

## FORM NRSRO

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# APPLICATION FOR REGISTRATION AS A NATIONALLY RECOGNIZED STATISTICAL RATING ORGANIZATION (NRSRO)

SEC 1541 (1-15)

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**APPLICATION FOR REGISTRATION AS A  
NATIONALLY RECOGNIZED  
STATISTICAL RATING ORGANIZATION (NRSRO)**

- |   |   |
|---|---|
| <input type="checkbox"/> INITIAL APPLICATION  | <input checked="" type="checkbox"/> ANNUAL CERTIFICATION  |
| <input type="checkbox"/> APPLICATION TO ADD CLASS<br>OF CREDIT RATINGS                          | <input type="checkbox"/> UPDATE OF REGISTRATION<br>Items and/or Exhibits Amended:<br><u>Item 9, Exhibit 1,2,3,4,5,6,7,8 and 9</u> |
| <input type="checkbox"/> APPLICATION SUPPLEMENT<br>Items and/or Exhibits Supplemented:<br>_____ | <input type="checkbox"/> WITHDRAWAL FROM REGISTRATION   |

**Important: Refer to Form NRSRO Instructions for General Instructions, Item-by-Item Instructions, an Explanation of Terms, and the Disclosure Reporting Page (NRSRO). “You” and “your” mean the person filing or furnishing, as applicable, this Form NRSRO. “Applicant” and “NRSRO” mean the person filing or furnishing, as applicable, this Form NRSRO and any credit rating affiliate identified in Item 3.**

1. A. Your full name:

HR Ratings de Mexico, S.A. de C.V.

B. (i) Name under which your credit rating business is primarily conducted, if different from Item 1A:  
HR Ratings

(ii) Any other name under which your credit rating business is conducted and where it is used (other than the name of a credit rating affiliate identified in Item 3):

N/A

C. Address of your principal office (do not use a P.O. Box):

Av. Prol.Paseo de la Reforma 1015 Torre A piso 3 Col. Santa Fe	Mexico	City	01210
(Number and Street)	(City)	(State/Country)	(Zip/Postal Code)

D. Mailing address, if different:

N/A

E. Contact person (See Instructions):

Rafael Colado Ibarreche	Acting Head Compliance Officer
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(Name and Title)			
Av. Prol.Paseo de la Reforma 1015 Torre A piso 3 Col. Santa Fe	Mexico	City	01210
(Number and Street)	(City)	(State/Country)	(Zip/Postal Code)

**CERTIFICATION:**

The undersigned has executed this Form NRSRO on behalf of, and on the authority of, the Applicant/NRSRO. The undersigned, on behalf of the Applicant/NRSRO, represents that the information and statements contained in this Form, including Exhibits and attachments, all of which are part of this Form, are accurate in all significant respects. If

this is an ANNUAL CERTIFICATION, the undersigned, on behalf of the NRSRO, represents that the NRSRO's application on Form NRSRO, as amended, is accurate in all significant respects.

9/9/2019

(Date)

HR Ratings de Mexico, S.A. de C.V.

(Name of the Applicant/NRSRO)

By: /s/ José Fernando Montes de Oca Gatica José Fernando Montes de Oca Gatica, Chief Executive Officer  
(Signature) (Print Name and Title)

2. A. Your legal status:

☒ Corporation ☐ Limited Liability Company ☐ Partnership ☐ Other (specify) \_\_\_\_\_

B. Month and day of your fiscal year end: 12/31

C. Place and date of your formation (i.e., state or country where you were incorporated, where your partnership agreement was filed, or where you otherwise were formed):

State/Country of formation: Mexico Date of formation: 6/22/07

3. Your credit rating affiliates (See Instructions):

HR Ratings, LLC

United States, One World Trade Center, Suite 8500, New York, New York, Zip Code 10007, tel +1(212)2205735

(Name) (Address)

(Name) (Address)

(Name) (Address)

(Name) (Address)

(Name) (Address)

4. The designated compliance officer of the Applicant/NRSRO (See Instructions):

Rafael Colado Ibarreche Acting Head Compliance Officer

(Name and Title)

Av. Prol. Paseo de la Reforma 1015 Mexico City 01210  
Torre A piso 3 Col. Santa Fe  
(Number and Street) (City) (State/Country) (Postal Code)

5. Describe in detail how this Form NRSRO and Exhibits 1 through 9 to this Form NRSRO will be made publicly and freely available on an easily accessible portion of the corporate Internet website of the Applicant/NRSRO (See Instructions):

Form NRSRO and Exhibits 1 through 9 will be made publicly and freely available at <http://www.hrratings.com/en/formnrsro>

6. COMPLETE ITEM 6 ONLY IF THIS IS AN INITIAL APPLICATION, APPLICATION SUPPLEMENT, OR APPLICATION TO ADD A CLASS OF CREDIT RATINGS.

