purchased financial and pricing databases (SEC filings, Bank Call/Y9s, Reuters, GFI, etc.). The existence of records in these databases does not override the requirement that such documents need to reside in the analytical file of the issuer or issue series maintained by the primary analyst. Certain internal financial records prepared by Fitch's finance department are also covered by this policy. The groups and records covered by this policy are summarized below (a more detailed list of documents is included in the Appendices):

- **Analytical:** Documents, correspondence and supporting paperwork and notes evidencing analytical decisions;
- **Business Development/Administrative:** Documents and records evidencing commerce such as marketing, marketing calls, bills/invoices, contracts, engagement letters, etc.;
- **Publishing/Media:** Published research and rating action commentaries; subscriptions and licenses;
- **Rating Information Services;**
- **Rating Database and History;**
- **Accounting/Finance:** Financial statements and records at the corporate level.

1.3 Rating Assignments Covered

Rating assignments covered are to be considered comprehensive and inclusive of all active, withdrawn or terminated, paid-in-full and maintained ratings, as well as preliminary or prospective ratings or assessment engagements. Types of ratings include: International Long-Term and Short-Term Credit Ratings, Bank Individual and Support Ratings, specialist ratings including Servicer and Cash Flow Bond Ratings, Managed Fund Credit and Volatility Ratings, Insurer Financial Strength Ratings, Asset Management Ratings, CDO Asset Manager Ratings and National Ratings. Credit Assessments, Opinions and related engagements must conform to the rating standards as outlined elsewhere in this policy. Analytical queries and preliminary ratings work for prospective issuers are also covered. Credit assessments performed internally in conjunction with other rating engagements are subject to the documentation standards for that engagement.

There is no distinction in terms of file retention standards between ratings based on their status as public or private ratings nor based on their initiation or issuer direct participation status.

1.4 Definitions and Responsibilities

Documents, files, records, correspondence and supporting paperwork covered by this policy are enumerated in the Appendices of this policy under Documentation and Paperwork Retention Periods. For the purposes of this policy, a **Document** is considered a primary record of analytical significance, and **Paperwork** is considered a by-product of analytical research. For the purposes of this policy, analysts will be responsible for analytical file maintenance,

while the Publishing/Media, Business Development and Information Services groups will be responsible for research reports, invoices and rating history that may be applicable to a specific issuer. The primary and surveillance analysts will be responsible for maintaining a complete analytical record for issuers within their coverage list file. This policy addresses content and retention; however, maintenance of files themselves can be flexible and differ between groups (use of electronic storage, for example). Existing “short” files and “long” files are consistent with this policy. Files should be appropriately labeled with the issuer’s name, date(s) and/or time period and contents.

Certain items may be maintained centrally, including minute sheets and may be the responsibility of administrative staff. The back-up analyst may maintain a current surveillance file for easy reference, comprising documents and records within a one-year time period or between credit committee reviews. Group heads may also maintain a set of issuer files, subject to the maintenance requirements outlined in this policy. Other fractured files or personal files, except for business cards, are expressly forbidden. See Section 3 for permissible fractured files between groups.

In order to conform to this policy, a Document must exist in physical form (print or CD) within our files or housed in electronic form within our network (e-mail, shared drive, network, etc.). A Document that is retrievable from an issuer website, for example, does not comply with this policy, nor does a link to an outside website.

Meeting notes of analysts attending issuer meetings are to be centralized and maintained by the primary analyst in the issuer file. Meeting notes should be properly labeled with issuer’s name, meeting date, issuer management attendees, Fitch attendees with the author of such notes, clearly indicated.

This policy applies equally to public and non-public information. Analytical files should be maintained in a secure and controlled environment and each analyst in receipt of non-public information must take appropriate measures to safeguard its contents and prevent accidental disclosure internally or in a rating action commentary. See Section 7.

Widely available published articles sourced from the media (newspapers and magazines), “sell-side” fixed-income research, equity research and other publicly available materials may be maintained by other analysts on any issuer, without these materials being considered a Document for the purposes of this policy, and will not be considered part of the analytical record. Note, if a primary analyst considers such an article to hold analytical significance, then it becomes subject to this policy. Other analysts may also hold copies of the article, without it being subject to this policy.

