

ICRA LANKA'S POLICY ON WITHDRAWAL AND SUSPENSION OF CREDIT RATING

RATING WITHDRAWAL

Credit rating agencies (CRAs) are regulated by Securities and Exchange Commission of Sri Lanka (SEC). Any credit rating withdrawal would be as per rules and regulation laid down by SEC

Withdrawal of Credit Rating: Structured Obligations

In the case of Structured Obligations, ICRA Lanka may withdraw the Credit Rating in case of any of the following situations:

1. In case of 'provisional' ratings:

- a) If in ICRA's opinion, the structure actually adopted for the transaction, deviates significantly from that taken into account while assigning the ratings
- b) If ICRA Lanka has not received, within a reasonable time period, a written confirmation from the Issuer or the Trustee of the rated instrument, as the case may be, that the terms and conditions of the structure have been complied with.

2. In case of Non Invocation of Credit Enhancement

In cases where the onus of utilisation or invocation of the credit enhancement is on the investor itself, and the investor chooses not to enforce its right on the credit enhancement.

Other Grounds for withdrawal of a Credit Rating

1. In the case of securities rated by ICRA Lanka

A credit rating cannot be withdrawn so long as the obligations under the rated security (ies) are outstanding, except in case the company, whose security has been rated, is wound up, merged or amalgamated with another company.

2. In case of bank facilities rated by ICRA Lanka

Bank loans/facilities generally being non-transferable in nature and their only user being banks, can be withdrawn at the request of the Rated Entity on receipt of No Objection Certificate (NOC) from lending bank(s).

3. In case of Public Deposits

ICRA Lanka withdraws the Credit Rating assigned to the public deposit programmes at the request of the Rated Entity under the following conditions:

- If the deposits are fully redeemed; or
- If the Rated Entity has set aside in an escrow account an amount that ICRA Lanka considers adequate for the payment of principal and interest to the depositors; or

- If the Rated Entity has stopped using the ICRA Lanka assigned Credit Rating to mobilize further deposits and has informed depositors about the same and has given an explicit option to prematurely withdraw the deposits, the Credit Rating is placed on 'Notice of Withdrawal' for six months, before being withdrawn at the end of the withdrawal notice. ICRA Lanka will disclose the ratings which have been put on a 'Notice of Withdrawal' by way of a press release on its website.

4. In case of a withdrawal request of the Rated Entity

In the case of an issuer Credit Rating, which is not applicable to any specific debt obligation, the Credit Rating may be withdrawn at the request of the Rated Entity. Issuer rating is put on 'Notice of Withdrawal' for at least 12 months from the date of withdrawal notice before being withdrawn. ICRA Lanka will have the right to change the Credit Rating if circumstances so warrant and communicate such change to the public by way of press release, during the withdrawal notice period.

RATING SUSPENSION

ICRA Lanka is committed to monitor and update all its assigned ratings till the ratings are outstanding. However, ICRA Lanka may suspend the ratings under the following conditions:

1. If the information available is insufficient to monitor the rating
2. Such information is unlikely to be available to ICRA in the near future

Suspended ratings would become non-meaningful after 6 months as ratings would no longer reflect the current credit opinion of ICRA Lanka. ICRA Lanka reserves the right to revise the ratings based on available information till such time that the ratings become non meaningful.

DEFINED TERMS:

Credit Rating

A Credit Rating is an opinion on the relative credit risk of the issuer/ borrower/ instrument / borrowing limit expressed in the form of standard symbols or in any other standardised manner, assigned by ICRA Lanka and used by the issuer of instrument/ debt obligation, to comply with the requirements specified under regulations.

Rated Entity (ies)

A Rated Entity means any entity rated by ICRA Lanka or any entity that issues instrument/ raises debt obligations rated by ICRA Lanka or any entity that is seeking a Credit Rating from ICRA Lanka.



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