



FSCA CRA NOTICE 20F 2020

CREDIT RATING SERVICES ACT, 2012 (ACT NO. 24 OF 2012)

**EXEMPTION OF FITCH RATINGS LIMITED FROM SECTION 3(2) AND CERTAIN
REGULATED PERSONS FROM SECTION 4(1) OF THE CREDIT RATING SERVICES ACT,
2012**

The Financial Sector Conduct Authority, under section 27(1) of the Credit Rating Services Act, 2012 (Act No. 24 of 2012), read with section 281(3) of the Financial Sector Regulation Act, 2017 (Act No. 9 of 2017), hereby exempts Fitch Ratings Limited from section 3(2) and certain regulated persons from section 4(1) of the Credit Rating Services Act, 2012 to the extent set out in the Schedule.

**J. A. BOYD
DIVISIONAL EXECUTIVE: MARKET INTEGRITY SUPERVISION
FOR THE FINANCIAL SECTOR CONDUCT AUTHORITY**

DATE: 06 APRIL 2020

SCHEDULE

EXEMPTION OF FITCH RATINGS LIMITED FROM SECTION 3(2) AND CERTAIN REGULATED PERSONS FROM SECTION 4(1) OF THE CREDIT RATING SERVICES ACT, 2012

1. Definitions

In this Schedule, “the **Act**” means the Credit Rating Services Act, 2012 (Act No. 24 of 2012), any word or expression to which a meaning has been assigned in the Act shall have the meaning so assigned to it unless a different meaning is assigned elsewhere in this Schedule, -

“**Fitch Ratings**” means Fitch Ratings Limited; and

“**Sovereign rating**” means a credit rating where the entity rated is the Republic of South Africa, or a regional or local authority of the Republic, and a credit rating where the issuer of the debt or financial obligation, debt security; or other financial instrument is the National Treasury or a regional or local authority, or a special purpose vehicle of a State or of a regional or local authority, including a state-owned company as defined in the Companies Act.

2. Applicable legislation

- (1) Section 3(2) of the Act provides that unless a person is a registered credit rating agency, such person may not perform credit rating services or issue a credit rating in the Republic of South Africa.
- (2) Section 4(1) of the Act requires regulated persons who use credit rating to only use credit ratings that are:
 - (a) issued or endorsed by credit rating agencies that are registered in accordance with the Act; or
 - (b) issued or endorsed by external credit rating agencies approved by the Authority.
- (3) Section 27(1) of the Act provides that the Authority may, where practicalities impede the strict application of a specific provision of the Act, exempt any person, category of persons or a registered credit rating agency from, or in respect of, such provision on conditions determined by the Authority.
- (4) Section 281(4) of the Financial Sector Regulation Act requires that where the Authority grants an exemption in terms of a financial sector law, the requirements of section 281(3) must be met and such exemption must be published. The Act is a financial sector law as defined in section 1(1) read with Schedule 1 of the Financial Sector Regulation Act.

3. Exemption of the exemption

Pursuant to section 27(1) of the Act, the Authority hereby exempts Fitch Ratings from the requirements of section 3(2) of the Act to the extent set out below.

- (1) The exemption from section 3(2) of the Act permits Fitch Rating to perform credit rating services relating to the issuing of sovereign ratings for a period of two years from the date of this exemption.
- (2) The exemption further entails that regulated persons may use sovereign ratings published by Fitch Ratings during the period of exemption for regulatory purposes as contemplated in section 4(1) of the Act.

4. Amendment and withdrawal of exemption

The Authority may at any time by publication on its website:

- (1) amend this exemption; and
- (2) in part or wholly withdraw this exemption.

5. Commencement and duration of the exemption

This exemption commences on the date of publication of this Notice and expires on 06 April 2022.

6. Short title

This exemption is called the Exemption of Fitch ratings and certain regulated persons from the requirements of the Credit Rating Services Act, 2020.