# modefinance

## Inventory of Conflicts of Interest

### 1. Controls as of Policies and Procedures on Conflicts of Interest

**Test** Result

a) modefinance, rating analysts, employees of modefinance who is directly involved in rating activities directly or indirectly own financial instruments of the rated entity or a related third party or has any other direct or indirect ownership interest in that entity or party, other than holdings in diversified collective investment schemes, including managed funds such as pension funds or life insurance

Potential conflicts were detected with 18 entities as modefinance as well as any other person at the service of persons who are closely associated to some rating analysts own financial instruments of those entities. Those entities will not be rated.

aa) a shareholder or member of modefinance holding 5% Potential conflicts were detected with 87 entities: entities or more of either the capital or the voting rights of modefinance or being otherwise in a position to exercise shareholders (direct or indirect). This section is extended significant influence on the business activities of modefinance, holds 5% or more of either the capital or the voting rights of the rated entity or of a related third party, or of any other ownership interest in that rated entity or third party, excluding holdings in diversified collective investment schemes and managed funds such as pension funds or life insurance, which do not put him in a position to exercise significant influence on the business activities of the scheme

whose capital is relevantly held by modefinance S.r.l. to cases which would require only a disclosure according to Regulation (Point 4 section a) and to cases regarding indirect shareholders (Point 5). All entities included here will not be rated.

or a related third party directly or indirectly linked to modefinance by control

b) the credit rating is issued with respect to a rated entity Potential conflicts were detected with 10 entities: direct or indirect linked to modefinance S.r.l. by control. Those entities will not be rated.

ba) the credit rating is issued with respect to a rated either the capital or the voting rights of modefinance

Potential conflicts were detected with 11 entities: direct or entity or a related third party which holds 10% or more of indirect relevant shareholders of modefinance S.r.l. Those entities will not be rated.

c) rating analysts, employees of modefinance as well as any other person at the service of modefinance who is directly involved in rating activities is a member of the

Potential conflicts were detected with 6 entities as a rating analyst is a member of the supervisory board of such entities. Those entities will not be rated.

# modefinance

Test Result

administrative or supervisory board of the rated entity or a related third party

or more of either the capital or the voting rights of modefinance or being otherwise in a position to exercise a shareholder or member of modefinance holding 5% or significant influence on the business activities of modefinance, is a member of the administrative or supervisory board of the rated entity or a related third party

ca) a shareholder or member of modefinance holding 5% Potential conflicts were detected with 2 entities: entities who have in their own administrative or supervisory board more of either the capital or the voting rights of modefinance or being otherwise in a position to exercise significant influence on the business activities of modefinance. This section is extended to cases which would require only a disclosure according to Regulation (Point 4 section b) and to cases regarding indirect shareholders (Point 5). All entities included here will not be rated.

d) a rating analyst who participated in determining a credit rating, or a person who approved a credit rating, has had a relationship with the rated entity or a related third party which may cause a conflict of interests

Potential conflicts were detected with 6 entities as rating analysts had recent close relationships with such entities. Those entities will not be rated.

e) tests aa), ba) and ca) extended to: (a) indirect shareholders covered by Article 10 of Directive **2004/109/EC; and (b) companies that control or exercise** a dominant influence directly or indirectly on modefinance. a dominant influence, directly or indirectly, on modefinance, and which are covered by Article 10 of Directive 2004/109/EC

Conflicts related to indirect shareholders are included in respective points. *No other company controls or exercises* 

f) modefinance providing consultancy or advisory services to any rated entity or related third parties regarding corporate or legal structure, assets, liabilities or activities of that rated entity or related third party

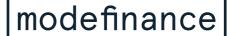
No actual nor potential conflicts were detected.

g) a relevant shareholder of modefinance providing consultancy or advisory services to any rated entity or related third parties regarding corporate or legal structure, assets, liabilities or activities of that rated entity or related third party

No actual nor potential conflicts were detected. modefinance uses its own best efforts to communicate with direct and indirect shareholders and avoid issuance of credit ratings in such cases.

h) the rated entity or a related third party is a buyer of of total turnover in the past 12 months

Potential conflicts were detected with 9 entities: buyers of other services provided by modefinance for 1.5% or more other services provided by modefinance for 1.5% or more of the total revenue in the previous 12 months. All entities



Test Result

above 3% will not be rated, while entities 1.5% might be rated only after an internal review of the conflict.

### 2. Further controls as of Policies and Procedures on Staffing

Test	Result
a) rating analysts, employees of modefinance as well as any other person at the service of modefinance who is directly involved in rating activities soliciting or accepting money, gifts, favors	Potential conflicts were detected with <b>5</b> entities as one rating analyst had recent close relationships with such entities. <i>Those entities will not be rated.</i>
b) an analyst terminating his or her employment and joining a rated entity	No actual nor potential conflicts were detected.
c) employees or members involved in internal controls having potential or actual conflicts of interest	Potential conflicts were detected with <b>3</b> entities as one member involved in Internal controls had recent close relationships with such entities. <i>modefinance adopts adhoc measures to manage such conflicts</i> .



### 3. Summary

A total of **157** potential conflicts of interests were identified, most of which will be avoided or eliminated by not rating the entity involved, or by withdrawing an existing rating:

- 110 potential conflicts are related to modefinance ownership structure.
- 38 potential conflicts are related to single analysts or other employees.
- 9 potential conflicts are related to clients of modefinance ancillary services which generated a relevant share of turnover in the last 12 months.

modefinance has all the necessary procedures and internal controls in order to avoid that a rating process may start for any such entity.

modefinance has put in place adequate internal control mechanisms on the collection of information reported in the present inventory of conflicts as well.