

**ITEM 1 COVER PAGE**

**FORM ADV BROCHURE**

**PART 2A**

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**March 27, 2012**

**IMPORTANT DISCLOSURE:**

This brochure provides information about the qualifications and business practices of Standard & Poor's Securities Evaluations, Inc. ("**SPSE**"), an investment adviser registered with the United States Securities and Exchange Commission ("**SEC**"). If you have any questions about the contents of this brochure, please contact us at (212) 438-4510 or send an email to: [ses\\_customerservice@standardandpoors.com](mailto:ses_customerservice@standardandpoors.com). Registration with the SEC does not imply that SPSE or its employees possess a certain level of skill or training. The information in this brochure has not been approved or verified by the SEC or by any state securities authority.

Additional information about SPSE also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **ITEM 2**

### **MATERIAL CHANGES**

This brochure is dated March 27, 2012. This brochure contains material changes to the disclosure SPSE provided in its last annual update of this brochure dated March 28, 2011 as follows:

- SPSE's brochure includes revised fee information, which appears in a new format. This information is included on pages 10 to 23. The revised fee information is based on a number of factors, including client usage, type of securities for which SPSE provides evaluated prices and model valuation, but also how a client chooses to receive SPSE's valuations. SPSE's valuations can be delivered to a client in several ways, including: delivery via electronic feeds, Excel Plug-in or online Valuations Portal. SPSE has also revised the categories in which it breaks down its fee structure and distinguishes between Individual Use, which generally involves a client's subscription right to view SPSE's pricing internally and Shared Use, which generally involves a client's use of SPSE's prices by multiple users of the client.
- Credit-Adjusted Valuation pricing was renamed Model Valuation and discontinuance of SPSE's liquidity determination service, both of which appeared in the May 17, 2011 amendment.

Please note that the above summary addresses only changes the SPSE has determined to be material and therefore, does not reflect all of the changes that have been made to this brochure since the last annual update dated March 28, 2011 was distributed to clients.

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## **ITEM 4**

### **ADVISORY BUSINESS**

#### **A. Advisory Firm**

SPSE is a New York corporation that has been providing advisory services for over 25 years. SPSE is a wholly-owned subsidiary of The McGraw-Hill Companies, Inc. (McGraw-Hill), a New York Stock Exchange listed company. McGraw-Hill is comprised of four operating segments: (i) McGraw-Hill Education; (ii) Information & Media; (iii) Standard & Poor's; and (iv) McGraw-Hill Financial, as described below. SPSE is a part of the McGraw-Hill Financial business segment. McGraw-Hill Financial operates two separate brands for its products: S&P Capital IQ and S&P Indices. SPSE is a part of S&P Capital IQ brand.

McGraw-Hill is comprised of four segments, described below. In addition, it has certain corporate subsidiaries that are not engaged in active business, but rather hold or operate purely corporate assets (such as real estate).

#### **McGraw-Hill Education**

McGraw-Hill Education is a global education publisher and consists of two operating groups: the School Education Group, serving the elementary and high school markets, and the Higher Education, Professional and International Group, serving the college and university, professional, international and adult education markets.

#### **Standard & Poor's Ratings**

Standard & Poor's Ratings provides independent credit ratings to investors, corporations, governments, financial institutions and investment managers and advisors, globally. It includes the NRSRO and certain other ratings-related businesses.

#### **Standard & Poor's Capital IQ/Standard & Poor's Indices**

Standard & Poor's Capital IQ/Standard & Poor's Indices is a global provider of digital and traditional research and analytical tools for the investment community. Its products and services include indices, risk evaluation, and investment research and data.

#### **Commodities and Commercial**

The Commodities and Commercial segment consists of business-to-business companies specializing in the commercial and commodities markets. Commodities and Commercial includes such brands as Platts, J.D. Power and Associates, McGraw-Hill Construction and Aviation Week.

McGraw-Hill has announced its intention to separate into two public companies: McGraw-Hill Financial, focused on content and analytics for financial markets, and McGraw-Hill Education, focused on education services and digital learning. McGraw-Hill expects to complete the separation by the end of 2012.

## **B. Specialization**

SPSE has experience and a background in providing evaluated prices and other valuations services. SPSE provides evaluated prices on fixed income securities, derivatives, Risk-to-Price scores on fixed income securities and model valuation evaluations. SPSE also redistributes prices of third parties for certain types of securities. SPSE's valuations are delivered via S&P Capital IQ's feed, API and web delivery channels. SPSE's valuations and pricing is offered under Market Approach Valuation, Model Approach Valuation and from Third Party Source prices, quotes and data. SPSE provides content into the Market Approach Valuation offering with its evaluated price output and model approach valuation with its model valuation output.

## **C. Advisory Services**

SPSE does not provide portfolio management services to clients. SPSE provides independent evaluated prices on more than three million fixed income securities. SPSE's services are comprised of providing valuations, including evaluated prices, model valuations and Risk to Price scores and commentary on various types of securities. In particular, SPSE specializes in providing evaluated prices and model valuations on fixed income securities and derivatives as well as Risk – to - Price (R2P) scores on fixed income securities. SPSE also provides research on fixed income securities related to its R2P service.

Set forth below is more detailed information about each of the products and services described above.

(1) **Evaluated prices.** SPSE determines and publishes its opinion on the valuation of fixed income securities and derivatives for U.S.-based securities on each day the New York Stock Exchange (NYSE) is open and on additional days when the U.S. bond market is open and NYSE is closed, and for international securities on each day banks are open in the U.K. An evaluated price for a fixed income security reflects SPSE opinion of the bid side market value for an institutional transaction. In developing its opinions, SPSE typically takes into account institutional round lot trades of \$1 million or more, but SPSE may take into account trades of a smaller size if it considers the level indicative of where a security would trade. SPSE also may make available mean Evaluated Prices and offered side Evaluated Prices.

SPSE provides evaluated prices on US and non-US fixed income securities and instruments, including securities issued by: (i) municipalities, (ii) corporations; (iii) agencies and other entities, (iv) notes (fixed, floating and medium term), (v) certificates of deposit, (vi) commercial paper, (vii) investment grade bonds, (viii) high yield bonds and emerging market debt, (ix) forward contracts, (x) convertible securities, (xi) mortgage backed securities, including commercial mortgage backed securities, including fixed rate and adjustable rate pools, (xii) other asset backed securities, (xiii) collateralized mortgages and collateralized loan obligations, (xiv) certificates of deposit, (xv)

syndicated bank loans, (xv) interest rate swaps, (xvi) inflation swaps, (xviii) tender option bonds and other derivatives.

(2) **Model Valuation.** SPSE also provides analyses of certain fixed income securities using SPSE's proprietary model valuation methodology. This methodology is designed to offer an alternative risk based valuation measure of a bond, by isolating the market's view of the credit and market risk of a particular security. The assumptions and methodologies used differ from those used by SPSE in generating SPSE's evaluated prices and a model valuation may result in a different value than that provided by SPSE when it determines an evaluated price for the same security.

(3) **Risk-to-Price (R2P).** SPSE provides analyses of certain fixed-income securities using SPSE's proprietary R2P score methodology that measures the perceived market and credit risk of a security against the security's price. A screening tool is also made available to clients that subscribe to the Risk-to-Price service.

