

## FORM NRSRO

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| OMB APPROVAL                                       |
| OMB Number: 3235-0625                              |
| Expires: February 28, 2021                         |
| Estimated average burden<br>hours per response: 36 |

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

SEC 1541 (1-15)

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

**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>_____ |
| <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:**

Kroll Bond Rating Agency, Inc.

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

**(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):**

|                                    |                       |                                |                                  |
|------------------------------------|-----------------------|--------------------------------|----------------------------------|
| 845 Third Avenue                   | New York              | NY/US                          | 10022                            |
| <small>(Number and Street)</small> | <small>(City)</small> | <small>(State/Country)</small> | <small>(Zip/Postal Code)</small> |

**D. Mailing address, if different:**

|                                    |                       |                                |                                  |
|------------------------------------|-----------------------|--------------------------------|----------------------------------|
| N/A                                |                       |                                |                                  |
| <small>(Number and Street)</small> | <small>(City)</small> | <small>(State/Country)</small> | <small>(Zip/Postal Code)</small> |

**E. Contact person (See Instructions):**

|                                    |                          |                                |                                  |
|------------------------------------|--------------------------|--------------------------------|----------------------------------|
| Murray R. Markowitz                | Chief Compliance Officer |                                |                                  |
| <small>(Name and Title)</small>    |                          |                                |                                  |
| 845 Third Avenue                   | New York                 | NY/US                          | 10022                            |
| <small>(Number and Street)</small> | <small>(City)</small>    | <small>(State/Country)</small> | <small>(Zip/Postal Code)</small> |

**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.

3/29/2018

(Date)

Kroll Bond Rating Agency, Inc

(Name of the Applicant/NRSRO)

By: /s/ James Nadler

(Signature)

James Nadler, President & CEO

(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: DE\*/US Date of formation: 2/28/84

3. Your credit rating affiliates (See Instructions):

Kroll Bond Rating Agency Europe Limited 16 Fitzwilliam Place Dublin 2, Ireland  
(Name) (Address)

\_\_\_\_\_  
(Name) (Address)

\_\_\_\_\_  
(Name) (Address)

\_\_\_\_\_  
(Name) (Address)

\_\_\_\_\_  
(Name) (Address)

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

Murray R. Markowitz Chief Compliance Officer  
(Name and Title)

845 Third Avenue New York NY/US 10022  
(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):

This form and the applicable Exhibits will be posted on the firm's website (www.krollbondratings.com).

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 |
|---|---------------------------|--|-------------------------------------|
| 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)) | <input type="checkbox"/>  |  |                                     |
| insurance companies as that term is defined in section 3(a)(19) of the Exchange Act (15 U.S.C. 78c(a)(19))  | <input type="checkbox"/>  |  |                                     |
| corporate issuers   | <input type="checkbox"/>  |  |                                     |
| issuers of asset-backed securities as that term is defined in 17 CFR 229.1101(c)  | <input type="checkbox"/>  |  |                                     |
| 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                                       | <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"/> | 838  | 1984                                |
| <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 checked="" type="checkbox"/> | 32   | 1992                                |
| <b>corporate issuers</b>   | <input checked="" type="checkbox"/> | 0  | 2009                                |
| <b>issuers of asset-backed securities as that term is defined in 17 CFR 229.1101(c)</b>  | <input checked="" type="checkbox"/> | 8,110  | 2003                                |
| <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"/> | 72   | 1989                                |

- 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):

Kroll Bond Rating Agency will publish such ratings on its website, free of charge.

|  |  |
|--|--|
| <p><b>8.</b> 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.</p> |  |
|--|--|

|   | 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 checked="" type="checkbox"/> | <input 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).

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



**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.**

## DISCLOSURE REPORTING PAGE (NRSRO)

This Disclosure Reporting Page (DRP) is to be used to provide information concerning affirmative responses to **Item 8** of Form NRSRO.

