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Signing Authority	 <b>USMAN HAIDER</b> Chief Executive Officer

**THE PAKISTAN CREDIT RATING AGENCY LIMITED**

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- 1. OBJECTIVE**
  - 1.1** To enable PACRA to publicly disseminate its Rating Actions in a manner facilitating fair disclosure and mitigating the risk of selective disclosure of the rating opinion.
  - 1.2** To oversee that all Public Ratings are announced / disseminated as per this Policy.
- 2. APPLICABILITY**
  - 2.1** This policy is applicable on Rating Analysts and MIT Function.
- 3. STANDARD RATING ANNOUNCEMENT**
  - 3.1 Press Release:** PACRA standard announcement / dissemination of Rating is a press release disseminated on PACRA's website. A press release is required whenever PACRA takes a rating action for any of its public ratings including initial public ratings. Every press release contains at least the following information:
    - i Date of press release.
    - ii Contact details of rating analyst.
    - iii Applicable criteria and web link thereon to instantly access the said document.
    - iv Relevant sector study along with website link.
    - v Rating rationale providing a ground/reasoning for allocated rating.  
Rating action pertaining to period under review and previous period.
    - vi Long term rating of current and previous period.
    - vii Short term rating of current and previous period.
    - viii Outlook of current and previous period.
    - ix An overview about the entity, fund or as the case may be.
    - x A disclaimer which reads as follows; *"This press release is being transmitted for the sole purpose of dissemination through print/electronic media. The press release may be used in full or in part without changing the meaning or context thereof with due credit to PACRA"*
  - 3.2 Rating Report:** PACRA supplements the Press Release with additional information on the Rating Action in a Rating Report released along with the Press Release. The Rating Report contains information under the following heads:
    - i **Rating Analysis:**
      - a. Rating History for at least five years in case of entity rating and for the full tenure in case of instrument rating
      - b. Rating rationale and key rating drivers
      - c. Brief assessment of rating factors
    - ii **Financial Information:** Key financial information
    - iii **Rating Scale:** Rating scale symbols and definitions
    - iv **Regulatory & Supplementary Disclosure:** Disclosures as per SECP's Credit Rating Companies Regulations, 2016, Chapter III | 14-3-(f)

#### **4. FAIR DISCLOSURE**

**4.1** Rating actions, before dissemination, are categorized as confidential information. PACRA is committed to fair disclosure of such information. Public rating, that is required to be publicly disseminated, is notified to client through a formal letter along with respective press release and rating report. Dissemination of the same is achieved **within one working day** through the following:

- i Disseminating the press release through the website for all users (*PACRA website refreshes twice everyday once at 10:00AM and then at 5:00 PM*).
- ii PACRA releases its Press Release to Associated Press of Pakistan and All Pakistan Newspapers Society.
- a. **Regulation 14-(1)** of the SECP Credit Rating Companies Regulations, 2016 requires PACRA to ensure dissemination through Associated Press of Pakistan and All Pakistan Newspapers Society.
- b. **Regulation 14-(2)** of the SECP Credit Rating Companies Regulations, 2016 requires PACRA to immediately disseminate all ratings to the securities exchanges, the State Bank of Pakistan, the Commission, Mutual Fund Association of Pakistan, Pakistan Banking Association, NBFIs and Modaraba Association of Pakistan.

#### **5. DISSEMINATION - TIMELINES & MECHANISM**

**5.1 Considerations:** Key considerations regarding Dissemination of the various kinds of Rating Actions are as follows:

**5.1.1 Rating Actions** include *dissemination of maintain or change in rating or rating modifiers*.

*Ref: Glossary (89): For definition of Rating Modifiers.*

**5.1.2** PACRA would immediately disseminate its opinion if it considers conclusively that a *Selective Disclosure* has occurred.

**“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”.*

**5.1.3** Review all the outstanding ratings periodically on annual basis and public dissemination of annual review is mandatory via press release along with rating report in case of Public Ratings.

**5.1.4** PACRA shall surveil / review all the outstanding ratings on semi-annual basis or upon occurrence of such an event which requires to do so; Provided that public dissemination of Semi-annual review/ Surveillance will be required only in case of any change in underlying rating action.

**5.1.5** In case of **Initial Rating Actions**, PACRA provides an opportunity to the client to decide whether to disseminate the rating opinion assigned by PACRA or keep it private. However, once a rating is made public in case of

annual, semi-annual /surveillance or interim reviews, PACRA reserves the right to disseminate its opinion immediately upon elapse of designated pre-publication issuer review period.

**5.1.6** PACRA may disseminate its opinions without a formal consent/response from the client or may consider it appropriate to not solicit any comments. [Reference: CRC Regulations 2016; clause 19(1)]

**5.1.7** PACRA is authorized, in case of dual private rating, to make public the private rating assigned by it, in case the CLIENT approaches another credit rating company, during the life of rating agreement with PACRA to make public the private rating assigned by such other credit rating company. [Reference: CRC Regulations 2016; clause 16(3)].

