

Maitland

A. G. Wicomb
Committee Secretary
Standing Committee on Finance

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Dear Mr Wicomb,

CREDIT RATING SERVICES BILL - COMMENTS

We would like to submit the comments below on the draft Credit Rating Services Bill.

We are concerned that the Bill may, in its current form, extend to include the provision of ratings advisory services by parties to companies whose intention it is to obtain a credit rating from a registered credit rating agent.

In terms of the Bill, the definition of "credit rating services" means data and information analysis, evaluation, approval, issuing or review of credit ratings.

Section 3(1) of the Bill states that "this Act applies to:

3(1) (a) credit rating services performed in the Republic..... and

3(1) (c) any person that performs credit rating services.... "

Our concern is that by using the word "or" towards the end of the definition of credit rating services, this definition appears wide enough to include the activities of ratings advisory services by entities that are not credit rating agencies and who have no intention of providing a credit rating.

It could be interpreted that section 3(4) will exclude ratings advisory from the definition in that ratings advisory services will always be private advice provided exclusively to a client and will not be intended for publication. However, this subsection refers to private "credit ratings" and not to private "credit rating services".

Ratings advisory services on their own do not lead to a credit rating but are provided to assist a client in assessing the likely range of ratings that may be obtained should it then proceed to request a credit rating from a credit rating agent.

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The Memorandum on Objects of the Credit Rating Services Bill would appear to support the view that the Bill is not intended to cover the provision of ratings advisory services.

We would appreciate your taking this concern into consideration when taking the Bill to the next stage.

Yours sincerely



David Towers

Maitland Trust Limited