(4) **Third Party Prices Quotes & Data.** SPSE also makes available to clients data and pricing information from unaffiliated third party vendors (Third Party Sources) to provide clients with fuller price and data coverage. The information from Third Party Sources is prepared and/or created by these entities and not by SPSE. Since SPSE has no input into the creation of these prices, SPSE is not responsible for the accuracy of any information created by Third Party Sources. Third Party Sources may use different pricing methodologies than SPSE and may provide a price for a security or instrument that differs from SPSE's price for the same security or instrument. SPSE has no obligation to test the accuracy or appropriateness of prices or methodologies from unaffiliated third party vendors. Third Party Sources may have their own policies and procedures for compliance matters, including, but not limited to, personal trading for their employees, confidentiality and data protection. Such policies and procedures are solely the responsibility of those vendors.

For some instruments, prices are provided only by SPSE or a Third Party Source. SPSE could receive a portion of the fees charged for providing a Third Party Source's services and in certain instances, SPSE may need to direct an agreed-upon amount of revenue to a vendor in order to act as the exclusive distributor for such Third Party Source, which may enhance the attractiveness of SPSE's services in comparison to other Third Party Sources.

#### Non Advisory Services

SPSE also provides certain non-advisory products and services, including the distribution of: (i) market data and prices; (ii) municipal securities information to be used as performance measurement tools and for price measurement; and (iii) municipal indices. SPSE's non-advisory services may be bundled with its advisory services and delivered through one agreement to the client. SPSE prepares various indices and yield curve products for clients to use as tools to price and evaluate the performance of municipal securities.

#### **D. Wrap Fee Programs**

SPSE does not offer or participate in wrap fee programs.

**E. Assets Under Management**

As of December 31, 2011, SPSE does not manage or advise client assets.

## **ITEM 5 FEES AND COMPENSATION**

### **I. Evaluated Prices, Model Valuation and Risk-to-Price Services Provided by SPSE**

A. *Types of Fees.* SPSE generally charges activity based or “usage” fees for its evaluated prices and model valuation services. For these services, SPSE may also assess fees (which may include flat fees) based on several factors, including, par value of an investment, the number of a client’s users, or the number of securities or instruments priced at the request of a client. Clients that choose to purchase services on a “flat fee” basis, generally enter into a subscription agreement with SPSE. SPSE’s fees typically are based on several factors, including the number and type of securities to be priced (i.e. per item basis) the frequency with which a client seeks prices (i.e. daily, weekly, monthly, etc.), the timing of delivery (e.g. end of day pricing), the purpose for which a client is taking the service (e.g. research or pricing of a portfolio), and the manner in which the service is delivered or made available to the client, as well as whether SPSE’s pricing services are bundled with SPSE’s non-advisory services or services provided by an affiliate of SPSE.

SPSE’s clients generally enter into a master subscription agreement that covers all client selected McGraw-Hill Financial products and services. Clients enter into a separate attachment to the master subscription agreement with SPSE for SPSE’s advisory services. The service attachment may include an addendum for services provided by Third Party Sources. SPSE’s Risk-to-Price clients generally enter into a subscription agreement for a set fee and time period. SPSE may also offer volume discounts along with other discounts to clients. SPSE may enter into agreements with entities that serve as redistributors of SPSE’s services, and certain types of redistributors (e.g. fund administrators) pay fees based on the usage of SPSE’s services by their own clients (users).

B. *Payment Method.* SPSE’s clients that enter into an agreement for SPSE’s evaluated pricing services and model valuation are invoiced monthly in arrears for activity based fees or on a quarterly basis at the beginning of each quarter, for subscription based services. SPSE’s Risk-to-Price clients who enter into a subscription agreement are billed on a quarterly basis at the beginning of each quarter. SPSE invoices clients or a designated third party and requests clients to pay their invoice within 30 days after receipt of an invoice.

C. *Cost and Expenses.* SPSE reserves the right to charge a client an account set up fee at the time it agrees to provide its services to a client. Other than as described above, SPSE does not charge and clients do not incur any other types of fees or expenses for purchasing SPSE’s services.

D. *Refunds.* SPSE’s clients who enter into a subscription agreement generally agree to pay SPSE’s fee on a quarterly basis. Should any agreement terminate prior to the end of the term outlined in the agreement and in advance of the client’s receipt of services through the end of a quarter, SPSE will refund any remaining fees on a *pro-rata* basis and in accordance with the terms of the client’s agreement with SPSE.



E. *Sales Compensation.* SPSE does not receive any additional compensation in the form of sales or brokerage commissions in connection with sales of any of its pricing or evaluation services.

## **II. SPSE's Non-Advisory Services**

### *A. Types of Fees.*

SPSE also provides certain other services that are not investment advisory services, but may be sold to a client in addition to its advisory services. The fees and compensation paid to SPSE for these services may be based on monthly use of an item or based on the number of items purchased by a client.

### *B. Payment Method.*

The fees and compensation paid to SPSE will be paid in accordance with SPSE's agreement with the client and SPSE will bill the client monthly, quarterly, annually or other agreed upon time periods or in arrears for these services.

### *C. Costs and Expenses.*

SPSE reserves the right to charge a client an account set up fee at the time it agrees to provide its services to a client.

### *D. Refunds.*

SPSE will refund any fees to a client if the client cancels its agreement with SPSE before SPSE has finished providing its service to a client.

### *E. Sales Compensation.*

SPSE will not receive sales commissions in connection with sales of its non-advisory services.

## **III. Evaluated Prices Provided by a Third Party Price Source**

A. *Types of Fees.* SPSE provides data and pricing information from Third Party Sources and receives fees from clients for providing this service. Fees paid to SPSE by clients are agreed to and may vary. Fees may be usage or subscription based fees and will be set forth in SPSE's subscription agreement with each client. Fees generally are determined based on the same factors SPSE uses in determining fees for its own prices, and may be determined based on the client's needs, delivery time and frequency as well as whether they are bundled with other services provided by SPSE or an affiliate of SPSE. Providing prices from a Third Party Price Sources is designed to meet clients' requirements for fuller Valuation and Pricing offering and addresses industry request to see Multiple Valuation and Pricing approaches - Market Approach Pricing, Model Approach Valuation and Trade, Quotes and Data in combination, wherever appropriate and applicable. A Third Party Source supplier may be included or eliminated at any time at SPSE's discretion. SPSE may choose one provider over another based on where there is a gap in coverage. SPSE has entered into written

agreements with these Third Party Source firms and it is the Third Party Source firm's responsibility to provide this information, which is produced according to the Third Party Source firm's methodologies and not SPSE's.

**B. *Payment Method.***

Depending on the arrangement with the Third Party Source, SPSE has the option to bill clients. SPSE will refund any remaining fees on a *pro-rata* basis and in accordance with the terms of the client's agreement with SPSE.

**C. *Costs and Expenses.***

SPSE reserves the right to charge a client an account set up fee at the time it agrees to provide its services to a client. Otherwise, SPSE does not charge any additional fees for providing its services.

**D. *Refunds.***

Since SPSE bills clients for usage in arrears, this section is not applicable.

**E. *Sales Compensation.***

SPSE does not receive any other compensation in the form of sales or brokerage commissions.

## **IV. SPSE's Fee Schedules**

### **Fee Schedules**

SPSE delivers its evaluated prices, model valuation and Risk-to-Price services through various distribution platforms, each of which is subject to a different fee structure. Not all services are available on each platform. SPSE's various fee schedules, take into consideration the distribution platform, and a number of factors such as the number and type of securities to be priced, the frequency with which the client seeks prices (i.e., daily, weekly, monthly, etc.) timing of delivery (e.g., end of day pricing) the purpose for which a client is taking the service (e.g. research or pricing of a portfolio), and the manner in which the service is delivered or made available to the client, as well as whether SPSE's pricing services are bundled with other SPSE services or services provided by an affiliate of SPSE. All fee schedules are shown in U.S. dollars. Upon the request of a client, SPSE will bill in a local currency.