**5.2 Rating Actions and their Dissemination Specifics:** All rating Dissemination from PACRA are Rating Actions pertaining to either: (i) Initial ratings (ii) Preliminary Ratings (iii) Update ratings: (a) Reviews; (b) Interim Review. The dissemination specifics of these are as follows:

Rating Actions and their Dissemination Specifics			
Ratings	Description	Right to Disseminate Rests With:	Pre-publication Issuer Review
Preliminary	The rating assigned to a debt instrument yet to be issued based upon its proposed terms and conditions.	Client	Yes
Initial	<p>The rating assigned by PACRA for the first time.</p> <p>Ratings are also termed “Initial” when a previously:</p> <ul style="list-style-type: none"> <li>Private Rating converts into a Public Rating.</li> <li>Preliminary Rating is finalized.</li> <li>Withdrawn rating comes back to PACRA with a fresh Agreement.</li> <li>Defaulted rating emerges from default and assigned a rating.</li> <li>A rating restored from suspension may also be termed as initial.</li> </ul>	The Client	Yes

Update			
<b>Review</b>	The updated ratings resulting from the <i>Semi-Annual / Surveillance or Annual Review</i>	PACRA	Yes
<b>Interim Review</b>	The updated ratings resulting from the <i>Interim Review</i>	PACRA	Yes

**5.3** PACRA Policy for Announcement / Dissemination of Rating comes into play as soon as PACRA RC finalizes its decision on the Rating Action. Thereafter, a synchronized sequence unfolds culminating in Announcement / Dissemination of ratings:

**5.3.1 Pre-publication Issuer Review:** PACRA shall where feasible and appropriate prior to issuing or revising a rating inform the issuer of the critical information and principal considerations, via a draft press release and rating report, upon which a rating will be based and provide the issuer an opportunity to clarify any likely factual misperception or other matter that PACRA must know in order to produce a fair rating. Such review, however, doesn't preclude PACRA from retaining complete control over the editorial and analytical content of its documents.

**5.3.2 Rating Notification & Dissemination:** These two steps usually take place simultaneously:

- (a) **Rating Notification:** The Client is formally informed of the assigned rating through a Rating Notification Letter.
- (b) **Public Dissemination:** The rating is released in the public domain through a Press Release placed on PACRA's website.

## 6. TASKS

**6.1** The Rating Analyst generates a Rating Notification through the system. The Rating Notification isn't generated till all formalities pertaining to the Press Release are not in order.

**6.2** The system, maintained by the Management Information Technology function, is in synch with PACRA's website and e-mail server and updates twice a day at 10:00 AM and 5:00 PM.

## 7. POLICY ADMINISTRATION

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

**7.2 Review:** This Policy is subject to review as follows:

Reviewed by	Scope	Frequency (Minimum)	CRC Regulations, 2016
Compliance Officer	Appropriateness & sufficiency	Annual	Chapter III   11-B-(k)
Firm of Chartered Accountants	Actual vs. policy	Semi-Annual	Chapter III   11-F-(g)

**7.3 Policy Approval:** This policy is required to be approved by the Board of Directors.

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

**7.5 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](http://www.pacra.com)

## 8. REGULATORY FRAMEWORK

**8.1** PACRA's compliance to SECP's regulatory requirements in terms of the Policy for **Announcement / Dissemination of Rating** is as follows:

PACRA's Compliance for Policy Announcement / Dissemination of Rating	
CRC Regulations, 2016	Policy Reference
<b>Regulation Chapter III   14-(1):</b> Save as provided in sub-regulation (3) of regulation 16 of these Regulations, the credit rating company shall immediately disseminate all ratings assigned by it, whether solicited or unsolicited, except the private ratings, by way of press release through Associated Press of Pakistan and All Pakistan Newspapers Society.	Clause 4.1(ii)a
<b>Regulation Chapter III   14-(2):</b> The credit rating company shall immediately disseminate all ratings to the Securities Exchanges, the State Bank of Pakistan, the Commission, Mutual Fund Association of Pakistan, Pakistan Banking Association, NBFIs and Modaraba Association of Pakistan.	Clause 4.1(ii)b
<b>Regulation Chapter III   17-(a):</b> A credit rating company shall monitor all the outstanding ratings continuously and any potential change therein due to any event associated with the issuer, the security arrangement, the industry etc., is disseminated to the market, immediately and in effective manner, after appropriate consultation with the entity/issuer;	Section 4; Clause 5.1.2
<b>Regulation Chapter III   17-(b):</b> A credit rating company shall review all the outstanding ratings periodically, on annual basis; ;  Provided that public dissemination of annual review and, in an instance of change in rating will be required	Clause 5.1.3
<b>Regulation Chapter III   19-(1):</b> A credit rating company shall, where feasible and appropriate, prior to issuing or revising a rating inform the issuer of the critical information and principal considerations upon which a rating will be based and provide the issuer an opportunity to clarify any likely factual misperception or other matter that the credit rating company must know in order to produce a fair rating	Section 3
<b>Annexure H:</b> List of Policies to be developed & disclosed by a credit rating company / agency   Policy for Announcement / Dissemination of Rating	Policy developed & disclosed on website