

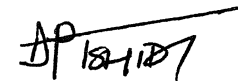
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**BOARD NOTICE**

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**BOARD NOTICE 164 OF 2013****FINANCIAL SERVICES BOARD****CREDIT RATING SERVICES ACT, 2012****APPLICATION FOR REGISTRATION AS CREDIT RATING AGENCY**

I, Dube Phineas Tshidi, Registrar of Credit Rating Agencies hereby prescribe under sections 5(1)(a) to (f) of the Credit Rating Services Act, 2012 (Act No. 24 of 2012), the conditions applicable to an application for registration as a credit rating agency as set out in the schedule.

  
D P TSHIDI

**REGISTRAR OF CREDIT RATING AGENCIES**

**SCHEDULE****1. Definition**

In this Schedule "the Act" means the Credit Rating Services Act, 2012 (Act No. 24 of 2012), and any word or expression to which a meaning has been assigned in the Act, bears the meaning so assigned to it.

**2. Application for a registration as a credit rating agency**

An applicant

for registration as a credit rating agency must submit to the registrar a written application on Form CRSA1 accompanied by–

- (i) the information specified in Annexure 1 to Form CRSA1; and
- (ii) the information required in respect of members of the controlling body of the applicant specified in Annexure 2 to Form CRSA1.

**3. Address**

Applications must be submitted to:

**The Registrar of Credit Rating Agencies**

**Postal Address**

P O Box 35655

Menlo Park

0102

*or*

**Physical Address**

Block B, Riverwalk Office Park

Ashlea Gardens, Extension 6

41 Matroosberg Road

Pretoria

0181

**4. Commencement**

This Notice takes effect on the date of publication thereof.

## FORM CRSA 1

## CREDIT RATING SERVICES ACT, 2012

## APPLICATION FOR REGISTRATION AS CREDIT RATING AGENCY

1. I,....., the chief executive officer/managing director of (name of applicant) ..... (here under referred to as the applicant), being specifically authorised thereto by the board of directors of the applicant, apply on behalf of the applicant for the registration of the applicant as a credit rating agency that provides credit rating services in respect of the following specified category of credit ratings or credit rating services (tick appropriate block) –

- an entity;
- securities;
- financial instruments;
- an issuer of securities or;
- an issuer of financial instruments.

2. This application for registration is an:

- Initial application;
- Application to add, amend or withdraw a category of credit ratings;
- Update of registration;
- Amendment of conditions of registration.

3. The prescribed application fee of ..... is enclosed.

4. The place in the Republic at which the business of the applicant will be carried on is

.....

Signed at ..... on this ..... day of ..... 20 .....

.....  
Chief Executive Officer/Managing Director

Witnesses:

1.....

2.....

**ANNEXURE 1 TO FORM CRSA 1****Information which, if applicable to the applicant, must be contained in an application for the registration of a credit rating agency**

## 1. The following information:

- (a) a certificate of incorporation of the applicant under the Companies Act, where the applicant is located in the Republic, or proof of registration of the applicant as an external company under the Companies Act, where the applicant is an external credit rating agency;
- (b) details of its –
  - (i) incorporation, registration, authorisation or approval in countries other than the Republic to undertake credit rating services; if applicable;
  - (ii) ownership structure, organisational structure and corporate governance;
  - (iii) subsidiaries and associates, if any;
  - (iv) resources and expertise to perform credit rating services;
  - (v) programme of operations, including indications of where the main business activities are expected to be carried out, branches to be established, and the type of business that will be undertaken at each location;
  - (vi) expected outsourcing arrangements, including details of the persons that will be assuming outsourcing functions;
  - (vii) policies and procedures to identify, manage and disclose any conflicts of interest;
  - (viii) compensation and performance evaluation arrangements;
  - (ix) compliance with or adherence to the Code of Conduct prescribed in terms of section 11;
  - (x) credit ratings performance measurement statistics;
  - (xi) policies and procedures adopted and implemented to prevent the misuse of material, non-public information;
  - (xii) code of ethics or a statement of the reasons why a code of ethics is not in effect;
  - (xiii) a list of its 20 largest clients, and the percentage of revenue that each of those 20 clients, individually or together with affiliates, contribute to the total annual revenue of the credit rating agency; and

- (xiv) any client who, individually or together with affiliates, contributes more than 10% to the total annual revenue of the credit rating agency.
- (c) a description of the procedures and methodologies to be used to issue and review credit ratings.
- (d) a description of how the applicant intends making the credit ratings in the category registered readily accessible for free or for a reasonable fee.