- A. Indicate below the classes of credit ratings for which the Applicant/NRSRO is applying to be registered. For each class, indicate the approximate number of obligors, securities, and money market instruments in that class as of the date of this application for which the Applicant/NRSRO has an outstanding credit rating and the approximate date the Applicant/NRSRO began issuing credit ratings as a "credit rating agency" in that class on a continuous basis through the present (See Instructions):

Class of credit ratings	Applying for registration	Approximate number currently outstanding	Approximate date issuance commenced
<b>financial institutions as that term is defined in section 3(a)(46) of the Exchange Act (15 U.S.C. 78c(a)(46)), brokers as that term is defined in section 3(a)(4) of the Exchange Act (15 U.S.C. 78c(a)(4)), and dealers as that term is defined in section 3(a)(5) of the Exchange Act (15 U.S.C. 78c(a)(5))</b>	<input type="checkbox"/>		
<b>insurance companies as that term is defined in section 3(a)(19) of the Exchange Act (15 U.S.C. 78c(a)(19))</b>	<input type="checkbox"/>		
<b>corporate issuers</b>	<input type="checkbox"/>		
<b>issuers of asset-backed securities as that term is defined in 17 CFR 229.1101(c)</b>	<input type="checkbox"/>		
<b>issuers of government securities as that term is defined in section 3(a)(42) of the Exchange Act (15 U.S.C. 78c(a)(42)), municipal securities as that term is defined in section 3(a)(29) of the Exchange Act (15 U.S.C. 78c(a)(29)), and foreign government securities</b>	<input type="checkbox"/>		

- B.** Briefly describe how the Applicant/NRSRO makes the credit ratings in the classes indicated in Item 6A readily accessible for free or for a reasonable fee (See Instructions):

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- C.** Check the applicable box and attach certifications from qualified institutional buyers, if required (See Instructions):

- ☐ The Applicant/NRSRO is attaching \_\_\_\_\_certifications from qualified institutional buyers to this application. Each is marked "Certification from Qualified Institutional Buyer."
- ☐ The Applicant/NRSRO is exempt from the requirement to file certifications from qualified institutional buyers pursuant to section 15E(a)(1)(D) of the Exchange Act.

**Note:** You are not required to make a Certification from a Qualified Institutional Buyer filed with this Form NRSRO publicly available on your corporate Internet website pursuant to Exchange Act Rule 17g-1(i). You may request that the Commission keep these certifications confidential by marking each page "Confidential Treatment" and complying with Commission rules governing confidential treatment. The Commission will keep the certifications confidential upon request to the extent permitted by law.

**7. DO NOT COMPLETE ITEM 7 IF THIS IS AN INITIAL APPLICATION.**

- A.** Indicate below the classes of credit ratings for which the NRSRO is currently registered. For each class, indicate the approximate number of obligors, securities, and money market instruments in that class for which the NRSRO had an outstanding credit rating as of the most recent calendar year end and the approximate date the NRSRO began issuing credit ratings as a "credit rating agency" in that class on a continuous basis through the present (See Instructions):

Class of credit rating	Currently registered	Approximate number outstanding as of the most recent calendar year end	Approximate date issuance commenced
<b>financial institutions as that term is defined in section 3(a)(46) of the Exchange Act (15 U.S.C. 78c(a)(46)), brokers as that term is defined in section 3(a)(4) of the Exchange Act (15 U.S.C. 78c(a)(4)), and dealers as that term is defined in section 3(a)(5) of the Exchange Act (15 U.S.C. 78c(a)(5))</b>	<input checked="" type="checkbox"/>	604	2009
<b>insurance companies as that term is defined in section 3(a)(19) of the Exchange Act (15 U.S.C. 78c(a)(19))</b>	<input type="checkbox"/>		
<b>corporate issuers</b>	<input checked="" type="checkbox"/>	278	2010
<b>issuers of asset-backed securities as that term is defined in 17 CFR 229.1101(c)</b>	<input type="checkbox"/>		
<b>issuers of government securities as that term is defined in section 3(a)(42) of the Act (15 U.S.C. 78c(a)(42)), municipal securities as that term is defined in section 3(a)(29) of the Exchange Act (15 U.S.C. 78c(a)(29)), and foreign government securities</b>	<input checked="" type="checkbox"/>	361	2008