Submit a separate DRP for each person that: (a) has 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, has been convicted of any offense specified in section 15(b)(4)(B) of the Securities Exchange Act of 1934, or has been enjoined from any action, conduct, or practice specified in section 15(b)(4)(C) of the Securities Exchange Act of 1934; (b) has 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 has been convicted of a substantially equivalent crime by a foreign court of competent jurisdiction; or (c) is subject to any order of the Commission barring or suspending the right of the person to be associated with an NRSRO.

Name of Applicant/NRSRO

Date

Kroll Bond Rating Agency, Inc.

3/29/2018

Check Item being responded to:

☒ Item 8A

☐ Item 8B

☐ Item 8C

Full name of the person for whom this DRP is being submitted:

Kroll Bond Rating Agency, Inc.

If this DRP provides information relating to a "Yes" answer to Item 8A, describe the act(s) that was (were) committed or omitted; or the order(s) or finding(s); or the injunction(s) (provide the relevant statute(s) or regulation(s)) and provide jurisdiction(s) and date(s):

See Disclosure Reporting Page Appendix, which is attached and made a part of this disclosure.

If this DRP provides information relating to a "Yes" answer to Item 8B, describe the crime(s) and provide jurisdiction(s) and date(s):

If this DRP provides information relating to a "Yes" answer to Item 8C, attach the relevant Commission order(s) and provide the date(s):



## **KROLL BOND RATING AGENCY, INC.**

### Disclosure Reporting Page Appendix

On September 2, 2010, the Securities and Exchange Commission ("Commission") ordered that LACE Financial Corp. ("LACE") be censured, and that LACE and LACE's founder and former president (collectively, "Respondents") cease and desist from committing or causing any violations and any future violations of Sections 15E(a)(1), 15E(h)(1), 15E(k), and 17(a) of the Securities Exchange Act of 1934 and Rules 17g-1, 17g-2, 17g-3, and 17g-5 thereunder. Without admitting or denying the Commission's findings, Respondents consented to the entry of the orders, and LACE agreed to pay a civil money penalty in the amount of \$20,000. The events that led to the issuance of the orders occurred prior to the acquisition of LACE by Kroll Bond Ratings on August 23, 2010.

# KROLL BOND RATING AGENCY, INC.

List of Material Changes to Form NRSRO  
Pursuant to Form NRSRO Instruction F  
As of March 29, 2018

| <b>Item</b> | <b>Material Changes since Prior Certification</b>   |
|-------------|---|
| 3           | On November 15, 2017, KBRA revised Item 3 to add Kroll Bond Rating Agency Europe Limited ("KBRA Europe"), an Irish private company limited by shares, as a credit rating affiliate of Kroll Bond Rating Agency, Inc. ("KBRA"). KBRA Europe was approved as a registered rating agency by the European Securities and Markets Authority effective November 13, 2017.   |
| Exhibit 2   | On November 15, 2017, KBRA revised Exhibit 2 to add: additional detail describing public and nonpublic sources of information used in determining ratings; a description related to verification of assets; a description of how assessments of quality of asset originators are factored into credit ratings; procedures for appeals of final or pending credit rating decisions; a description of frequency of reviews for insurance companies, corporates, non-SRS financial institutions, and governments; a description of the process by which a credit rating may be withdrawn or suspended; and correction of URL functionality of website addresses on second page of exhibit related to information about methodologies and procedures. |
| Exhibit 4   | On November 15, 2017, KBRA revised Exhibit 4 to reflect the addition of KBRA Europe and made related modifications to the senior team organization chart. On December 29, 2017, KBRA updated Exhibit 4 to reflect additional modifications to the organizational chart.   |
| Exhibit 7   | KBRA published the following revised policies on November 13, 2017 addressing and managing conflicts of interest, which were submitted with the November 15, 2017 updated filing:<br><br>External Complaints Policy<br>Outside Activities Policy  |
| Exhibit 6   | KBRA is no longer operating under the Order Granting Temporary, Limited, and Conditional Exemption of Kroll Bond Rating Agency, Inc. from the Conflict of Interest Prohibition in Rule 17g-5(c)(1) of the Securities Exchange Act of 1934 dated October 13, 2015 (the "Exemption"). A footnote referencing the Exemption previously included on Exhibit 6 was removed.  |