



## Policy: Securities Trading

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<b>Issued by</b>	: SAR Compliance Function
<b>Applicable to</b>	: All SAR Employees and relevant Employees supporting SAR rating process
<b>Scope</b>	: All Credit Rating Actions and all Other Rating Actions

Approved documents are held by the Compliance Officer of Sovereign Africa Ratings (Proprietary) Limited.

<sup>1</sup> Date on which the approved document takes effect.



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## 1 Policy Statement

This document outlines SAR's policies, guidelines, and expectations for all SAR employees regarding the ownership and trading of securities, as well as any potential reporting requirements.

Employees and family members are forbidden from:

- a) trading in securities while in possession of Material Non-Public Information (MNPI) about the security's issuer or the security itself. Whether or not the security related to a SAR-rated issuer is rated by SAR, this restriction applies to any MNPI relating to that security. This includes any situation in which a SAR employee or a member of their family inadvertently obtains MNPI.
- b) trading any security rated by SAR while knowing MNPI. This is forbidden regardless of where the employee or family member acquired the MNPI; and
- c) trading in any security when the employee or family member is in possession of proprietary information about the issuer or securities owned by SAR, regardless of whether the information is MNPI.

### DEFINED TERMS AND ABBREVIATIONS

Agent	Anyone representing a Rated Entity or a Rated Entity agent, whether an individual or a group.
CRA	Credit Rating Agency
Credit Rating	A Credit Rating is an opinion made by a CRA based on a predetermined ranking system of rating categories regarding the creditworthiness of an entity, debt or financial obligation, debt security, preferred share, or other financial instrument, or of the issuer of such a debt or financial obligation, debt security, preferred share, or other financial instrument.
Credit Rating Action	Any of the following is a credit rating action: <ol style="list-style-type: none"> <li>1. the process through which a credit rating is given to a rated entity or obligation, including credit ratings given during a subsequent rating process.</li> <li>2. When relevant conditions are thought to have been satisfied in the anticipated rating process, a provisional note is removed from a credit rating.</li> <li>3. a change to a credit rating (i.e., upgrade or downgrade).</li> <li>4. placing a credit rating under review, reconfiguring an active review, or removing a credit rating from review (i.e., Credit Rating Confirmation).</li> </ol>

## Sovereign Africa Ratings

	<p>5. the assignment of, or modification of, an Outlook linked to a Rated Entity or several Credit Ratings.</p> <p>6. Credit Rating Affirmation.</p> <p>7. Credit Rating Withdrawal.</p>
Credit Rating Personnel	<p>Credit Rating Personnel are SAR Analysts, Managers of SAR Analysts, and any other SAR Employees involved in developing or approving methods or methodologies utilised in providing Credit Rating Services, Ancillary Services, or Other Permissible Services. Any SAR employee assigned to a rating team who: (1) is not active in the rating process or (2) supports the rating process only through administrative responsibilities, such as entering data into internal systems, is not included in the definition of credit rating personnel.</p>
Employee(s)	<p>An Employee is any full-time or part-time employee of SAR or any of its subsidiaries and associated companies.</p>
Issuer	<p>An issuer is any entity that issues debt, a credit commitment, debt-like obligations, or securities. Examples of such entities include special-purpose vehicles, companies, governments, and local governments.</p>
Lead Analyst (Lead Analyst)	<p>Lead Rating Analyst is a term used to describe an analyst who is primarily responsible for providing details about a credit rating and/or for communicating with the issuer(s) regarding a specific credit rating or regarding the credit rating of a financial instrument issued by that issuer, as well as, when appropriate, for creating recommendations for the rating committee in relation to that credit rating.</p>
Manager(s)	<p>Managers are employees who oversee managing personnel.</p>
Outlook	<p>An Outlook is an opinion regarding the likely path of an issuer's rating could take over the medium term.</p>
Prohibited Recommendation	<p>It is prohibited for SAR analysts or persons who approve ratings to make proposals or recommendations or give advice, either formally or informally, regarding the design of structured finance instruments on which SAR is expected to issue a credit rating.</p>
Rated Entity	<p>A Rated Entity is any entity rated by a Credit Rating Agency (CRA)</p>
Review	<p>A review is an indication that a rating may be changing in the not-too-distant future.</p>
SAR	<p>Sovereign Africa Rating (Pty) Ltd is authorised to conduct business as a credit rating agency as per the Credit Ratings Services Act of 2012 of the Republic of South Africa.</p>
Security	<p>Security refers to any type of financial instrument, including stocks, bonds, debentures, notes, options, equity securities, convertible securities, warrants, derivative securities (Derivative), and warrants.</p>

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Subsequent Rating Process	Ratings after that Process is the process of determining the Credit Ratings to be assigned (together with the related outlook or review status, if applicable) solely based on the Credit Ratings of a programme, series category/class of debt, or principal Rated Entity that already exist.
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## 2 Approval of Policy

This Policy was approved by the board, and it will be reviewed annually.

*Portia Divhani Ravuhali*

Board Meeting, 2 August 2022

Approved by the board

Date

Chairperson of the board

### 3 Annexures

#### 3.1 Procedures

The policy statements are implemented by this Procedure.

Credit rating analysts must annually disclose their shareholding to the Compliance Officer and make a formal declaration to every credit rating committee they are a part of. Analysts of credit ratings are not permitted to trade securities when they have access to important information that is not generally known.

All employees' shareholdings will be kept current by the compliance function, which will also take adequate precautions to restrict access to sensitive information via a restrictions list.