Some of the fees set forth below depend on whether the service is provided for Individual Use or Shared Use. ***Individual Use*** generally involves a subscription right to view pricing internally and may involve additional usage charges for exporting pricing for individual use; a client may have multiple individuals authorized for Individual Use. ***Shared Use*** generally involves use of pricing data by multiple parties within an organization for entity purposes, and fees are further divided by the purpose for which a client is using the pricing data.

SPSE's distribution platforms include delivery via S&P Capital IQ's feeds, Excel Plug-in or S&P Capital IQ's Valuations and Data Portal (a subscription service within S&P Capital IQ's Global Credit Portal site).

## **A. Fees for Shared Use\*\* Delivered Through Feeds or Valuations and Data Portal**

\*Sections (1) and (2) below show fees based on the purpose for which the client is taking SPSE's and Third Party Price sources. Fees for Loans, Swaps, Tender Option Bonds & Baskets of Instruments, which are not dependent on the client's use of the services, are set forth in (3)-(5) below.

1) Fees for evaluated prices (NAV) for use by Investment Company Act of 1940 ("40 Act") funds' net asset value calculations and pricing feeds (NAV), Undertakings for Collective Investments in Transferable Securities ("UCITS"), hedge funds, etc.)

*(Fee per evaluation per day based on security type)*

<b>SPSE Evaluated Prices</b>	<b>Rates per Security per Pricing</b>
<b>Global securities including:</b> Treasuries, Agencies, Non-Linked Certificates of Deposit, Governments, Money Market, MBS	<b>\$0.35</b>
<b>US securities including:</b> Municipal Bonds, Municipal Commercial Paper	<b>\$0.55</b>
<b>Global securities including:</b> Investment Grade Corporate Bonds, Sovereign Bonds, Convertible Bonds, Adjustable/Floating Rate Bonds or Notes, Medium Term Notes and TBAs	<b>\$0.55</b>
<b>Global securities including:</b> Adjustable Rate Mortgage Pools (ARMs), DUS, Collateralized Mortgage Obligation (CMOs), Asset Backed Securities (ABS), Commercial Mortgage Backed Securities (CMBS), Residential Mortgage Backed Securities (RMBS), Inverse Floaters, High Yield Corporate Bonds, Covered Bonds	<b>\$1.00</b>
<b>Global complex securities including for:</b> CDOs/CLOs	<b>\$2.50</b>
<b>Unaffiliated 3<sup>rd</sup> Party Prices</b>	<b>Rates per Security per Pricing</b>
<b>Prices sourced from CIBC for Canadian Bonds</b>	<b>\$0.35</b>
<b>Pricing sourced from YieldBroker for Australian Bonds</b>	<b>\$0.35</b>

The above applies for all delivery types with the following exceptions:

- Prices from Unaffiliated Third Party Sources are available via the Valuations Portal.
- Feed clients who request prices outside of the schedule set forth herein will be invoiced at a rate of \$2 per security per evaluation. .
- Feed accounts are subject to monthly minimum charge of \$2,500.
- Multiple snap-shots are available through feed deliveries for some asset types and are negotiated off the base rate.
- Additional volume or frequency discounts may apply

2) Fees for uses such as Reporting & Infrastructure, Research & Analysis

<u>License Scope*</u>		<u>Usage Scope*</u>							
Global - No Discount		Reporting & Infrastructure ('End of Day')- Base Fee - No Discount							
Regional - 10% Discount		Research & Analysis ('End of Day')- 20% Discount							
Country - 15% Discount									
Site - 20% Discount									
* Discounts are applied individually to the rates and are not combined. Discounts do NOT apply to Third Party SIX Telekurs Pricing									

**Rates per Unit**

<b>SPSE Evaluated Prices</b>	<b>First 5,000 Per Month</b>	<b>Next 5,000 Per Month</b>	<b>Next 10,000 Per Month</b>	<b>Next 25,000 Per Month</b>	<b>Next 50,000 Per Month</b>	<b>Next 75,000 Per Month</b>	<b>Over 170,000 per Month</b>
<b>US, Canadian &amp; Latin American securities including:</b> Treasury's, Agencies, Non-Linked Certificates to Deposit, Governments, Money Market	\$0.250	\$0.190	\$0.125	\$0.095	\$0.062	\$0.035	\$0.019
<b>US, Canadian &amp; Latin American securities including:</b> Mortgage Backed Securities Fixed Rate Pools (MBS)	\$0.250	\$0.190	\$0.125	\$0.095	\$0.062	\$0.035	\$0.019
<b>US Securities including:</b> Municipal Bonds, Municipal Commercial Paper	\$0.500	\$0.375	\$0.225	\$0.150	\$0.100	\$0.065	\$0.025
<b>US, Canadian &amp; Latin American securities including:</b> Investment Grade Corporate Bonds, Sovereign Bonds, Convertible Bonds, Adjustable/Floating Rate Bonds or Notes Inverse Floaters, Medium Term Notes, TBAs.	\$0.500	\$0.375	\$0.225	\$0.150	\$0.100	\$0.065	\$0.025
<b>Global (excluding Americas) securities including:</b> Investment Grade Corporate Bonds, Sovereign Bonds, Convertible Bonds, Adjustable/Floating Rate Bonds or Notes, Medium Term Notes, Treasury's Non-Linked Certificates of Deposits, Agencies Government, Money Market, TBAs.	\$0.500	\$0.375	\$0.225	\$0.150	\$0.100	\$0.065	\$0.025

<b>SPSE Evaluated Prices</b>	<b>First 5,000 Per Month</b>	<b>Next 5,000 Per Month</b>	<b>Next 10,000 Per Month</b>	<b>Next 25,000 Per Month</b>	<b>Next 50,000 Per Month</b>	<b>Next 75,000 Per Month</b>	<b>Over 170,000 per Month</b>
<b>US, Canadian &amp; Latin American securities including:</b> Adjustable Rate Mortgage Pools(ARMs), DUS, Collateralized Mortgage Obligation (CMOs), Asset Backed Securities (ABS), Commercial Mortgage Backed Securities (CMBS), Residential Mortgage Backed Securities (RMBS), Inverse Floaters	\$0.938	\$0.500	\$0.275	\$0.225	\$0.138	\$0.110	\$0.085
<b>Global (excluding Americas) securities including:</b> High Yield Corporate Bonds, Covered Bonds	\$0.938	\$0.500	\$0.275	\$0.225	\$0.138	\$0.110	\$0.085
<b>Global (excluding Americas) securities including:</b> Adjustable Rate Mortgage Pools (ARMs), DUS, Collateralized Mortgage Obligation (CMOs), Asset Backed Securities (ABS), Commercial Mortgage Backed Securities (CMBS), Residential Mortgage Backed Securities (RMBS), Inverse Floaters	\$0.938	\$0.500	\$0.275	\$0.225	\$0.138	\$0.110	\$0.085
<b>Global (excluding Americas) securities including:</b> High Yield Corporate Bonds, Covered Bonds	\$0.938	\$0.500	\$0.275	\$0.225	\$0.138	\$0.110	\$0.085
<b>SPSE or Intex (Unaffiliated 3rd Party) MBS Pool Factory</b> (Requires separate delivery)	\$0.125	\$0.088	\$0.063	\$0.045	\$0.025	\$0.020	\$0.015
<b>U.S. securities including:</b> UITs	\$0.250	\$0.190	\$0.125	\$0.095	\$0.625	\$0.035	\$0.019

