



JCR-VIS Credit Rating Company Limited
BROKER MANAGEMENT RATINGS
Awareness Session

OVERVIEW: Stock Broker Firms play a critical intermediary role in the capital markets for individuals as well as institutional investors by facilitating the trading of listed securities; their relative financial strength, depth of governance framework and responsiveness of the risk and internal control structure along with the HR and the business infrastructure determine their level of service quality. The assessment of the fiduciary role of the brokers in the listed securities trading is therefore of utmost importance. With the growth and globalisation of PSX, particularly the induction of Chinese investors taking up a strategic stake in PSX, the fiduciary standards of Stock Brokers have thereafter assumed even greater prominence.

THE REGULATIONS: The Apex regulator SECP, recognizing the growing importance of PSX in its internationally transformed entity promulgated the “Securities Brokers (Licensing and Operations) Regulations 2016” on June 24th, 2016. Under Clause 37 of these regulations, SECP has provided encouragement to obtain management rating on annual basis and disclose it on their website and in advertisements. The clause also incentivises the Stock Brokers who would obtain the rating above the level to be prescribed by SECP in reduced submission of reporting requirements.

RATING METHODOLOGY: In order to assess the depth of fiduciary practices of Stock Brokers, the institutionalization of their internal control, client interaction and systems in place to safe guard investor interest, JCR-VIS Credit Rating Co. Ltd. (JCR-VIS) now offers Broker Management Ratings

(BMR). BMR rating draws upon the basic guidelines and benchmarks outlined in the “Securities Brokers (Licensing and Operations) Regulations 2016” and utilises them to capture the compliance level of the Regulations to provide a self- assessment mechanism for the client and a simultaneous reporting requirement to the regulator. This rating product is unique in the sense that it utilizes a comprehensive and client friendly interactive web base portal to capture client information and responses and then assimilates them into a rating. The process is supported at the back-end by rating staff who review the information online and interact with the client to complete the assignment.

ABOUT US: JCR-VIS, operating in Pakistan since 1997, is approved by the Securities & Exchange Commission of Pakistan and is also recognized as an External Credit Assessment Institution (ECAI) by the State Bank of Pakistan. JCR-VIS is the only internationally affiliated rating company in Pakistan. Japan Credit Rating Agency (JCRA), one of the leading global credit rating agencies, is an equity holder and technical partner of our company. JCRA has been recognized by the U.S. Securities and Exchange Commission (SEC) as a Nationally Recognized Statistical Rating Organization (NRSRO). JCR-VIS has office presence in both Karachi and Lahore by way of fully functional offices.

Presented by
Ms. Faryal Ahmad Faheem, Deputy CEO
Mr. M. Bilal Aftab, General Manager

Date: April 11, 2017
Time: 3:45 pm to 4:45 pm
Venue: PSX Auditorium

For details, please contact:
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