



POLICY 14 (2024)

Rating Oversight Function

1. Purpose and Scope

- 1.1. To describe SIMAH Rating Agency (Tassnief)'s policy for Rating Oversight Function.
- 1.2. This Policy is prepared based on **Article 24 (c)** of the CMA's Credit Rating Agency Regulation that requires an authorized credit agency to establish and implement a rigorous and formal review function.

2. Policy on Rating Oversight Function

2.1. Mandate of the Rating Oversight Function

- 2.1.1. The Rating Oversight function should be independent from the Rating Services Department.
- 2.1.2. The Rating Oversight Function is to review and to determine the appropriateness of Tassnief's rating methodologies, categories, models and key rating assumptions when they are used or intended to be used for new types of rated entity or security.
- 2.1.3. The Rating Oversight Function is to review any material changes or modifications and to determine the appropriateness of the changes.
- 2.1.4. The Rating Oversight Function is also to review the feasibility of providing a rating for a type of entity or obligation that is materially different from the entities or obligations Tassnief currently rates.
- 2.1.5. The Rating Oversight Function is to monitor whether the approved rating methodologies are applied consistently and changes to the methodologies affect the current outstanding ratings.

2.2. Roles of the Rating Oversight Function

- 2.2.1. Understand Tassnief's approach in its Rating Methodologies as well as the Policy and Procedures in applying the methodologies.
- 2.2.2. Understand how Tassnief documents and responds to all the rated cases.
- 2.2.3. Review whether Tassnief is appropriately focusing on the rating processes.
- 2.2.4. Meet directly the Rating Analytical Team members and focus on whether they understand the methodologies and procedures adopted and to explore for any proposed changes.

2.3. Composition of the Rating Oversight Function

- 2.3.1. The Rating Oversight Function is made up of one or more senior executives

3. Procedures

3.1. Review of the Methodologies and Policy & Procedures

- 3.1.1. The members of the Rating Oversight Function shall have the access to all the Methodologies and Policy & Procedures as well as other related documents for their annual review.
- 3.1.2. The reviews are also conducted as and when the Rating Oversight Function thinks necessary.
- 3.1.3. The Rating Oversight Function shall annually report to the Administrative and Supervisory Committee about his/her work, particularly about the consistent application of the methodologies.

3.2. Changes to the Methodologies

- 3.2.1. Changes to the Methodologies can be initiated by the Rating Analytical Team or by the Rating Oversight Function, upon detecting the need for the change during their reviews
- 3.2.2. Proposed changes must be prepared by the Rating Analytical Team after suitable time, upon initiation of the changes or having highlighted by the Rating Oversight Function during their reviews
- 3.2.3. These proposed changes are to be distributed to the members of the Rating Oversight Function within sufficient time before the Rating Oversight Function meeting
- 3.2.4. All deliberation on the proposed changes must be documented
- 3.2.5. A full report must be prepared and reviewed by the Chief Rating Officer after the Rating Oversight Function meeting
- 3.2.6. The full report must be circulated to the Administrative and Supervisory Committee members within sufficient time before the Administrative and Supervisory Committee meeting.

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