<b>SPSE Evaluated Prices</b>	<b>Rate Per CDO</b>
<b>Complex securities including:</b> CDOs/CLOs	\$2.500

	Rates per unit						
Unaffiliated 3 <sup>rd</sup> Party Prices	First 5,000 per mth	Next 5,000 per mth	Next 10,000 per month	Next 25,000 per mth	Next 50,000 per mth	Next 75,000 per mth	Over 170,000 per mth
Prices sourced from CIBC for Canadian Bonds	\$0.250	\$0.190	\$0.125	\$0.095	\$0.063	\$0.035	\$0.019
Prices sourced from PIP for Mexican Bonds	\$0.250	\$0.190	\$0.125	\$0.095	\$0.063	\$0.035	\$0.019
Prices sourced from YieldBroker for Australian Bond	\$0.250	\$0.190	\$0.125	\$0.095	\$0.063	\$0.035	\$0.019

	Rates per unit						
SPSE Model Valuation	First 5,000 per mth	Next 5,000 per mth	Next 10,000 per month	Next 25,000 per mth	Next 50,000 per mth	Next 75,000 per mth	Over 170,000 per mth

<b>Model Valuation for Global Corporates &amp; Governments for securities including:</b>  Investment Grade Corporate Bonds, Sovereign Bonds, Convertible Bonds, Sovereign Bonds Adjustable/floating Rate Bonds or Notes, Inverse Floaters, Medium Term Notes, TBAs, High Yield Corporate Bonds, Covered Bonds, Treasuries, Agencies, Non-Linked Certificates of Deposit, Governments, and Money Market	\$0.350	\$0.280	\$0.170	\$0.110	\$0.070	\$0.040	\$0.018
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Unaffiliated 3 <sup>rd</sup> Party Prices	Rate per unit
Prices from SIX Telekurs for Complex Valuations for: Bonds & Linked Securities including CDs, Preferreds	\$1.00

	Rates per unit				
Unaffiliated 3 <sup>rd</sup> Party Prices	First 10,500 per mth	Next 10,500 per mth	Next 21,000 per mth	Next 21,000 per mth	Over 63,000 per mth
Pricing from SIX Telekurs for Exchange Traded Securities*	\$0.200	\$0.089	\$0.070	\$0.038	\$0.025

\* For distributions & use in North America, Asia-Pacific & Middle East. Distribution in Europe determined on a case by-case basis.

The above applies for all delivery types with the following exceptions:

- Prices from Unaffiliated 3<sup>rd</sup> Party Sources are available via the Valuations Portal. Six Telekurs pricing is available through the Excel Plug-In.
- MBS Factors and Dividends/IADs are not available through the Excel Plug-In or Valuations Portal.
- Model valuation is only available via the Excel Plug-In or Valuations Portal.
- Feed clients who request prices outside of the schedule set forth herein will be invoiced at a rate of \$2 per security per evaluation.
- Feed accounts are subject to monthly minimum charge of \$2,000
- Multiple snap-shots are available through feed deliveries for some asset types and are negotiated off the base rate.
- Additional volume or frequency discounts may apply

### 3) Loans. SPSE Evaluated Prices Fees for Loans.

<u>Range per evaluation cycle</u>	<u>Per security fee for daily evaluations</u>	<u>Per security fee for weekly evaluations</u>	<u>Per security fee for monthly evaluations</u>
Loan # 1-25	\$4.00	\$8.00	\$16.00
Loan # 26-50	\$2.00	\$6.00	\$14.00
Loan # 51-100	\$1.00	\$5.00	\$12.00
Loan # 101-200	\$0.75	\$4.00	\$10.00
Loan # 201-300	\$0.50	\$3.00	\$6.00
Loan # 301-1000	\$0.35	\$1.50	\$3.00
>1000	\$0.25	\$0.75	\$1.50

The above applies for all delivery types with the following exceptions:

- Accounts subject to monthly minimum charge of \$2,500
- Additional volume or frequency discounts may apply

### 4) Complex Structure. SPSE Evaluated Prices Fees for derivatives such as Swaps, TOBs, options, etc.

<u>Range per evaluation cycle</u>	<u>Per security fee for daily evaluations*</u>	<u>Per security fee for weekly evaluations*</u>	<u>Per security fee for monthly evaluations*</u>
1-500	\$1.00	\$2.00	\$4.00
501-1000	\$0.90	\$1.90	\$3.90
1001-1500	\$0.80	\$1.80	\$3.80
1501-2000	\$0.70	\$1.70	\$3.70
2001-2500	\$0.60	\$1.60	\$3.60
2501-3000	\$0.50	\$1.50	\$3.50
>3000	Negotiable	Negotiable	Negotiable

\*Each security is subject to a \$110 set up fee

The above applies for all delivery types with the following exceptions:



- Accounts subject to monthly minimum charge of \$2,500
- Additional volume or frequency discounts may apply

#### 5) Complex Structures: SPSE Evaluated Prices- Fees for Baskets of Instruments and Linked Securities

Delivery includes Value of Basket plus Value of Underlying

\$1,000 Set-up Fee per Basket

\$0.75 fee per evaluation per constituent

Account subject to monthly minimum charge of \$2,000

Or

Delivery includes Value of Basket without Value of Underlying

\$1,000 Set-up Fee per Basket

\$350/month for up to 100 underlying

\$500/month for up to 200 underlying

The above applies for all delivery types with the following exceptions:

- Accounts subject to monthly minimum charge of \$2,500
- Additional volume or frequency discounts may apply

## B. Fees for Individual Use\*\*

### 1) Fees for Evaluated Prices & Model Valuation Bundled delivered through the excel plug-in for uses such as Research & Analysis - for an individual's use only

- Flat rate of \$15,000 per year for the first 5,000 corporate & government securities in a month.
- Each unit over 5,000 is billed at the following rate based on the specific mnemonic group.

Mnemonic Groupings for Global securities including: Investment Grade Corporate Bonds, Sovereign Bonds, Convertible Bonds, Adjustable/Floating Rate Bonds or Notes, Inverse Floaters, Medium Term Notes, TBAs, High Yield Corporate Bonds, Covered Bonds, Treasuries, Agencies, Non-Linked Certificates of Deposit, Governments, and Money Market	Rates per unit						
	First 5,000 per mth	Next 5,000 per mth	Next 10,000 per mth	Next 25,000 per mth	Next 50,000 per mth	Next 75,000 per mth	Over 170,000 per mth
Evaluated Price Mnemonic	Included in flat annual rate	\$0.106	\$0.070	\$0.053	\$0.035	\$0.020	\$0.011
Model Valuation Mnemonic (including Dealer Trade mnemonic)	Included in flat annual rate	\$0.160	\$0.095	\$0.060	\$0.040	\$0.020	\$0.010

- Individual user of End of Day Evaluated Price available for additional asset types
  - Not included in the \$15,000 flat annual fee
- Usage will be billed according to monthly income.

