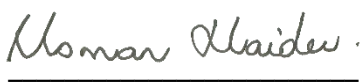


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Approved by	Chief Executive Officer
Approval Date	July 28, 2025
Effective Date	July 28, 2025
Signing Authority	 USMAN HAIDER Chief Executive Officer

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- 1 OBJECTIVE**
 - 1.1** To outline the definition and key aspects of each of these commercial arrangements (Solicited, Unsolicited and Private Ratings) for having a rating done.
- 2 APPLICABILITY**
 - 2.1** This policy is applicable on ***Business Development Vertical, Rating Vertical and Solutions Vertical.***
- 3 RATING RELATIONSHIP**
 - 3.1** In terms of relationship rating assignments can be classified into following types:
 - 3.1.1** Solicited Ratings:
 - i Solicited Ratings are defined as ratings where the rating agreement is established with the Ratee. ***[CRC Regulations, 2016 clause 2-(j)]***
 - ii The fee agreement may be established with either the Ratee or any other third-party.
 - 3.1.2** Un-Solicited Ratings:
 - i Un-solicited Ratings are defined as rating not initiated at the request of the Rated Entity or its Agents or not maintained at the request of the Rated Entity or its Agents. ***[CRC Regulations, 2016 clause 2-(k)]***
 - ii Un-solicited Ratings are usually assigned and maintained at the rating agency's own expense and initiative as a service to the users of ratings.
 - iii **CRC Regulations, 2016 Clause 11-(A)-(s)** requires a rating agency to observe a disengagement period of minimum two-years between the notification of the unsolicited rating and acceptance of the assignment for the solicited rating, where an un-solicited rating becomes a solicited rating. Also, a mandatory disclosure in the rating report is required to the fact that the said Rating is un-solicited, the extent of participation by the entity/issuer, its management, its creditors and its auditors in the credit rating process.
 - iv Decision to undertake un-solicited ratings would be made by PACRA's Chief Executive Officer (CEO).
 - v Whenever un-solicited ratings are undertaken, PACRA would disclose in the same manner as solicited ratings are disclosed.
 - vi Applicable credit rating framework (criteria and methodologies) for un-solicited ratings would be same as that of solicited ratings.
- 4 DISCLOSURE OF RATINGS**
 - 4.1** In terms of disclosure, ratings are of two types:
 - 4.1.1** Public Ratings: A rating opinion available in public domain (*where selective disclosure is explicitly prohibited*).

“Def: Selective disclosure: Intentional or unintentional release of Confidential Information to a select individual / group.

 - *From PACRA's point of view: Selective disclosure constitutes divulging the rating opinion to anyone other than the Client before Public Dissemination. The release of such information to the Client doesn't constitute selective disclosure.*
 - *From Client's point of view: Selective disclosure constitutes divulging the rating opinion to anyone else before Public Dissemination by PACRA”.*

4.1.2 Private Ratings: A rating opinion not available in public domain. *[CRC Regulations, 2016 clause 2-(gg)]*

- Private ratings are assigned in a rating notification letter and not disseminated by way of a Press Release. *[CRC Regulations, 2016 clause 16-(1)]*
- *CRC Regulations, 2016 requires that* whenever a private rating has been assigned by PACRA, and its client approaches, during the life of the contract with PACRA, to another credit rating company to make public the private rating assigned by such other rating company then PACRA shall also make public the private rating assigned by it. *[CRC Regulations, 2016 clause 16-(3)]*
- For private ratings, related information is confidential information. *[CRC Regulations, 2016 clause 16-(2)]*

5 TASKS

5.1 Mandatory disclosure is made in the rating report to the fact that:

- The said rating is un-solicited / solicited.
- In case of un-solicited rating, the extent of participation by the entity/issuer, its management, its creditors and its auditors in the credit rating process. *[CRC Regulations, 2016 clause 14-(3)-(v)]*

6 POLICY ADMINISTRATION

6.1 Interpretation: Competent Authority is responsible for interpreting and applying the policy to specific situations when questions arise.

6.2 Review: This policy is subject to review as follows:

Reviewed by	Scope	Frequency (Minimum)	Regulation
Compliance Officer	Appropriateness & sufficiency	Annual	Chapter III 11-B-(k)
Firm of Chartered Accountants	Actual vs. Policy	Semi - Annual	Chapter III 11-F-(g)

6.3 Policy Approval: This policy is required to be approved by the board of directors.

6.4 Investigations of Suspected Violations: All reported violations shall be promptly investigated and treated confidentially to the extent reasonably possible.

6.5 Disciplinary Protocol: Compliance with all Codes of Conduct and PACRA policies, including this Policy, is a condition for employment. Compliance with the Codes and PACRA policies shall be monitored on periodic basis:

- *Those who come within the bounds of this Policy shall cooperate fully to provide truthful, accurate information*

Capitalized terms used herein are defined in PACRA Glossary. Moreover, current version of this policy is available on the website:

www.pacra.com

7 REGULATORY FRAMEWORK

7.1 PACRA's compliance to SECP's regulatory requirements in terms of the Policy for Solicited, Un-solicited and Private Rating is as follows:

PACRA's Compliance for Solicited, Un-solicited and Private Rating	
CRC Regulations, 2016	Policy Reference
Chapter I Regulation 2-1-(gg): “Private Ratings” means a rating opinion not available in public domain.	4.1.1
Chapter III Regulation 11-C-(a): A credit rating company shall develop well defined rating criteria, methodologies and procedures for solicited and unsolicited credit ratings for each class of entity, instrument and issue and such rating criteria, methodologies and procedures shall act as guiding principles for the analysts employed by the credit rating company.	Clause 3.1.2 (v)
Chapter III Regulation 11-A-(s): A credit rating company shall observe a disengagement period of minimum two years between the notification of the unsolicited rating and acceptance of the assignment of the solicited rating, where an unsolicited rating becomes a solicited rating;	Clause 3.1.2 (ii)
Chapter III Regulation 16: Private Ratings: - The credit rating company may carry out private ratings which shall not be publicly disclosed. - Save as provided in sub-regulation (3) of this regulation, the credit rating company's policy for private ratings must clearly articulate non-publication and non-dissemination of the private ratings and confidentiality of the related information. - Whenever a private rating has been assigned by a credit rating company, and its client approaches, during the life of the contract with the existing credit rating company, to another credit rating company to make public the private rating assigned by such other rating company the existing credit rating company shall also make public the private rating assigned by it.	Clause 4.1 Clause 4.1.2 Clause 4.1.2
Regulation Chapter III 14-(3): The credit rating company shall maintain an official website and disseminate on it, inter-alia the following: (f) latest rating report and rating press releases, except the reports and press releases relating to private ratings, for at least last five years, containing: (v) in case of unsolicited ratings, the fact that it is unsolicited, the extent of participation by the entity/issuer, its management, its creditors and its auditors in the credit rating process;	Clause 5.1
Annexure H: (List of Policies to be developed & disclosed by a credit rating company / agency: Policy for Solicited Rating, Un-solicited Rating and Private Rating)	Policy developed & disclosed on website