

SUMMARY OF AMENDMENTS
REVISED GUIDELINES ON CREDIT RATING AGENCIES
(Date of Issuance: 10 January 2023)

The following table provides a summary of key amendments to the revised *Guidelines on Credit Rating Agencies* (Guidelines) issued on 10 January 2023:

A. Overview
<ol style="list-style-type: none"> 1. The Guidelines was revised pursuant to a holistic review on the existing credit rating agency (CRA) framework. The key amendments relate to, among others, enhancements to governance requirements and improvements to integrity of the rating process. 2. Additional amendments were made to enhance clarity of certain requirements in the Guidelines. 3. Consequential amendments were made in relation to the implementation of the Electronic Application System (EASy). 4. Housekeeping amendments throughout the Guidelines were made to provide greater clarity and consistency. These amendments include stylistic or formatting changes and necessary changes of an editorial nature such as renumbering and rephrasing of certain requirements and contents, standardisation of terminology, updating of information, grammatical corrections, and alphabetical order. Other amendments include substitution of terms (i.e. 'shall' with 'must', 'bond' with 'corporate bonds and sukuk' and 'working days' to 'business days').

B. Amendment Highlights			
No.	Prior to 10 January 2023	Revised Version Dated 10 January 2023	Comments
Chapter 1: Introduction			
1.	Paragraphs 1.1 – 1.8	Paragraphs 1.01 – 1.05	Repositioned and amended to provide greater clarity. Removed requirements that are outdated and no longer applicable.
2.	Paragraph 1.9	Paragraph 3.01	Repositioned to Chapter 3 on Definitions.

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Chapter 2: Applicability			
3.	Paragraphs 1.11 and 1.12	Paragraphs 2.02 – 2.03	Amended to provide greater clarity.
4.	-	Paragraphs 2.01 and 2.04	New paragraphs inserted to clarify applicability of the Guidelines.
Chapter 3: Definitions			
5.	Paragraph 1.9	Paragraph 3.01	Inserted the following new definitions of: <ul style="list-style-type: none"> • 'board committees' to provide clarity on the committees of the board of directors to be established by the CRA; • 'corporate bonds' and 'sukuk' to provide greater clarity on references made to 'bonds'; • 'EASy' in conjunction with the implementation of this system; • 'fit and proper' to refer to the fit and proper criteria under Appendix 1 to the Guidelines; and • 'senior management' to provide greater clarity.

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No.	Prior to 10 January 2023	Revised Version Dated 10 January 2023	Comments
			<p>Amended the following existing definitions for greater clarity:</p> <ul style="list-style-type: none"> • 'controller' to be consistent with the <i>Capital Markets and Services Act 2007</i> (CMSA); • 'external member' to clarify the independence of the external members of CRA's rating committee from the shareholders of CRA and its rating holding company; and • 'independent director' to be consistent with the <i>Main Market Listing Requirements of Bursa Malaysia Securities Berhad</i>.
6.	-	Paragraph 3.02	New paragraph inserted to provide greater clarity on references to 'days'.
Chapter 4: Registration of CRA			
7.	Chapter 2	Chapter 4	Repositioned certain paragraphs from previous Chapter 2, amended, and grouped into the relevant headers for greater clarity.
8.	Paragraph 2.2	Paragraphs 4.02 and 4.03	Amended the financial requirements for the CRA to provide greater clarity.

