

POLICY 8 (2024)

RATING FEE GUIDE

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Document Information

Document Title	Policy 8 Rating Fee Guide
Date Created	2017
Effective Date	Once Approved
Date Published	Once Approved
Document Classification	Confidential
Author of Original document	

Document Version Control

Version Number	2.0
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Version History

Version Number	Date Published	Author	QA Executive	Owner
1.0	2017	Khalid Almudaymigh		Business Development Department
2.0	2024	Muhammad Alfaraj		

Document Revision History

Create Date	Version Number	Change History
2017	1.0	First Issuance
2024	2.0	Second Issuance

Proposed by	Chief Business Development Officer	Date	September 2024
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Review by	Chief Compliance Officer	Date	September 2024
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Review by	Chief Executive Officer	Date	September 2024
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Recommended by	Administrative & Supervisory Committee	Date	September 2024
Signature of Chairperson			
Approved by	Board of Directors	Date	September 2024
Signature of Chairperson			

1. Purpose and Scope

- 1.1. To describe SIMAH Rating Agency (TASSNIEF)'s policy on the rating fee.
- 1.2. TASSNIEF has a dedicated Business Development team that is able to assist with the process of entities requesting a rating. The team is also to deal with any commercial matters regarding the rating that may arise. Thus, entities wishing to request for a rating are encouraged to contact TASSNIEF'S Business Development team.
- 1.3. This Policy is prepared based on **Article 22** of the CMA's Credit Rating Agency Regulation (CRAR) on Transparency Report, requiring the authorized credit rating agency to disclose the revenue based on the rating fees.
- 1.4. This policy also covers the ancillary services' financial compensation.

2. Responsibility

- 2.1. The Rating Sales Specialist is to propose this Policy and any changes to the Chief Executive Officer (CEO).
- 2.2. The CEO is to table the proposal to the Administrative and Supervisory Committee (ASC).
- 2.3. The ASC is to recommend the proposal to the Board of Directors.
- 2.4. The Board of Directors is to approve the proposal, if the proposed Policy is deemed fit.
- 2.5. The Chief Compliance Officer is to ensure the implementation of the Policy.

3. References

This policy must be read together with the following policies

- 3.1. POLICY 1: General Credit Ratings Policy
- 3.2. POLICY 2: Ratings Surveillance Policy
- 3.3. POLICY 18: Reporting Publishing and Dissemination
- 3.4. CMA's Credit Rating Agency Regulation

4. Policy on the Rating Fee Guide

4.1. Rating Fee

- 4.1.1. The fees charged for a rating assignment is primarily based on the quantum of work involved and the complexity level of each assignment. The Board of Director might

approve a minimum fee for each type of rating (i.e. corporates, SMEs, structured finance and sovereigns)

4.1.2. However, size and nature of business is also an important consideration in the determination of the rating fees.

4.1.3. The fees charged to entities for ratings can be structured in a variety of ways, typically involving:

- 4.1.3.1. A fixed-rate recurring base fee for an issuer rating or for the surveillance of a rating;
- 4.1.3.2. A once-only transaction fee based on a percentage of the nominal value of a given transaction; or
- 4.1.3.3. The Combination of the two (i.e. a recurring or once-only fee that covers both issuer and transaction ratings).
- 4.1.3.4. Fees related to transaction volume may also be subject to a cap in a given year for a single issuer.

4.1.4. Upon the approval of the Board of Directors, the Business Development team might consider alternative fee arrangements for volume issuers and other entities that want multi-year ratings services agreements.

4.2. Rating Fee Arrangement

4.2.1. The arrangement between TASSNIEF and the client, with regards to fee includes, but not limited to the following:

- 4.2.1.1. TASSNIEF's preference is that the fee is paid in full as advance payment before the start of the rating process. In certain instances, payment is made by the client in installments which is decided by the management of Tassnief on a case-by-case basis.
- 4.2.1.2. The agreed out of pocket expenses on account of out of station travel etc. will be charged to the client at actual cost.
- 4.2.1.3. TASSNIEF fee structures are subject to revision. Whenever revision is considered necessary, it shall become effective from the first day of year in which the fees are revised while it will be applicable for existing contracts at the time of renewal/surveillance. The revision shall not affect ongoing valid contracts.
- 4.2.1.4. Surveillance fee is due at the anniversary of the signed agreement and will be payable within fifteen (15) days after billing of invoice.
- 4.2.1.5. Fee due and unpaid beyond 1 month would be subject to a progressively increasingly lump sum amount for the period beginning from the date of invoice.

4.3. Strict Prohibition

4.3.1. Rating Analytical staff are STRICTLY PROHIBITED from being involved in the discussion of rating fees or any other commercial terms with the clients. The discussion and negotiation of rating fees and other commercial terms with prospective or existing clients MUST be undertaken by non-rating staff. They shall not accept any gifts or material privileges from clients.

- 4.3.2. The non-rating staff's interaction with the rating staff for such purpose would be limited only to the estimation of quantum and work hours required for the completion of such assignment.

4.4. Ancillary Services Fee

- 4.4.1. The Business Development Department is the responsible team to price all other products and activities provided by Tassnief.
- 4.4.2. The fees charged for all other products and ancillary services are primarily based on the quantum of work involved and the complexity level of each assignment.

5. Review

- 5.1. This policy will be reviewed every three years by BD and changes are to be proposed by the CEO for the ASC to recommend for BOD's approval. Any changes to this policy during the review cycle will be added as addendum to this policy until the next review round.