

**1.4 CREDIT AND COUNTERPARTY POLICIES**

**1.4.1. Criteria to be used for creating/ managing approved counterparty lists/limits**

1. The Director will formulate a suitable criteria for assessing and monitoring the credit risk of investment counterparties and shall construct a lending list comprising time, type, sector and specific counterparty limits.
2. Treasury management staff will add or delete counterparties to/from the approved counterparty list in line with the policy on criteria for selection of counterparties.
3. This organisation will use credit criteria in order to select creditworthy counterparties for placing investments with.
4. Credit ratings will be used as supplied from one or more of the following credit rating agencies: -

Fitch

Standard & Poor's

Moody's Investors Services

5. The minimum level of credit rating for an approved counterparty will be an amalgamation of the above, as defined by Sector credit rating, using only those with Sector's colour rating as below;

Dark Grey                      3 months

Light grey                      1 year and above

6. The maximum period for investments will be 5 years.
7. The maximum value for any one in-house investment transaction will be £7,500,000. Revised to £5,000,000 for new investment transactions during the 'credit crunch'.
8. The approved counterparty list may include non UK registered counterparties from the following foreign countries: -

Australia

Austria

Belgium

Canada  
Denmark  
Finland  
France  
Germany  
Greece  
Italy  
Luxembourg  
Netherlands  
New Zealand  
Norway  
Portugal  
Republic of Ireland  
Spain  
Sweden  
Switzerland  
United States of America

	Total Exposure	Revised
AAA Rated Banks	£7.5m	£5.0m
AA- (or better) Rated Banks	£7.5m	£5.0m
A (or better)	£7.5m	£5.0m
Building Societies	£7.5m	£5.0m
Other Public Bodies	£7.5m	£5.0m
Supranationals	£7.5m	£5.0m