- B.** Briefly describe how the NRSRO makes the credit ratings in the classes indicated in Item 7A readily accessible for free or for a reasonable fee (See Instructions):

Credit ratings in the classes indicated in item 7A are readily accessible for free at  
<http://www.hrratings.com>

**8.** Answer each question. Provide information that relates to a "Yes" answer on a Disclosure Reporting Page (NRSRO) and submit the Disclosure Reporting Page with this Form NRSRO (See Instructions). You are not required to make any disclosure reporting pages submitted with this Form publicly available on your corporate Internet website pursuant to Exchange Act Rule 17g-1(i). You may request that the Commission keep any disclosure reporting pages confidential by marking each page "Confidential Treatment" and complying with Commission rules governing confidential treatment. The Commission will keep the disclosure reporting pages confidential upon request to the extent permitted by law.

	YES	NO
<b>A.</b> Has the Applicant/NRSRO or any person within the Applicant/NRSRO committed or omitted any act, or been subject to an order or finding, enumerated in subparagraphs (A), (D), (E), (G), or (H) of section 15(b)(4) of the Securities Exchange Act of 1934, been convicted of any offense specified in section 15(b)(4)(B) of the Securities Exchange Act of 1934, or been enjoined from any action, conduct, or practice specified in section 15(b)(4)(C) of the Securities Exchange Act of 1934 in the ten years preceding the date of the initial application of the Applicant/NRSRO for registration as an NRSRO or at any time thereafter?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>B.</b> Has the Applicant/NRSRO or any person within the Applicant/NRSRO been convicted of any crime that is punishable by imprisonment for 1 or more years, and that is not described in section 15(b)(4) of the Securities Exchange Act of 1934, or been convicted of a substantially equivalent crime by a foreign court of competent jurisdiction in the ten years preceding the date of the initial application of the Applicant/NRSRO for registration as an NRSRO or at any time thereafter?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>C.</b> Is any person within the Applicant/NRSRO subject to any order of the Commission barring or suspending the right of the person to be associated with an NRSRO?	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**9. Exhibits** (See Instructions).

<p><b>Exhibit 1.</b> Credit ratings performance measurement statistics.</p> <p><input checked="" type="checkbox"/> Exhibit 1 is attached and made a part of this Form NRSRO.</p>
<p><b>Exhibit 2.</b> A description of the procedures and methodologies used in determining credit ratings.</p> <p><input checked="" type="checkbox"/> Exhibit 2 is attached and made a part of Form NRSRO.</p>
<p><b>Exhibit 3.</b> Policies or procedures adopted and implemented to prevent the misuse of material, nonpublic information.</p> <p><input checked="" type="checkbox"/> Exhibit 3 is attached and made a part of this Form NRSRO.</p>
<p><b>Exhibit 4.</b> Organizational structure.</p> <p><input checked="" type="checkbox"/> Exhibit 4 is attached to and made a part of this Form NRSRO.</p>
<p><b>Exhibit 5.</b> The code of ethics or a statement of the reasons why a code of ethics is not in effect.</p> <p><input checked="" type="checkbox"/> Exhibit 5 is attached to and made a part of this Form NRSRO.</p>
<p><b>Exhibit 6.</b> Identification of conflicts of interests relating to the issuance of credit ratings.</p> <p><input checked="" type="checkbox"/> Exhibit 6 is attached to and made a part of this Form NRSRO.</p>
<p><b>Exhibit 7.</b> Policies and procedures to address and manage conflicts of interest.</p> <p><input checked="" type="checkbox"/> Exhibit 7 is attached to and made a part of this Form NRSRO.</p>

**Exhibit 8.** Certain information regarding the credit rating agency's credit analysts and credit analyst supervisors.

☒ Exhibit 8 is attached to and made a part of this Form NRSRO.

**Exhibit 9.** Certain information regarding the credit rating agency's designated compliance officer.

☒ Exhibit 9 is attached to and made a part of this Form NRSRO.

**Exhibit 10.** A list of the largest users of credit rating services by the amount of net revenue earned from the user during the fiscal year ending immediately before the date of the initial application.