SECTION 2 – DOCUMENT AND PAPERWORK RETENTION PERIODS

Fitch is in receipt of numerous documents and correspondence as part of its ordinary rating and analytical services. Such documents may be received directly from the issuer (financial, presentation/issuer handouts), its agents or through other channels, such as the media and other news channels, which include communications with the issuer as well as outside investors (see also Section 4 Telephone Logs). More frequently, issuers, as part of expense reduction programs, no longer routinely send financial reports such as annuals, but merely post them to their websites. Analysts will be responsible for retrieving these records. Fitch also creates important analytical documents, such as credit committee presentations and analytical records (for example, minute sheets).

2.1 Retention Periods

This policy establishes five distinct retention periods (see Appendices - Document and Paperwork Retention Periods):

- (1) permanent (Group 1 in the attached Appendices);
- (2) security maturity or redemption plus six years for transaction-specific documents (Group 2 in the attached Appendices);
- (3) six years for core surveillance documents such as financial records (Group 3 in the attached Appendices);
- (4) one-year or next credit review cycle (whichever is longer), for paperwork such as notes (Group 3 in the attached Appendices);
- (5) discard in the case of redundant documents/files (Group 4 in the attached Appendices).

In summary (see Appendices for details), transaction specific documentation, as part of the initiation of a specific rating, i.e. a 30-year debt issuance, a term securitization or a master trust or servicing agreement, will extend over

the life of the transaction plus six years, unless that transaction is preemptively called or redeemed in its entirety ahead of final maturity. For example, the prospectus on a 30-year security would be saved for 36 years. For master trusts, such documents will be considered permanent until expiration (legal final maturity) and then saved for six years. Fitch-generated documents such as credit committee presentations, minute sheets and rating letters are permanent and will be maintained accordingly. Any by-product of analytical work, including meeting notes and notes on issuer presentations, will be saved for the greater of one year or an analytical cycle encompassing a credit committee presentation.

2.2. Post-retention files or documents

Files or documents that have aged past their scheduled retention periods are considered obsolete and are to be disposed of in an appropriate manner.

SECTION 3 – FRACTURED, DUPLICATE AND REDUNDANT RECORDS AND FILES

3.1 Fractured Files

Fractured files occur for three principal reasons:

- (1) analytical, commercial and publishing files and records relating to an individual issuer are distinct and unique and maintained separately within Fitch;
- (2) geographic dispersion amongst analysts and credit committees and;
- (3) analytical coverages across groups such as a corporate with a captive finance company, a financial institution with securitized portfolios, etc.

3.2 Duplicate Files

Duplicate files occur for four reasons:

- (1) primary and backup analysts maintaining files;
- (2) analyst maintaining documents in hard copy while also storing the document in portable document format (pdf) in a shared drive or centralized electronic storage;
- (3) files maintained in different offices by analysts and credit committee members and;
- (4) files maintained by different groups with analytical coverage on the same issuer.

3.3 Treatment of fractured and duplicate files

The existence of fractured and duplicate files within a group or sector is expressly forbidden other than in the following cases. Duplicate or fractured files may exist where:

- (1) a file is maintained by a back-up analyst;
- (2) files are maintained between offices or between groups, when analysts in more than one office or group are making an active analytical contribution to the rating decision (e.g. a truly multinational issuer; or for issuer ratings which may entail distinct analytical coverage, such as an issuer with a National Rating and an International Rating);
- (3) in structured finance, surveillance responsibilities and coverage are typically distinct from those of the transaction (new deal), and their respective analysts will be maintaining appropriate records;

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- (4) group heads and team leaders with direct analytical reporting staff may maintain files on issuers within their portfolios to assist in their managerial and analytical roles, and frequent media commentary demands.

All such permitted fractured and duplicate files will conform to all other provisions of this policy.

An analyst attending a credit committee is otherwise not considered to have made a direct analytical input that requires or permits that analyst to maintain a file on that issuer.

3.4 Redundant Records and Files

Duplicate documents arising from issuers providing identical information in different formats (e-mail, fax and mail) are redundant. Other records which are of no true analytical significance will also be regarded as redundant. The following list contains approved redundant documents that need not be maintained as they are of no true analytical significance:

- dividend declaration notices;
- annual meeting notification;
- regulatory or other filings that are not analytical but are notifications or pertain to administrative matters;
- scheduling of conference calls;
- downloaded documents from a central electronic record file (document was reproduced to permit work at home, for example);
- information such as press releases, financials that are distributed electronically, and faxes and e-mails that result in multiple copies of the same document (just one is needed).