Rates per unit							
<b><u>SPSE Evaluated Price</u></b>	First 5,000 per mth	Next 5,000 per mth	Next 10,000 per mth	Next 25,000 per mth	Next 50,000 per mth	Next 75,000 per mth	Over 170,000 per mth
<b>US, Canadian &amp; Latin American securities including:</b> Mortgage Backed Securities Fixed Rate Pools (MBS)	\$0.140	\$0.106	\$0.070	\$0.053	\$0.035	\$0.020	\$0.011
<b>US securities including:</b> Municipal Bonds, Municipal Commercial Paper	\$0.280	\$0.210	\$0.126	\$0.084	\$0.056	\$0.036	\$0.014
<b>US, Canadian &amp; Latin American securities including:</b> Investment Grade Corporate Bonds, Sovereign Bonds, Convertible Bonds, Adjustable/Floating Rate Bonds or Notes, Medium Term Notes, TBAs, High yield Corporate Bonds and Covered Bonds.	\$0.280	\$0.210	\$0.126	\$0.084	\$0.056	\$0.036	\$0.014
<b>US, Canadian and Latin American Securities including:</b> Adjustable Rate Mortgage Pools (ARM'S, DUS, Collateralized Mortgage Obligation (CMOs), Asset Backed Securities (ABS), Commercial Mortgage Backed Securities (CMBS), Residential Mortgage Backed Securities (RMBS), Inverse Floaters	\$0.525	\$0.280	\$0.154	\$0.126	\$0.077	\$0.062	\$0.048
<b>US Securities including:</b> Adjustable Rate Mortgage Pools (ARM'S, DUS, Collateralized Mortgage Obligation (CMOs), Asset Backed Securities (ABS), Commercial Mortgage Backed Securities (CMBS), Residential Mortgage Backed Securities (RMBS), Inverse Floaters	\$0.525	\$0.280	\$0.154	\$0.126	\$0.077	\$0.062	\$0.048
<b>SPSE or Intex (Unaffiliate 3<sup>rd</sup> Party) MBS Pool Factors</b> (Requires separate delivery)	\$0.070	\$0.049	\$0.035	\$0.025	\$0.014	\$0.011	\$0.008
<b>U.S. securities including:</b> UITs	\$0.140	\$0.106	\$0.070	\$0.053	\$0.350	\$0.020	\$0.011
<b>SPSE Evaluated Price</b>	<b>Rate per unit</b>						
SPSE Evaluation Price for complex securities including for: CDOs/CLOs	\$1.400						

Rates per unit							
<b>Unaffiliated 3rd Party Pricing</b>	First 5,000 per mth	Next 5,000 per mth	Next 10,000 per month	Next 25,000 per mth	Next 50,000 per mth	Next 75,000 per mth	Over 170,000 per mth
<b>Prices sourced from CIBC for Canadian Bonds</b>	\$0.140	\$0.106	\$0.070	\$0.053	\$0.035	\$0.0201	\$0.011
<b>Prices sourced by PIP for Mexican Bonds</b>	\$0.140	\$0.106	\$0.070	\$0.053	\$0.350	\$0.020	\$0.011
<b>Prices sourced by YieldBroker for Australian Bond</b>	\$0.140	\$0.106	\$0.070	\$0.053	\$0.350	\$0.020	\$0.011

## 2) Fee for Valuations Portal via S&P Capital IQ Global Credit Portal

### a. Subscription fee

Entitlement	Price per 1 - 5 user	6-8 users	9-10 users	11+ users	Fee for Export Add-on
Transparency Package: Market-Approach Valuations – SPSE Evaluated Prices, + T&C + Third Party Trades & Quotes + Model Approach Valuation – SPSE Model Valuation + Third Party Transparency Data	\$ 6,900	\$5,500	\$4,200	\$3,000	Export fees for SPSE Evaluated prices & Model Valuation are based on license scope and usage scope. See section A1, A2 for Shared Use or below for Individual Use

\*Other entitlement options may be available at different price points.

### b. Export fee for Individual Use

SPSE Evaluated Prices	Rates per unit						
	First 5,000 per mth	Next 5,000 per mth	Next 10,000 per mth	Next 25,000 per mth	Next 50,000 per mth	Next 75,000 per mth	Over 170,000 per mth
<b>US, Canadian &amp; Latin American securities including:</b> Treasuries, Agencies, Non-Linked Certificates of Deposit, Governments, Money Market	\$0.140	\$0.106	\$0.070	\$0.053	\$0.035	\$0.020	\$0.011
<b>US, Canadian &amp; Latin American securities including:</b> Mortgage Backed Securities Fixed Rate Pools (MBS)	\$0.140	\$0.106	\$0.070	\$0.053	\$0.035	\$0.020	\$0.011
<b>US securities including:</b> Municipal Bonds, Municipal Commercial Paper	\$0.280	\$0.210	\$0.126	\$0.084	\$0.056	\$0.036	\$0.014
<b>US, Canadian &amp; Latin American securities including:</b> Investment Grade Corporate Bonds, Sovereign Bonds, Convertible Bonds, Adjustable/Floating Rate Bonds or Notes, Medium Term Notes, TBAs	\$0.280	\$0.210	\$0.126	\$0.084	\$0.056	\$0.036	\$0.014

<b>Global (excluding Americas) securities including:</b> Investment Grade Corporate Bonds, Sovereign Bonds, Convertible Bonds, Adjustable/Floating Rate Bonds or Notes, Medium Term Notes, Treasuries, Non-Linked Certificates of Deposits, Agencies, Governments, Money Markets, TBAs	\$0.280	\$0.210	\$0.126	\$0.084	\$0.056	\$0.036	\$0.014
<b>US, Canadian &amp; Latin American securities including:</b> Adjustable Rate Mortgage Pools (ARMs), DUS, Collateralized Mortgage Obligation (CMOs), Asset Backed Securities (ABS), Commercial Mortgage Backed Securities (CMBS), Residential Mortgage Backed Securities (RMBS), Inverse Floaters	\$0.525	\$0.280	\$0.154	\$0.126	\$0.077	\$0.062	\$0.048
<b>US, Canadian &amp; Latin American securities including:</b> High Yield Corporate Bonds, Covered Bonds	\$0.525	\$0.280	\$0.154	\$0.126	\$0.077	\$0.062	\$0.048

<b>Global (excluding Americas) securities including:</b> High Yield Corporate Bonds, Covered Bonds	\$0.525	\$0.280	\$0.154	\$0.126	\$0.077	\$0.062	\$0.048
<b>Global (excluding Americas) securities including:</b> Adjustable Rate Mortgage Pools (ARMs), DUS, Collateralized Mortgage Obligation (CMOs), Asset Backed Securities (ABS), Commercial Mortgage Backed Securities (CMBS), Residential Mortgage Backed Securities (RMBS), Inverse Floaters	\$0.525	\$0.280	\$0.154	\$0.126	\$0.077	\$0.062	\$0.048
<b>US securities including:</b> UITs	\$0.140	\$0.106	\$0.070	\$0.053	\$0.350	\$0.020	\$0.011

<b>SPSE Evaluated Prices</b>	<b>Rate per unit</b>
<b>Global complex securities including for:</b> CDOs/CLOs	\$1.400

<b>SPSE Model Valuation</b>	First 5,000 per mth	Next 5,000 per mth	Next 10,000 per mth	Next 25,000 per mth	Next 50,000 per mth	Next 75,000 per mth	Over 170,000 per mth
<b>Model Valuations for Global Corporates &amp; Governments for securities including:</b> Investment Grade Corporate Bonds, Sovereign Bonds, Convertible Bonds, Adjustable/Floating Rate Bonds or Notes, Inverse Floaters, Medium Term Notes, TBAs, Treasuries, Agencies, Non-Linked Certificates of Deposit, Governments, and Money Market, High Yield Corporate Bonds, Covered Bonds	\$0.210	\$0.160	\$0.095	\$0.060	\$0.040	\$0.020	\$0.010

