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Signing Authority	 USMAN HAIDER Chief Executive Officer

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- 1 OBJECTIVE**
 - 1.1** To designate the conditions pursuant to which the withdrawal or suspension of a rating takes place and the process that PACRA follows to accomplish this.
 - 1.2** To furnish timely and accurate information to users of ratings for ratings that are no longer monitored.
- 2 APPLICABILITY**
 - 2.1** This policy is applicable on rating analysts.
- 3 WITHDRAWAL OF RATING**
 - 3.1** A **withdrawn rating** means that a previously issued rating has been withdrawn and no longer outstanding in PACRA's universe. A rating is withdrawn in following circumstances:
 - 3.1.1 Request to withdraw:** PACRA withdraws a Rating at client's request, which may be accompanied by a resolution specifying the reasons for the withdrawal.
 - 3.1.2 Reorganization:** When an entity ceases to exist as a result of a merger / acquisition:
 - The Ratings of such entity's instruments, if any, are reviewed and updated with reference to the terms and conditions under which these obligations are now assumed by the entity emerging after the completion of reorganization
 - 3.1.3 Instrument not outstanding:** The rating on an instrument is withdrawn when the instrument is not outstanding. This includes:
 - i when an instrument matures
 - ii when an instrument is called / prepaid (*repaid before the maturity date*)
 - iii when a Preliminary Rating is released but the instrument is ultimately not issued
 - 3.1.4 Protracted Suspension:** A rating suspended for more than six-months shall be considered withdrawn and no separate press release shall be made to this effect.
 - 3.1.5 Default:** PACRA considers default an "*all consuming*" state for the rating which stands withdrawn at the time of this event. Any subsequent rating review is considered an initial rating,
 - 3.1.6 Conflict of Interest:** PACRA withdraws a rating if it considers that maintaining and monitoring such rating would expose PACRA to a conflict of interest situation.
 - 3.1.7 Clerical Error:** PACRA will withdraw a rating if it was assigned as a result of an internal clerical error or some technical issue. Further, PACRA will issue an updated rating in place of withdrawn rating, if required.
- 4 SUSPENSION OF RATING**
 - 4.1** **Suspension** implies that it is not possible for PACRA to update a Rating. This may be because of any reason, including lack of requisite information. Rating may be resumed in foreseeable future depending on PACRA's view as to its ability to update opinion. However, if this does not happen within six (6) months, the rating should be considered withdrawn.
- 5 PRE-REQUISITES & PROCESS**
 - 5.1** PACRA do not forbear or refrain from taking a rating action based on the potential effect (*such as a Downgrade or the Client withdrawing from PACRA*).

PACRA may withdraw or suspend a rating at any time in its sole discretion subject to the following pre-requisites and process:

- PACRA keep its credit rating opinions (mainly entity ratings and debt instruments ratings) current all the time. This enables PACRA to review a rating at any time if circumstances demand so.
- The decision to withdraw or suspend a rating is taken by PACRA RC. However, if the rating is being withdrawn at Ratee's request or the underlying instrument has been redeemed as per its term, RC is not required to be convened and such decision can be taken by the rating team.
- When PACRA withdraws or suspends a rating, it makes the announcement specifying the reasons thereof via a separate press release except in the case of point number (3.1.4) and (3.1.5) above.
- Withdrawal of ratings is required to be communicated to SECP in quarterly report specifying; **a)** name of entity, **b)** withdrawal date, **c)** last rating assigned, **d)** last rating date, and **e)** reason of withdrawal.

6 TASKS

6.1 If PACRA discontinues monitoring a rating for a rated entity or security it will either withdraw the rating or disclose such discontinuation to the public or to its subscribers (depending on the rating company's business model) immediately. **Regulation Chapter III | 17-(e):**

6.2 The Press Release for withdrawn and suspended ratings must contain the following specific information content pertaining to such publication as specified in **Regulation Chapter III | 17-(e):**

- Date on which the rating was last updated or reviewed
- The reason the rating is no longer monitored
- The fact that the rating is no longer being updated

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)	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)

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

8 REGULATORY FRAMEWORK

8.1 PACRA's compliance to SECP's regulatory requirements in terms of the Policy for **Withdrawal and Suspension of Ratings** is as follows:

PACRA's Compliance for Policy for Withdrawal and Suspension of Ratings

CRC Regulations, 2016	Policy Reference
Regulation Chapter III 17-(e): A credit rating company shall if a credit rating company discontinues monitoring a rating for a rated entity or security it should either withdraw the rating or disclose such discontinuation to the public or to its subscribers (depending on the rating company's business model) immediately. A publication by the credit rating company of a rating that is no longer being monitored should indicate the date the rating was last updated or reviewed, the reason the rating is no longer monitored, and the fact that the rating is no longer being updated.	Clause 6.1
Annexure H: (List of Policies to be developed & disclosed by a credit rating company / agency: Policy for Withdrawal and Suspension of Ratings	Policy <i>developed & disclosed</i> on website