SECTION 4 – TELEPHONE LOGS

Depending upon your jurisdiction, communication with investors, the media and other constituents may be required to be centrally logged. In such cases, the logs will be considered part of the analytical records and files. This will be an automated tracking system requiring no specific follow-up on the part of analysts, other than the requirement that all calls be entered into an electronic log. In other instances, a manual log of such telephone calls should be maintained by the respective analysts.

Other notes from telephone conversations, such as those with an issuer (preview quarterly results, for example), will be considered Paperwork for purposes of this policy, and treated the same as meeting notes.

SECTION 5 – RESPONSIBILITIES

5.1 Analytical Records

As also noted in Section 1, the primary analyst will be responsible for obtaining and maintaining a comprehensive issuer file relative to the analytical component (this does not include billing, publishing, business development, etc., nor, for example, does it include a corporate analyst maintaining structured finance or surveillance components). Maintenance of this file may entail both electronic and physical components, with physical records housed in folders that clearly identify the issuer and its contents. Documents that are available electronically as portable document format (pdf) files may be stored in a shared drive or network with labeling and identification as to the issuer. Such files may have originated as e-mail communications, but still should be stored in the shared drive.

Certain analytical files and records relative to specific issuers, such as minute sheets, may be maintained by administrative groups outside of the analytical files.

5.2 Non-analytical Records

As outlined in this policy, relevant non-analytical documents and records covered by this policy will be the responsibility of the respective Business Development, Publishing/Media, Information Services and Accounting groups.

5.3 Notification of Legal, Regulatory or Jurisdictional Requirements affecting this Policy

As outlined in this policy, offices subject to jurisdictional requirements, which differ from those contained within this policy, will adhere to such requirements and notify the Credit Compliance Group and the Legal Department of the nature of such differences.

5.4 Credit Compliance Group

The Credit Compliance Group will monitor adherence to the policy.

SECTION 6 – INQUIRIES/REQUESTS/SUBPOENAS/LEGAL ACTIONS/ALLEGATIONS OF ISSUER MALFEASANCE OR IMPROPRIETIES

6.1 External request for records

All such communications and requests should be forwarded to the Legal Department for processing with notification to the Credit Compliance Group. Upon becoming aware of any subpoena, formal inquiry, request of any government authority or the existence of any legal or regulatory action that involves Fitch, its employees or records, **ALL** records, documents and other information (including redundant information, fractured files and files subsequently created or generated) are to be retained. Within this context, following such subpoena, formal inquiries or requests of any government authority, subsequent communications between analysts and in-house or external counsel, as well as documents created by, for, or in cooperation with Fitch’s in-house counsel or external counsel, are to be labeled “privileged” and kept in segregated files.

6.2 Allegations of issuer malfeasance or improprieties

Correspondence or other communications alleging improprieties by an issuer, or individuals associated with an issuer, should immediately be forwarded to the Legal Department and such correspondence will become a document as per this policy.

SECTION 7 – SECURITY, CONFIDENTIALITY, DISPOSITION AND ACCESS

7.1 Access to physical files

Physical files will be maintained in a manner that prevents unauthorized individuals from gaining access to their contents. Such routine precautions will entail locking central files and restricting their access to the respective and appropriate analysts and administrative staff. Issuer records that are actively being used in analytical research should be maintained in a secure manner “overnight” to prevent unauthorized access. Certain non-public information that is particularly sensitive (for example, a pending acquisition), should be marked as “price sensitive” maintained in a “secure” environment and analysts should not discuss such details in open areas of the workplace, elevators, or public areas.

7.2 Access to electronic files

Network and electronic files and records should be maintained in limited access drives or other group approved methods. Documents will be entered in a portable document format (pdf) or “read only” format to protect from alteration.

7.3 **Obsolete and redundant files**

Following the expiration of a file, document, or paperwork retention period, that particular record is considered obsolete. Obsolete and redundant files, documents, and paperwork are to be removed from the analytical records at a time that is typical in an analyst's normal regimen, typically annually on a calendar basis or regular analytical cycle. Obsolete materials may be disposed of in accordance with existing practices.

The Credit Policy Group, Credit Compliance Group and Legal Department may have access to all such files and records.