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9.	Paragraph 2.44	Paragraph 4.05	Amended paragraph to require a controller and a compliance officer of a CRA, and the senior management of a CRA and its rating holding company to be fit and proper.
10.	Paragraph 2.45	Paragraph 4.06	Amended to provide greater clarity on additional considerations for candidates of relevant positions under paragraph 4.05(b), including the capability of the chief executive to lead the CRA.
11.	Paragraph 2.44	Paragraph 4.07	Amended paragraph to require the SC's prior approval for the proposed appointment of compliance officer of a CRA.
12.	-	Paragraph 4.08	New paragraph inserted to provide greater clarity on SC's powers to refuse registration of an applicant if it is not fit and proper.
13.	Paragraph 2.20	Paragraph 4.09	Amended paragraph to require: <ul style="list-style-type: none"> • a majority of independent directors for the composition of a CRA and its rating holding company's board of directors and board committees; and • an independent director as the Chairman of the board and all board

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			committees for a CRA and its rating holding company.
14.	Paragraph 2.9	Paragraph 4.12	Amended to require a majority of external members for the composition of a CRA's rating committee.
15.	-	Paragraphs 4.14 – 4.18	New paragraphs inserted to require establishment of the CRA's board committees including the nomination, audit committee, risk management and remuneration committee.
Chapter 5: Continuous Obligations			
16.	Chapter 2 and Chapter 4	Chapter 5	<p>Paragraphs repositioned from previous Chapters 2 and 4, amended and grouped into the following new headers to provide greater clarity:</p> <p>(a) Matters requiring prior approval of the SC</p> <p>(b) Disclosure Requirements</p> <ul style="list-style-type: none"> • Notification to the SC • Reporting to the SC • Other disclosure obligations

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			<p>(c) Conduct Requirements</p> <ul style="list-style-type: none"> • Governance of CRA • Conduct of meetings • Compliance officer • Conflict of interest • Confidentiality of information <p>(d) Other Continuous Obligations</p> <ul style="list-style-type: none"> • Rating criteria, methodologies and policies • Monitoring of corporate bonds and sukuk rated by CRAs • Human resources and expertise • Rating agreement • Records and data management
17.	Paragraph 2.3	Paragraph 5.02	Amended to require a CRA to obtain the SC's prior approval for any proposed change in the CRA's direct or indirect shareholdings, which results in a new controller.
18.	-	Paragraphs 5.03 and 5.04	New paragraphs inserted to provide greater clarity on approval requirement for appointment of relevant persons under paragraphs 4.05(b)(i) to (iv), as well as the requirement to undertake necessary due diligence on the candidates.

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19.	-	Paragraphs 5.05 and 5.06	New paragraphs inserted to provide greater clarity on matters that require notification to the SC.
20.	Paragraph 2.27	Paragraph 5.07	Instead of approval requirement, amended to require notification on change in the rating of a corporate bond or sukuk, and when a CRA is appointed to replace another CRA.
21.	Paragraph 2.46	Paragraph 5.22	Amended the length of service of CRA's independent directors and external members of the CRA's rating committee to a cumulative term of nine years, consistent with the <i>Malaysian Code on Corporate Governance</i> .
22.	-	Paragraph 5.23	New paragraph inserted to prescribe requirements relating to the quorum of meetings for board of directors, board committees and rating committee.
Chapter 6: Submission Procedure			
23.	Chapter 3	Chapter 6	Chapter 6 is replaced with new provisions consequential to the implementation of EASy. Also introduced new provisions to provide for the submission procedure via EASy or email submission.

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Chapter 7: Refusal of Registration and Deregistration			
24.	Chapter 5	Chapter 7	Paragraphs repositioned from previous Chapter 5, amended for greater clarity and grouped into the following new headers: <ul style="list-style-type: none"> • Refusal of registration • Suspension and deregistration
25.	-	Paragraph 7.01	New paragraph inserted to provide greater clarity on the SC's powers to refuse an application for registration or approval.
26.	Paragraph 5.2	Paragraphs 7.02 and 7.03	Amended to provide greater clarity on SC's powers relating to suspension and deregistration of a CRA.
Appendix			
27.	Paragraph 3.2	Appendix 1 (Fit and Proper Criteria)	Repositioned and enhanced the fit and proper criteria for entity and individual respectively.
28.	Appendices 4 to 6	-	Deleted following the implementation of submission procedures via EASy.