☐ Exhibit 10 is attached to and made a part of this Form NRSRO.

**Note: You are not required to make this Exhibit publicly available on your corporate Internet website pursuant to Exchange Act Rule 17g-1(i). You may request that the Commission keep this Exhibit confidential by marking each page "Confidential Treatment" and complying with Commission rules governing confidential treatment. The Commission will keep the information and documents in the Exhibit confidential upon request to the extent permitted by law.**

**Exhibit 11.** Audited financial statements for each of the three fiscal or calendar years ending immediately before the date of the initial application.

☐ Exhibit 11 is attached to and made a part of this Form NRSRO.

**Note: You are not required to make this Exhibit publicly available on your corporate Internet website pursuant to Exchange Act Rule 17g-1(i). You may request that the Commission keep this Exhibit confidential by marking each page "Confidential Treatment" and complying with Commission rules governing confidential treatment. The Commission will keep the information and documents in the Exhibit confidential upon request to the extent permitted by law.**

**Exhibit 12.** Information regarding revenues for the fiscal or calendar year ending immediately before the date of the initial application.

☐ Exhibit 12 is attached to and made a part of this Form NRSRO.

**Note: You are not required to make this Exhibit publicly available on your corporate Internet website pursuant to Exchange Act Rule 17g-1(i). You may request that the Commission keep this Exhibit confidential by marking each page "Confidential Treatment" and complying with Commission rules governing confidential treatment. The Commission will keep the information and documents in the Exhibit confidential upon request to the extent permitted by law.**

**Exhibit 13.** The total and median annual compensation of credit analysts.

☐ Exhibit 13 is attached and made a part of this Form NRSRO.

**Note: You are not required to make this Exhibit publicly available on your corporate Internet website pursuant to Exchange Act Rule 17g-1(i). You may request that the Commission keep this Exhibit confidential by marking each page "Confidential Treatment" and complying with Commission rules governing confidential treatment. The Commission will keep the information and documents in the Exhibit confidential upon request to the extent permitted by law.**

**List of Material changes to the application for registration as an NRSRO that occurred during 2018**

**I. Methodologies and procedures used in determining credit ratings (Exhibit 2)**

The procedure for determining credit ratings, contained in exhibit 2, was updated to reflect the amendments made to the Code of Conduct and the General Operations Plan of December 2018, the main :

- The Operations Manual merge with the General Operations Plan with the purpose of having one document that contains all the internal process of HR and the functions of the departments and committees of the Company.
- The position of Chief Operating Officer no longer exists in the internal structure of HR Ratings, instead there is an Operations Department and the functions and responsibilities of such Department were reviewed and added to the General Operations Plan and the Internal Control Manual. The Operations Departments has relevant functions in the rating process of HR Ratings.
- The functions, organization and operations of the Analysis Committee were included as part of the section corresponding to such Committee instead of an appendix.
- The Withdrawal Committee was eliminated because the Analysis Committee already asses and report about the withdraw of a rating.
- In the process of publication and dissemination of ratings the information related to the new Institutional Stock Exchange was included.
- The rating process now includes a validation and verification process for the information contained in the 17g-7 Form before the publication.

**II. Description of changes in senior management (Exhibit 4).**

During 2018, the following changes in senior management positions were made:

1. On June 20, 2018, the Board of Directors ratified the following:
  - a. Pedro Latapí Angelini as Deputy Chief Credit Officer.



2. On October 10, 2018, the Board of Directors approved the following changes:
  - a. Luis Quintero Letayf resigned on July 31, 2018, who at the time held the position of Executive Director Corporates.
  - b. Álvaro Rangel Medina resigned on August 8<sup>th</sup>, 2018 who at the time was holding the position of Chief Operating Officer.

### **III. Material changes to Exhibit 5 (Code of Conduct)**

During 2018, the Code of Conduct was amended to include, among others, the following policies:

- Some appendixes of the Code of Conduct were eliminated and were included in the General Operations Plan.
- The Look Back Review Process was modified in order to comply with the Rule 15E(h)(4)(A) of the Securities Exchange Act according with the SEC observations.
- Exhibit 3 regarding the map for the look back review process was modified for clarification.

Additionally, some modifications were made to internal regulation of HR Ratings such as a general review of all the internal regulation in order to standardize definitions and concepts among all documents.

These amendments to the Company internal regulation were agreed by HR's Regulations Committee on November 29, 2018 and were formally approved by its Board of Directors on December 7, 2018.