Policy and procedure regarding unsolicited ratings

Introduction:

As per Bangladesh Securities and Exchange Commission Credit Rating Rules 2022 Chapter III, section 8A (k), for each rating, the CRC shall disclose whether the issuer participated in the rating process. For each rating not initiated at the request of the issuer/entity, the CRC shall disclose it, and the CRC shall also disclose its policies and procedures regarding unsolicited ratings. WASO Credit Rating Agency (BD) Ltd. may initiate credit ratings on issuers/rated entities without the request of the issuer, provided there is adequate public information available to form a credible opinion of the issuer's creditworthiness.

These unsolicited ratings are produced basically to provide confidence to market participants or stakeholders. WCRCL provides no difference between unsolicited and solicited ratings in terms of the rating criteria, methodology, and rating committee procedures.

Policy:

Credit rating, which is not initiated at the request of the rated issuer/entity or its investor/lenders, WCRCL publishes it. Publication of an unsolicited credit rating will be conditioned on its determination that adequate public information is available to allow WCRCL to assign and maintain the credit rating.

The unsolicited credit rating is not initiated at the request of the rated issuer/entity or its investor/lenders; it is initiated by the WCRCL because the rating would provide informational benefits to the market participant/stakeholder, or the rating is analytically relevant for other analysis (like industry report, peer group analysis) that the WCRCL provides to the market.

Where the rating is unsolicited and the issuer/rated entity did not participate in the rating process, WCRCL rating announcements will state, "The ratings have been initiated by WASO Credit Rating Agency (BD) Ltd. The issuer did not participate in the rating process."

Since the unsolicited credit rating is initiated by the WCRCL, the agency will not seek a rating fee for the credit rating from the related entity or its investor/lenders. However, if the related entity or its lender/investor wants to convert such an unsolicited rating to a solicited rating, the solicitation can be evidenced by a request, rating contract, payment of rating fee, or other form of confirmation from the end of the related entity or its investor/lenders.

Publication:

Publication of an unsolicited credit rating will be conditioned on its determination that adequate public information is available to allow WCRCL to assign and maintain the credit rating. There is no difference between unsolicited and solicited ratings by the WCRCL in terms of the methodology and rating committee procedures.