

**FORM CRS 1**

**CREDIT RATING SERVICES ACT, 2011**

**(ACT NO. OF 2011)**

**Application under section 5(1) of the Act for registration as a credit rating agency**

The Registrar of Credit Rating Agencies

1. I,....., the chief executive officer of ..... (hereunder 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 class 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 a class of credit ratings;

Update 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

Witnesses:

1.....

2.....

## **ANNEXURE 1 TO FORM CRS 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) the applicant's memorandum of incorporation under the Companies Act;
- (b) details of its –
  - (i) registration, authorisation or approval in countries other than the Republic to undertake credit rating services;
  - (ii) ownership structure, organisational structure and corporate governance;
  - (iii) subsidiaries, or credit rating affiliates if any;
  - (iv) resources other than those provided for under paragraph 4 and 5 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;
  - (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 interests relating to the issuance of credit ratings;
  - (viii) compensation and performance evaluation arrangements;
  - (ix) compliance with or adherence to the Code of Conduct Fundamentals for Credit Rating Agencies issued by the International Organisation of Securities Commissions;
  - (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; and

- (xiv) list of 20 clients who alone or together with affiliates contribute 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 class 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 of the applicant.
- (e) A list which reflects the full names of the members of the controlling body 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 controlling body.
- (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 controlling body, their terms of office, and when membership may be terminated;
- (f) the procedures for the calling of meetings of people who hold interests in the applicant;
- (g) the voting powers of people who hold ownership interests in the applicant;
- (h) the appointment of auditors;
- (i) month and day 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 year 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 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.

(c) A projection of management and staff requirements for the period covered by the budgets referred to in paragraph 4(c).

#### 6. The business plan of the applicant, which has been approved by the controlling body 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 ongoing 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 whether any ancillary services that will be carried on by the applicant;

- (d) A market analysis setting out the credit rating agency's market segmentation, target market segment strategy, market needs, market trends as well as an industry analysis setting out the industry participants and main competitors.
- (e) A summary of the credit rating agency's strategy and implementation plans focusing on its value proposition, competitive edge, marketing strategy, pricing strategy and the relevant milestones.
- (f) A summary of the information to be provided under paragraphs 4 and 5.
- (g) The corporate governance principles that will be implemented;

7. A report from the auditor 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 CRS 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 three referees;
2. Compliance with all the provisions as contained in Notice no \_\_\_\_\_ setting out the fit and proper requirements of directors, senior managers 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.
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 Notice no \_\_\_\_\_ setting out the fit and proper requirements of directors, senior managers 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 Notice no \_\_\_\_\_ setting out the fit and proper requirements of directors, senior managers and key employees of the credit rating agency, including the submission of all documents required under the Notice.