2. The following administrative information:

- (a) Name under which the credit rating services is primarily conducted.
- (b) Any other name under which the applicant conducts business including credit rating services.
- (c) The postal, physical and electronic mail addresses of the applicant's registered address or head office within the Republic at which it will receive all documents for the purpose of this application.
- (d) The telephone and facsimile numbers of the applicant and the chief executive officer/managing director of the applicant.
- (e) A list which reflects the full names of the members of the board of directors of the applicant, and a statement signed by each member to the effect that he or she knows of no reason why he or she should not serve his or her term of office as a member of the board of directors.
- (f) A list which reflects the names, physical and postal addresses, telephone and facsimile numbers of the applicant's—
  - (i) bank;
  - (ii) auditor; and
  - (iii) attorney.

3. A copy of the founding documents of the applicant which regulates at least the following;
- (a) The structure of the applicant;
  - (b) The objects of the applicant;
  - (c) The powers of the applicant;
  - (d) The composition and functions of the board of directors;
  - (e) The procedures for election or appointment of members of the board of directors, their terms of office, and when membership may be terminated;
  - (f) The procedures for the calling of meetings of people who hold an interest in the applicant;
  - (g) The voting powers of people who hold ownership interests in the applicant;
  - (h) The appointment of auditors;
  - (i) Day and month of the financial year end;
  - (j) The procedures for the dissolution of the applicant.
4. Adequacy of financial resources
- (a) If the applicant has been in existence for more than a year, a copy of its audited annual financial statements as at its latest financial year-end.
  - (b) If the applicant has been in existence for less than a year, a copy of three years financial projections.
  - (c) A copy of the budgeted income statement, balance sheet and cash flow statement for a three year period from the date of the latest financial statements or for a three year period where there are no financial statements.
  - (d) A statement signed by the chief executive officer/managing director of the applicant specifying the critical assumptions made in the preparation of budgets and the sources from which the applicant will derive its funding.

- (e) Where arrangements have been made for the funding of any temporary shortfall in available cash resources, a statement must be provided by the party or parties concerned setting out the extent and terms of their commitment.
5. Adequacy of management and human resources
- (a) An explanation of the management structure of the applicant including the names of the individuals responsible for the major functional areas and the number of personnel employed in each functional area.
  - (b) A curriculum vitae in respect of each member of the management of the applicant who is responsible for a major functional area, which indicates his or her relevant experience and training.
6. The business plan of the applicant, which has been approved by the board of directors and which deals at least with the following matters:
- (a) The executive summary setting out the credit rating agency's objectives, mission and keys to success;
  - (b) The company summary setting out the credit rating agency's ownership structure, history (for an existing company), start-up plan (for a new company) as well as the facilities of the credit rating agency which includes its planned development of information technology systems and infrastructure of the applicant;
  - (c) The products and services to be provided by the credit rating agency highlighting the technology available as well as details of any ancillary services that will be provided by the applicant;
  - (d) Details of how the corporate governance policies will be implemented.
7. A report from the Head of Information Technology and Chief Operating Officer of the applicant to the effect that adequate systems and procedures are in operation relating to risk reduction, particularly by means of processing, physical, logical security, backup and contingency controls.
8. The applicant must supply any other information, which the registrar may reasonably require.



**ANNEXURE 2 TO FORM CRSA 1****1. Information required in respect of members of the board of directors of a credit rating agency**

An application for the registration of a credit rating agency must be accompanied by the following information in respect of members of the board of directors of the applicant:

1. A curriculum vitae in respect of each member of the controlling body indicating the nature and extent of the member's qualifications and experience in the business operated by the applicant and the names of two referees;
2. Compliance with all the provisions in the Notice setting out the fit and proper requirements of directors and key employees of the credit rating agency, including the submission of all documents required under the Notice.
3. Full details of any fact which may have an impact on the evaluation by the registrar of the good character and integrity of a member of the controlling body.

**2. Information required in respect of the applicant's credit analysts and the persons who supervise the credit analysts of a credit rating agency**

An application for the registration as a credit rating agency must be accompanied by the following information in respect of the applicant's credit analysts and the persons who supervise the credit analysts:

1. The total number of credit analysts.
2. The total number of credit analyst supervisors and their location.
3. A general description of the minimum qualifications required of the credit analysts, including educational level and work experience (if applicable distinguish between junior, mid and senior level credit analysts).
4. A general description of the minimum qualifications required of the credit analyst supervisors, including educational level and work experience.

5. Compliance with all the provisions as contained in the Notice setting out the fit and proper requirements of directors and key employees of the credit rating agency, including the submission of all documents required under the Notice.

### **3. Information required in respect of the designated compliance officer of the applicant**

An application for the registration of a credit rating agency must be accompanied by the following information in respect of the designated compliance officer of the applicant:

1. Name;
2. Employment history;
3. Post-Secondary Education;
4. Compliance with all the provisions as contained in the Notice setting out the fit and proper requirements of directors and key employees of the credit rating agency, including the submission of all documents required under the Notice.