

## Compensation Arrangements

*The document herewith is prepared in accordance with the requirements in Paragraph 2.6 of the Code of Professional Conduct of BCRA – CREDIT RATING AGENCY AD (BCRA)<sup>1</sup> and Art. 11 (1) of Regulation (EC) N<sup>o</sup> 1060/200 with regard to point 4, Part I, Section E, Annex I of the Regulation.*

- BCRA usually receives compensation from its clients for rating services. The only exception is the assignment and issuance of the unsolicited ratings for which BCRA does not receive compensation due to the lack of a client<sup>2</sup>.
- The clients of rating services have so far been the rated entities themselves, issuers of the rated issues, or third parties related to them.
- The remuneration for each separate rating is negotiated in written with the issuer before launching the rating process. The amount of the compensation depends on the type of credit ratings in accordance with the pricing policies and procedures adopted by BCRA. These policies and procedures guarantee the objectivity of the rating process and independence of the assigned rating with the aim of avoiding conflicts of interests with the client. The persons occupied in the rating process do not participate in the process of negotiations for compensation.
- The compensation of BCRA's analysts is not based on the remuneration which BCRA receives from the client or its authorized agents. It is forbidden for employees involved in the rating process to receive money and gifts from the issuer or his agents and to accept favors, except those normally extended during an on-site visit.
- BCRA publishes in the Transparency report for a given year the names of the clients from whom the revenues received over the year exceeded 5% of the agency's net revenues from operating activities.
- When providing ancillary services, the amount of the compensation depends on the type of services and is negotiated with the client according to the pricing policies and procedures adopted by BCRA.
- If a client of rating services has received ancillary services during the last two years, it is so stated in the public resume for the assigned credit rating to the client.
- BCRA does not receive compensation from subscription or license services at its own website due to a lack of such services presently.

---

<sup>1</sup> Published on the website of BCRA. Please, click here: [http://www.bcra-bg.com/files/file\\_308.pdf](http://www.bcra-bg.com/files/file_308.pdf)

<sup>2</sup> BCRA Policy on Unsolicited Credit Ratings and Unsolicited Sovereign Ratings within the European Union ([http://www.bcra-bg.com/files/file\\_328.pdf](http://www.bcra-bg.com/files/file_328.pdf))