## C. Fees for Other Products and Services

### 1) Municipal Bond – SPSE Evaluated Prices and Yield Curves Fees via Bloomberg Desktop

#### a. Municipal Yield Curves

DATA	FEE
Municipal Yield Curves	Terminals 1-2                      \$100/month per ID Terminals 3-6                      \$75/month per ID Terminals 7+                        \$50/month per ID Number of Terminals                _____  State/Province Enterprise Fee    \$15,000/yr (for a single state or province, e.g. NY, CA, Ontario, etc.)  Country Enterprise Fee            \$30,000/yr (for a single country, e.g. US, UK, etc.)  Global Enterprise Fee \$50,000/yr

#### b. Municipal - Evaluated Prices

DATA	FEE
<b>Municipal Evaluations - Level 1 Access- Look-Up</b>  (For viewing on Bloomberg screen, copying and printing; downloading of the Data off the Bloomberg desktop is expressly prohibited.)	Terminals 1-5                      \$250/month per ID Terminals 6-15                      \$150/month per ID Terminals 16-25                      \$100/month per ID Number of Terminals                _____  State/Province Enterprise Fee    \$55,000/yr (for a single state or province, e.g. NY, CA, Ontario, etc.)  Country Enterprise Fee            \$100,000/yr (for a single country, e.g. US, UK, etc.)  Global Enterprise Fee   \$150,000/yr
<b>Municipal Evaluations - Level 2 Access-Portfolio</b>  (Includes Level 1 usage as specified above, plus the ability to access and analyze a portfolio on the specified Bloomberg desktop(s); downloading of the Data off the Bloomberg desktop is expressly prohibited.)	Terminals 1-5                      \$500/month per ID Terminals 6-15                      \$300/month per ID Terminals 16-25                      \$150/month per ID Number of Terminals                _____  State/Province Enterprise Fee    \$110,000/yr (for a single state or province, e.g. NY, CA, Ontario, etc.)  Country Enterprise Fee            \$200,000/yr (for a single country, e.g. US, UK, etc.)  Global Enterprise Fee   \$300,000/yr

## 2) Risk to Price on the Global Credit Portal

<b>Desktop Use for Large Functional Group*</b>	<b>Fee per annum</b>
<b>First 10 IDs</b>	<b>\$75,000</b>
<b>Subsequent IDs</b>	<b>\$6,000 per ID</b>

<b>Desktop Use for Small Functional Group*</b>	<b>Fee per annum</b>
<b>First 5 IDs</b>	<b>\$45,000</b>
<b>Subsequent IDs</b>	<b>\$6,000 per ID</b>

**Discounts may apply based on geographic scope, functional use and volume.**

**\* Determination of Functional Group type is based on a Statement of Use completed by the client.**

## 3) S&P Municipal Bond Indices via Investor Tools Custom Index Manager

<b><u>Number of Workstations (Seats)</u></b>	<b><u>Monthly Price Tier*</u></b>
1	\$1,200
2-3	\$1,500
4-5	\$1,800
6-10	\$2,400
11-15	\$3,000

*\*Monthly Fee is based on the number of seat licensed at a given time.*

**Daily Bond Pricing:** Add \$2,100 monthly

**Weekly Bond Pricing:** Add \$1,225 monthly

*(Bond files with description data and monthly prices included with Workstation Fees)*

### **Standard & Poor's Municipal Bond Indices via FTP direct (non-Custom Index Manager users (no redistribution rights))**

Statistics-only file, per CIM-generated custom report: \$500 monthly

Bond files with descriptive data and monthly prices: \$ 2,000 monthly

Daily Bond Pricing: Add \$2,100 monthly

Weekly Bond Pricing: Add \$1,225 monthly

## 4) Municipal Yield Curve

\$150/mth for Generic Scales

\$2,000/mth for Sector Scales

## 5) Municipal Reset Indices

\$150/week for weekly delivery per index

\$500/week for daily delivery per index

\$750/week for daily delivery for 2 indices

## 6) Municipal Reports

\$65 per report for the first 25 reports per month

\$35 per report for the next 50 reports per month  
\$25 per report for any reports over 75 reports per month

A 10% surcharge per quarter for any quarter with fewer than 1,000 portfolio reports

**Note: This service is no longer being offered to new clients.**

**7) Municipal Yield Curves Fees via Thomson Reuters Desktop**

\$115/mth for Generic Scales per terminal per site  
\$57,500 per annum for global enterprise site license

**8) Municipal Evaluations via HTD Online Desktop**

DATA	FEE
<b>Municipal Bond Evaluations</b>	Terminals 1-5                      \$250/month per ID
	Terminals 6-15                    \$150/month per ID
	Terminals 16-25                  \$100/month per ID
For viewing & screen print on HDTOnline. Downloading of the data off the desktop is expressly prohibited.	

\*\*These services have the ability to provide clients with data and pricing from unaffiliated third party supplemental providers designed to provide clients with a fuller coverage. It may be used to combine evaluated prices, exchange based prices, pricing related data, and market quotes etc from multiple sources based on a hierarchy, which is applied when there is overlap in coverage. A constant array of suppliers is included and for no apparent reason they may be rearranged or eliminated. We may chose unaffiliated third parties based on those which provide coverage where there is a gap, or based on an economic incentive to our clients or ourselves. Fees for third party data are available upon request. S&P Supplemental Feeds reflect evaluations and equity pricing services of other, unaffiliated firms with which SPSE has contracted to distribute to its client base. Prices and data provided by these third-party firms are the responsibilities of those firms and not SPSE and are produced under the firms' methodologies and policies and procedures.

## **ITEM 6**

### **PERFORMANCE-BASED FEES AND SIDE BY SIDE MANAGEMENT**

SPSE does not charge performance-based fees for its advisory services.



## **ITEM 7**

### **TYPES OF CLIENTS**

SPSE does not provide investment management services (i.e. discretionary portfolio management services) or investment advisory services on a non-discretionary basis. SPSE's advisory services are limited to evaluated prices and model valuations, related non-advisory services and Risk to Price scores, and the provision of economic research to clients. SPSE's clients are primarily limited to institutions, including investment advisers, banks, custodians, unit investment trusts, non-profit organizations, corporations, broker-dealers, public accounting firms state or municipal government entities and insurance companies. SPSE's valuation services may be used by SPSE's clients in valuing their end user clients' portfolios, which may include, among other things: open-end mutual funds, closed end funds and other investment companies.

While SPSE does not impose a minimum account size, it may require a certain minimum level of service to be received by a client, resulting in a minimum charge.

## ITEM 8

### METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

#### A. Methods of Analysis and Investment Strategies

**Evaluated Prices.** The primary pricing approach and methodology used by SPSE for its evaluated pricing of fixed income securities and related derivatives is a market approach. SPSE's market approach utilizes its own proprietary pricing models and pricing systems, mathematical tools and the experienced judgment of SPSE's pricing analysts to determine an evaluated price for an instrument based upon a hierarchy of market information regarding that instrument or instruments with similar characteristics. SPSE compares securities with similar characteristics by classifying securities into sectors, based on key characteristics.

To assist it in carrying out its evaluated pricing service, SPSE purchases trade, material notice, and other reports from the Municipal Securities Rulemaking Board ("**MSRB**"), trade reports from FINRA's Bond Trade Dissemination Service, and market information from other commercial market data providers. SPSE may use information received from clients when preparing evaluated prices. If a client passes along information to SPSE that the client received from an original source, including without limitation the issuer, underwriter, obligor, project manager, bond trustees, placement agent or servicer bank relating to such instruments, SPSE may in its judgment rely on such information. If a client transmits information to SPSE verbally, or by email, fax, etc. when the information is not clearly from an original source, SPSE will review such information and will utilize it only if SPSE is able to corroborate the information. SPSE may corroborate client information by one of several means, including by contacting another market participant or by confirming that the client's information is consistent with other market information received by SPSE.

