

FSCA Press Release

30 April 2019

FSCA fines Global Credit Rating Co. (Pty) Ltd R487 000

The Financial Sector Conduct Authority (the Authority) imposed an administrative penalty of R487 000 on Global Credit Rating Co. (Pty) Ltd (Global), for contravening Rules 5 (8), 5 (11) and 5 (12) of the Credit Rating Agency Rules issued under Board Notice 228 of 2013 (the Rules) .

In summary, the Authority found that Global failed to manage conflicts of interest in accordance with the Rules when issuing a credit rating in November 2017 and that this rating process was affected by Global's business interests to obtain a ratings tender from the issuer.

When deciding on an appropriate penalty the Authority considered amongst other aggravating factors that a breach of the conflict of interest rules is serious especially in the context of a credit rating agency.

Amongst factors mitigating the quantum of the penalty, the Authority took into account that Global did not dispute the allegations and that it cooperated with the Authority during the enforcement process.

In setting the quantum of the administrative penalty the Authority decided to disgorge from Global for penalty purposes the contract value of the tender award amounting to R487 000.

The Authority emphasises that the case against Global relates to how it dealt with conflicts of interest during a rating process. The Authority did not investigate and does not express a view regarding the relevant rating.

A copy of the order is available on the Authority's website:

<https://www.fsca.co.za/Enforcement-Matters/Pages/Enforcement-Actions.aspx>

Ends

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