

RAM

POLICY

June 2011

Rating Withdrawals and Suspensions

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RATINGS



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RATING WITHDRAWALS AND SUSPENSIONS

The purpose of this policy is to facilitate a clearer understanding of the differences between a rating withdrawal and a rating suspension, and the consequences of such rating actions. It further outlines the circumstances under which RAM Ratings can suspend or withdraw a rating.

We highlight that it is not within RAM Ratings' prerogative to influence the decisions of bondholders or investors with regard to any commercial decision or recovery attempt on a debt facility where the rating has been suspended or withdrawn. Any action taken by the parties concerned is dictated by all the permissible avenues in the transaction documents.

RAM Ratings will suspend/withdraw a rating under extreme circumstances that would render it impossible for us to maintain surveillance on the rating of a particular debt issue or issuer. Some of these scenarios include, but are not limited to, the following:

- (i) Inadequate information arising from the failure of the issuer and/or related parties in the transaction to respond to requests for information in a timely manner, and/or the unwillingness of the issuer to establish contact or communication with RAM Ratings with respect to queries or clarification on material issues.
- (ii) Insolvency, bankruptcy or reorganisation of the issuer.
- (iii) Maturity of the debt issue.
- (iv) Upon the request of the issuer.
- (v) Circumstances where public disclosures relied upon to supplement our analysis are insufficient for RAM Ratings to maintain or support a credible rating opinion.

We would also like to highlight that RAM Ratings may withdraw or suspend a rating at any time at its sole discretion. Consistent with our philosophy of credibility and integrity, it is also our belief that such actions to suspend or withdraw a rating cannot be used to circumvent a downgrade of the issue or issuer rating. Despite the challenges that may arise from opacity of information, RAM Ratings will ensure that every effort is made to provide an updated view of the current events. We will also indicate, whenever possible, the likely direction and magnitude of any rating adjustment had we continued to maintain surveillance on the rating.

Published by :

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Suspensions

A suspension of a rating signifies that the rating of the affected issuer or issue has been “put on hold”. As a credit rating carries a specific definition and indicates a particular level of creditworthiness, a suspended rating would imply that RAM Ratings is no longer in a position to rate or form a view on the payment capacity of the particular issuer, either from a legal perspective or in a meaningful manner, as per our general rating approach.

RAM Ratings endeavours to exhaust all avenues of information before we opt to suspend a rating. Our disclosure or press statement on the rating suspension will reflect our latest credit opinion on the issuer or issue. Nonetheless, we will strive to indicate the likely direction and magnitude of any rating movement, based on the level of information we have access to at that point.

Rating coverage may resume after a rating has been suspended, although the next course of action will be determined on a case-by-case basis, depending on the developments subsequent to the rating suspension. A suspension would indicate that there is some level of expectation that we may be able to maintain rating surveillance of the particular issue or issuer in the near future. A rating suspension can be “lifted” and the rating can be upgraded, downgraded or reaffirmed if there comes a time when RAM Ratings is able to obtain sufficient information and clarification to undertake credit analysis in a meaningful manner.

Withdrawals

While there can be some overlap of circumstances that can lead to either a rating withdrawal or rating suspension, a withdrawal is more often than not a result of the maturity of the debt issue, or upon the request of the issuer. RAM Ratings may also withdraw rating coverage for reasons other than those related to lack of information or the issuer’s bankruptcy or reorganisation. Such decisions will, however, be carefully deliberated, weighing the level of market interest in such coverage against the availability of RAM Ratings’ resources required to monitor the rating.

Any announcement relating to the rating withdrawal will state the current rating at the point it is withdrawn, the reason for the withdrawal and that RAM Ratings no longer has an obligation to rate the issue or issuer.

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