SPSE also receive from clients reports of trades and bids/offers of instruments not covered in trade dissemination reports from the MSRB, FINRA or other commercial market data providers. SPSE obtains most required indicative data from clients when evaluating certificates of deposit, commercial paper and syndicated bank loans. SPSE relies on clients to identify the terms of other derivatives entered into by such clients and counterparties when evaluating these instruments.

In addition, SPSE conducts periodic credit reviews of primarily non-rated high yield municipal bonds held by any client that uses SPSE's 4:00 p.m. EST evaluated pricing for valuing its portfolio. For example, some sectors within the municipal bond asset class including healthcare, housing, industrial development and land secured are not rated by a Nationally Recognized Statistical Ratings Organization ("**NRSRO**"). For a limited number of municipal high yield securities, mostly non-rated securities or bonds for which creditworthiness has deteriorated, SPSE may use an alternative pricing approach for valuations: (i) the cash flow approach or (ii) the liquidation approach. Generally, SPSE relies on the following for its main sources of information when conducting credit reviews or preparing cash flow or liquidation value assessments: (i) financial newspapers and magazines, (ii) research materials prepared by third parties; (iii) information from ratings agencies, (iv) annual reports, prospectuses and filings made by publicly listed companies with the US Securities & Exchange Commission; (v) company press releases; and (vi) notices from The Municipal Securities Rule Making Board's EMMA system.

SPSE does not undertake to collect and analyze the credit data for the entire universe of municipal non-rated bond issues it prices, and the non-rated bonds that do not receive credit reviews generally are priced based on market data and other information that SPSE receives during the course of its business or that is brought to its attention by a client, without getting the same level of evaluated pricing research services for such bonds as would bonds that are part of SPSE's daily 4:00 evaluated prices for portfolio pricing. Generally, SPSE charges more for its daily 4:00 evaluated prices delivered for pricing purposes than for other evaluated prices because clients may not be getting the same level of evaluated pricing research services for the bonds described above. If SPSE does not believe it possess a sufficient basis to prepare an evaluated price for a security, SPSE will withdraw from pricing that security and promptly notify all affected clients. If SPSE subsequently obtains sufficient information, it may recommence preparing evaluated prices for discontinued securities.

SPSE provides its evaluated prices at different times during the day and will take a "snapshot" of its evaluated prices, depending on a client's needs as follows:

<b><u>US Municipals, Swaps</u></b>	<b><u>European (Non US) Bonds</u></b>	<b><u>US Corporate &amp; Structure Finance Bonds</u></b>
4 pm ET snapshot	10 am GMT snapshot 12 pm GMT snapshot 2 pm GMT snapshot 5 pm GMT snapshot 4 pm ET snapshot	12:30 pm ET snapshot 3 pm ET snapshot 4 pm ET snapshot

**Model Valuation.** The methodology used by SPSE for its model valuation services is model approach valuation. The model valuation utilizes SPSE's proprietary criteria, pricing models, systems and mathematical tools to determine a view on valuation of a security based upon a series of credit risk and market-centric fundamentals concerning the individual bond issue. The model incorporates analysis of the CDS markets and creates a risk neutral adjustment factor to derive each security model valuation.

**Risk-to-Price.** SPSE also provides analyses of certain U.S. and European fixed-income securities using its proprietary R2P (risk-to-price) score methodology. This methodology is designed to rank the extent to which a bond's current market value is compensating the owner for market and credit risks (as measured under the R2P methodology) and to allow users to identify bonds that potentially may be disregarding such relationship in the market. The assumptions and methodologies used may differ from those used by SPSE in generating evaluated prices and may produce a different value than SPSE provides in an evaluated price for the same security. SPSE also provides a web-based screening tool that allows clients to apply their own criteria when reviewing securities. SPSE also publishes research and related market commentary relating to various securities, markets and sectors some of which may be related to SPSE's R2P scores.

SPSE's evaluated prices and model valuation service and R2P service involve SPSE's providing an opinion on the price of or an indication on where a security's current market value is relative to its credit risk in the marketplace. SPSE's opinion on a security's value, credit risk or price is based on and limited to publicly available information and does not constitute a recommendation to buy, hold or sell any security.

SPSE also publishes research and related market commentary relating to various securities, markets and sectors some of which may be related to SPSE's R2P scores.

## **B. Risks Associated with SPSE's Services**

The provision of evaluated prices requires SPSE to obtain market information and rely on third parties for certain information, including non-affiliated data vendors who provide information that is used as "inputs" into the valuations process. From time to time SPSE may rely on one significant data supplier to furnish it with information that is critical to its price valuation process, and any reduction in SPSE's ability to obtain such information could impact its future ability to generate evaluated prices in a timely manner.

SPSE's evaluated prices are sometimes used by clients to value their portfolios at the end of each business day and any delay in receiving these prices due to technical transmission problems, internet power outages and other unforeseen technical problems could cause clients to experience delays in valuing these portfolios and accounts.

Evaluated prices are SPSE's good faith opinion of a security's value. Evaluations may not conform to actual purchase or sales prices in the marketplace or to information available from third parties. Valuations based on different information, models, methodologies or assumptions may differ, in some cases materially, from SPSE's evaluations. Clients will be responsible for, and must use their own independent judgment on whether to use SPSE's evaluated prices for any particular reason.

## **C. Portfolio Investment Risks**

SPSE does not manage client portfolios or assets and this section is not applicable to SPSE.

**ITEM 9**  
**DISCIPLINARY INFORMATION**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of SPSE's advisory business or the integrity of SPSE's management. SPSE currently has no information applicable to this Item.

**ITEM 10**  
**OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

**A. Registration as a Broker-Dealer or Registered Representative**

Neither SPSE nor its management persons are registered as broker dealers or have an application pending to register, as broker-dealers or registered representatives of a broker-dealer.

**B. Registration as a Futures Commission Merchant, Commodity Pool Operator, Commodity Trading SPSE or Associated Person**

Neither SPSE nor its management persons are registered or have an application pending to register, as futures commission merchants, commodity pool operators, commodity trading advisers, or associated persons of the foregoing entities.

**C. Material Relationships**

(1) With broker-dealer, municipal securities dealer, or government securities dealer or broker.

SPSE does not have any material relationships with a broker-dealer, municipal securities dealer or government securities dealer or broker.

(2) With investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund).

Not applicable.

(3) With other investment adviser or financial planner.

SPSE’s related person, Standard & Poor’s Investment Advisory Services, LLC (“**SPIAS**”), is an affiliate of SPSE and a registered investment adviser. SPSE provides R2P information and research to SPIAS for use in the security selection process for its fixed income model portfolios. SPIAS does not pay compensation to SPSE for the R2P information and does not consider its relationship with SPIAS to be material to its overall business operation.

SPSE is also affiliated with the following non-US investment advisers: Standard & Poor’s Investment Advisory Services (HK) Limited (“**SPIAS HK**”), McGraw-Hill Financial Japan KK (“**MHF Japan**”), McGraw-Hill Financial Europe Research Ltd. (**MHF Europe**) and McGraw-Hill Financial Singapore Pte. Limited (“**MHF Singapore**”). Certain persons associated with MHF Europe are also associated with SPSE’s London branch operations.

