

**CITY OF CAPE TOWN**  
**CONTRACT SURETIES: APPROVED POLICY (updated 01/11/2011)**

**1. INTRODUCTION**

In terms of the City's procurement policy, financial guarantees are required on behalf of contractors to secure certain performance and advance payment obligations of the contractor. The previous list of approved financial institutions from which the City accepted such guarantees has been reviewed and signed off by The Executive Director: Finance (CFO) in terms of the policy set out below.

**2. POLICY**

- (a) Contract sureties may be accepted only from registered banks and insurance Companies having one of the following ratings from the credit rating agencies indicated:
  - (i) **Banks:** a short term rating of F1 (Fitch Ratings), A1 (Global Credit Rating Co.) or Prime-1 (Moody's).
  - (ii) **Insurers:** a claims paying ability rating of A- or above from Global Credit Rating, or A3 or above from Moody's.
- (b) A 100% cash deposit with the City (interest free) may be accepted as a contract surety in lieu of a paper guarantee.
- (c) The Executive Director: Finance (CFO) is authorized to add or delete, temporarily or permanently, the name of a financial institution to or from the list of approved sureties, notwithstanding the absence or presence of an acceptable credit rating, if he or she is satisfied or unsatisfied as to its credit worthiness in a particular instance.
- (d) The list of financial institutions currently accepted by the City as a contract surety shall be posted on the City Web and maintained by the Treasury section of the Finance Department.

**3. CURRENTLY APPROVED LIST OF FINANCIAL SURETIES**

The following financial institutions are currently approved for issue of contract sureties to the City:

**National Banks:**

ABSA Bank Ltd.  
Development Bank of Southern Africa  
FirstRand Bank Ltd.  
Gensec Bank Ltd.  
Industrial Development Corporation of South Africa  
Infrastructure Finance Corporation  
Investec Bank Ltd.  
Land & Agricultural Bank of SA  
Mercantile Bank Ltd.  
Nedbank Ltd.  
Standard Bank of SA Ltd.

**International Banks (with branches in SA):**

Barclays Bank plc.  
Citibank n.a.  
Commerzbank Aktiengesellschaft  
Credit Agricole Corporate and Investment Bank  
Deutsche Bank AG  
JP Morgan Chase Bank  
Societe Generale  
Standard Chartered Bank

**Insurance companies:**

ABSA Insurance  
AIG South Africa  
Auto & General  
Coface s.a.  
Compass Insurance Co.  
Constantia Insurance Co.  
Credit Guarantee Insurance Co.  
Etana Insurance Company Ltd.  
Guardrisk Insurance Co.  
Home Loan Guarantee Co.  
Lion of Africa Insurance Co.  
Lombard Insurance  
Mutual & Federal Insurance Co.  
New National Assurance Co.  
Regent Insurance Co.  
Renasia Insurance Company Ltd.  
Zurich Insurance Co.