Appendix 1 – Document and Paperwork Retention Periods For Analytical Groups

The following lists reflect common file content but should not be considered exhaustive. Any questions should be referred to the Credit Compliance Group.

GROUP 1 – PERMANENT RECORDS

In all rating assignments, certain files, records and documents are considered permanent and include:

- credit committee presentations (text and attachments, score sheets, information on issuer background, e.g. Lexis/Nexis)
- rating letters communicating to the issuer or arranger the rating(s) assigned, signed by a Fitch employee;
- minute sheets.

GROUP 2 – TRANSACTION LIFE RECORDS

Documents pertaining to a transaction or a specific debt instrument (loan facility, bond, debenture, etc.) are to be maintained through the maturity or redemption of that instrument plus six years¹, and would typically include the below documents (including updates and revisions):

- prospectus, offering circular, official statements or similar document;
- term sheet;
- indenture;
- loan agreement;
- legal opinions;
- option exercise;
- stand-by bond purchase and liquidity agreements;
- swap agreements and supplemental information (termination matrices);
- other transaction/closing documentation;
- collateral/intercreditor agreements;
- back-up documents (appraisals, reserve studies, engineering or feasibility consultant reports, environmental reports or studies, etc.) where such documents are relevant);
- bond insurance policies;
- organization documents of the special-purpose entity;
- mortgages/deeds of trust;
- credit support agreements;
- legal opinions;
- resolutions;
- collateral/intercreditor agreements;
- bond insurance policies;
- presentations made by sponsors, issuers or arrangers;

and additionally within Structured Finance:

- sales agreements;
- pooling and servicing agreements;
- third party servicing agreements;
- financial/cash flow modeling scenarios (including Fitch-generated).

¹ For example, a prospectus on a bond instrument with a two-year maturity would be saved for eight years, and a prospectus on a bond instrument with a 30-year maturity would be saved for 36 years (absent an early redemption of either instrument).

GROUP 3 – MAINTENANCE AND SURVEILLANCE RECORDS

Category A

Documents Publicly Available – Financial

Six Years Rolling

annual reports
 quarterly reports
 filings with securities overseer (10K 10Q, 8k)
 bank regulatory reports
 insurance/securities regulatory reports
 proxy statements
 financial reports filed by the issuer
 additional performance data filed by the issuer

Sovereign unique financial data may include:

payments, national accounts, tax and non-tax revenues, trade data, tax revenues, IMF reports, public debt and auction results

Category B

Documents Non-public Fitch-Generated/Issuer-Supplied

Six Years Rolling

requests for analytical information from issuer
 responses by the issuer to information requests
 budgets/forecasts
 additional non-public performance data provided by the issuer or servicer

Category C

Correspondence and Communication

Six Years Rolling

meeting confirmations
 agendas/schedules
 other written letters
 e-mails
 request lists
 investor inquiries

Category D

Paperwork

One Year or Analytical Cycle Whichever Longer

Meeting notes
 notes on issuer presentations
 notes in annual reports

GROUP 4 – REDUNDANT

Documents and communications of no particular analytical significance:

- duplicates and fractured files of analysts within the same group;
- multiple transmission (postal, fax e-mail);
- dividend notices, shareholder/analyst meeting notifications;
- interim drafts of research or communications;
- research edits from publishing;
- travel itinerary, changes in meeting times/dates, location;
- drawdown documentation for rated programs (MTNs, Bank Note, Deposit Note etc.) - program documentation is required, however.

Appendix 2 – Business Development/Administrative Groups

Fitch’s business development, marketing, finance and accounting departments have periodic contact with issuers that generate and produce an assortment of documents and records. Such records are considered permanent and may include among others:

- engagement letters;
- rating proposals;
- invoices;
- letter requesting the rating (the only special document for a “new issuer” rating);
- letter requesting withdrawal of the rating.

Other correspondence and communications will be maintained for a period of six years from the date of receipt by Fitch.

Appendix 3 – Rating Information Services/Publishing/Media

The ratings database is permanent. Rating Action Commentaries, ratings lists, Presale reports or New Issue reports, subscription research, published criteria and commentaries and related materials are considered permanent. Licenses, subscription agreements and contracts have specific terms and are to be saved for a subsequent six-year period.

Appendix 4 – Fitch Corporate Financial Records

Corporate financial records, including audited financial statements (balance sheet, income statement, cash flows, etc.), are considered permanent.