(4) With futures commission merchant, commodity pool operator, or commodity trading SPSE.

Not applicable.

(5) With banking or thrift institution.

Not applicable.

(6) With accountant or accounting firm.

Not applicable.

(7) With lawyer or law firm.

Not applicable.

(8) With insurance company or agency.

Not applicable.

(9) With pension consultant.

Not applicable.

(10) With real estate broker or dealer.

Not applicable.

(11) With sponsor or syndicator of limited partnerships.

Not applicable.

(12) Nationally Recognized Statistical Rating Organization (NRSRO)

SPSE is affiliated with Standard & Poor's Ratings Services ("**Ratings Services**"), a Nationally Recognized Statistical Rating Agency (NRSRO). SPSE uses certain information from Rating Services when it determines evaluated prices and Risk-to-Price service. SPSE does not compensate Ratings Services for its rating information when it is used in SPSE's business. SPSE redistributes Ratings Services' ratings information to clients and receives compensation for redistributing the ratings information. The relationship SPSE has with Ratings Services does not create a material conflict of interest with any client of SPSE.

(13) Other services. Certain associated persons of SPSE have an ownership interest in IF Analytics, an unaffiliated firm that creates and designs tools to assist financial professionals in screening fixed income securities for, among other things, credit risk and probability of default. SPSE does not use IF Analytics in its advisory business and none of SPSE's associated persons receive any compensation from the use of IF Analytics by any affiliate of SPSE.

#### **D. Recommendation of Other Investment Advisers**

SPSE's evaluated price service and Risk-to Price scores may be distributed by SPSE's advisory affiliates in certain countries as follows: in Hong Kong, by SPIAS HK, in Singapore, by MHF Singapore, in London, by MHF Europe and in Malaysia, by Standard & Poor's Malaysia Sdn. Bhd. Two of SPSE's directors also serve as Directors of SPIAS HK. SPSE does not receive additional compensation from these advisers for selling its evaluated prices, model valuation or Risk-to-Price service, other than the fees paid by clients to SPSE for its services.

**E. Registration with Foreign Financial Regulatory Authorities**

In addition to being registered with the U.S. Securities and Exchange Commission as an investment adviser, SPSE is also registered with the Kanto Financial Bureau in Japan as a non-discretionary investment adviser. SPSE also relies on a class order exemption issued by the Australian Securities and Investments Commission and provides its pricing service to only wholesale clients in Australia.



## **ITEM 11**

### **CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

#### **A. Description of Code of Ethics**

SPSE has adopted a Code of Ethics (the “**Code**”), pursuant to Rule 204A-1 under the Advisers Act, for the purposes of setting the standard of ethical and professional business conduct that SPSE requires of its employees, requiring employees to comply with applicable federal securities laws and regulations, and setting forth provisions regarding personal securities transactions by employees.

The Code contains policies and procedures with respect to material, non-public information and other confidential information, and the fiduciary obligations that SPSE and each of its employees owes to each advisory client. The terms of the Code requires, among other things, that SPSE’s employees put a client’s interest first and prohibits employees from using any information obtained during the course of their employment for personal gain or in a manner that would be harmful to the interest of any client. The Code also requires employees to maintain information about clients in strict confidence and prohibits employees from using any confidential or proprietary information for personal gain, or passing on such information to anyone who does not have a need to know such information. All of these policies and procedures are designed to prevent, among other things, any improper or abusive conduct when potential conflicts of interest may exist with respect to a client, as well as the misuse of material non-public information and insider trading by any employee of SPSE.

The Code is made available to all employees, and each employee must affirm on an annual basis that he or she has received and followed the Code and any amendments thereto.

SPSE will provide a copy of the Code to any client or prospective client upon request.

SPSE has also adopted a Confidential and Proprietary Information Policy and Guidelines relating to the preservation of confidential and proprietary information that requires all employees to comply with applicable laws and regulations regarding the use of confidential or proprietary information and to avoid situations that may create an appearance of impropriety.

#### **B. Participation or Interest in Client Transactions**

If certain employees participate in the evaluated pricing decision of a particular security, and such employees or their immediate family members have a material financial interest in such securities, a conflict of interest may arise. Accordingly, SPSE has prohibited such employees (and their immediate family members) from trading in such securities.

#### **C. Personal Trading**

SPSE has also adopted a Securities Disclosure Policy (SDP), which requires SPSE’s employees to pre-clear most trades, report these transactions on a periodic basis and maintain their personal security accounts (as well as those of “immediate family” members) at certain designated brokerage firms, from which it will receive real time feeds of employees (and immediate family members) trades for comparison against trades that were pre-cleared by the employee and immediate family

members. The SDP's blackout periods, pre-clearance procedures and periodic reporting of transactions is designed to monitor transactions in employees' personal securities accounts and prevent conflicts of interest that may arise between employees' personal securities transactions and the SPSE's evaluated pricing service and Risk to Price service.

An employee's Securities Classification Profile level will determine if an employee (including an immediate family member) is prohibited from trading in certain securities and will also determine which Restricted List an employee must follow before submitting a trade pre-clearance request. All employees are required to pre-clear the majority of trades. Pre-clearance is only valid from the receipt of approval until the end of that same trading day in the principal market for that security.

SPSE believes that the adoption of the Code of Ethics and SDP will provide for strong internal controls and will mitigate any risks that an employee or covered person (and immediate family members) will trade in a security in contravention of SPSE's aforementioned policies or when certain employees or covered persons are in possession of confidential and/or price sensitive information as a result of their involvement in determining the price of a security.

#### **D. Concurrent Trading Activity**

Under SPSE's Code and employee trading policy, employees are generally subject to restricted lists and black-out periods surrounding activity occurring in SPSE's business unit and therefore, certain employees and their immediate family members will be prohibited from trading in securities that are subject to this same business unit activity.

**ITEM 12**  
**BROKERAGE PRACTICES**

Not applicable to SPSE's business.

**ITEM 13**  
**REVIEW OF ACCOUNTS**

Not applicable to SPSE's business.

**ITEM 14**  
**CLIENT REFERRALS AND OTHER COMPENSATION**

**A. Compensation by Non-Clients**

SPSE collects fees from clients in connection with the transmittal to clients by SPSE of Third-Party Sources prices and data, which clients have elected to receive. As a general matter, pursuant to fee sharing arrangements with such Third Party Sources, SPSE retains a portion of such fees and remits a portion of the fees to such Third Party Sources.

**B. Compensation for Client Referrals**

SPSE compensates salespersons who are employed by SPSE or its affiliates for selling its valuation services to clients. SPSE does not compensate any third parties for client referrals. Generally, such compensation will be calculated based initially on a portion of the fees paid by clients to SPSE.

**ITEM 15**  
**CUSTODY**

Not applicable. SPSE does not take custody of any client assets/funds.

**ITEM 16**  
**INVESTMENT DISCRETION**

SPSE does not have discretion over any client assets/funds. SPSE does not provide advisory services on a non-discretionary basis to any client.

**ITEM 17**  
**VOTING CLIENT SECURITIES**

SPSE does not have investment discretion over client accounts or assets and does not vote proxies.



**ITEM 18**  
**FINANCIAL INFORMATION**

**A. Prepayment of Fees**

SPSE does not require prepayment of fees of more than \$1,200, six months or more in advance. This section is not applicable to SPSE, and it is not required to file an audited balance sheet with its Form ADV.

**B. Impairment of Contractual Commitments**

Not applicable to SPSE's business.

**C. Bankruptcy Petitions**

SPSE has not been subject to bankruptcy proceedings within the last 10 years.