

# POLICY 8 (2024)

## Rating Fee Guide

## 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. Policy on the Rating Fee Guide

### 2.1. Rating Fee

- 2.1.1. 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)
- 2.1.2. However, size and nature of business is also an important consideration in the determination of the rating fees.
- 2.1.3. The fees charged to entities for ratings can be structured in a variety of ways, typically involving:
  - 2.1.3.1. A fixed-rate recurring base fee for an issuer rating or for the surveillance of a rating;
  - 2.1.3.2. A once-only transaction fee based on a percentage of the nominal value of a given transaction; or
  - 2.1.3.3. The Combination of the two (i.e. a recurring or once-only fee that covers both issuer and transaction ratings).
  - 2.1.3.4. Fees related to transaction volume may also be subject to a cap in a given year for a single issuer.
- 2.1.4. 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.

### 2.2. Rating Fee Arrangement

- 2.2.1. The arrangement between TASSNIEF and the client, with regards to fee includes, but not limited to the following:
  - 2.2.1.1. 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.

- 2.2.1.2. The agreed out of pocket expenses on account of out of station travel etc. will be charged to the client at actual cost.
- 2.2.1.3. 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.
- 2.2.1.4. Surveillance fee is due at the anniversary of the signed agreement and will be payable within fifteen (15) days after billing of invoice.
- 2.2.1.5. 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.

### **2.3. Strict Prohibition**

- 2.3.1. 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.
- 2.3.2. 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.

### **2.4. Ancillary Services Fee**

- 2.4.1. The Business Development Department is the responsible team to price all other products and activities provided by Tassnief.
- 2.4.2. 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.

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