



Policy for Rotation of Analysts

December, 2014

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Purpose

JCR-VIS Credit Rating Company Limited's Policy for Rotation of Analysts is designed to promote skill development, continuity and avoid bias in the rating process.

Policy Scope

This policy is designed to apply to the analytical staff at JCR-VIS.

Rating Teams

JCR-VIS has organized its analytical staff into ratings teams. Each rating team comprises a Team Leader & one or more analysts. Each analyst is assigned a portfolio of clients to ensure continuous monitoring and review. This portfolio comprises more than one business segment. The Scope of Work associated with every client is detailed later in this document. The Team Leader supervises the work undertaken by the analysts in his team. Keeping in view the nature of assignments, each analyst may be allocated 20-30 assignments on an annual basis; this number may however be lower during the first year of association with JCR-VIS, particularly if the analyst is a fresh graduate. With rigorous on-the-job training & experience, analysts are expected to achieve the optimal work load.

Team Leaders are trained to become sector specialists. While this does not mean that they will deal exclusively with clients specific to that sector, they will be responsible for tracking developments with respect to the assigned sector as also to publish sector updates on a regular basis and participate in rating methodology updates.

Rating Decisions

All rating decisions are taken by the Rating Committee and not by any individual; details of the Rating Committee are provided hereunder.

Rating Committee

The Rating Committee (RC) comprises 8 voting members and includes seasoned professionals with substantial rating related experience or several years of senior management level experience in reputable organizations. One member of the RC is an external member.

The required quorum for RC meeting is a minimum of two voting members which shall include one advisor. The participation of maximum number of RC members is encouraged to allow for a healthy discussion on each rating. In addition to this, the Rating Team assigned to the client being rated presents to the RC. At JCR-VIS, RCs have been composed to allow for a balance between staff that directly interacts with clients and RC participants who do not.

No rating team member with investment in debt or equity issues of the entity being rated or having personal relations with sponsors or management representatives of the entity can participate in the RC meeting or be assigned to the issuer being rated. All staff members are required to declare investments on a half-yearly basis.

Scope of Work

Before laying down the policy for rotation of analysts, it is important to define the work associated with any client, which is as follows:

- Initial Ratings: When a new client approaches JCR-VIS, it is assigned to one of the teams for undertaking the first rating exercise, which is referred herein as the Initial Ratings

- **On-going Surveillance:** In order to ensure the integrity of assigned ratings, JCR-VIS has a multi-tiered review process once the initial rating has been assigned. This includes review of quarterly accounts as well as any other information deemed necessary for maintaining effective surveillance of the ratings. In case the position as reflected by the information is materially in line with the trends expected at the time of assigning the original rating, than JCR-VIS may not necessarily contact the management of the entity or conduct any additional follow-up. On the other hand, if there are material variations (either positive or negative), a full scope review (akin to annual surveillance) would be initiated and the matter will be referred to the rating committee for a final determination irrespective of the amount of time elapsed since the assignment of the original ratings.
- **Annual Surveillance:** JCR-VIS undertakes a mandatory annual review of all assigned ratings. Annual review results are necessarily submitted to the rating committee even if there are no significant variations from the originally expected trends.
- **Trigger Based Reviews:** Any material events that are considered to have an impact on the outstanding ratings may also trigger a detailed review for consideration by the Rating Committee.

Rotation Mechanism

For each rating, the Rating Administration Group will rotate the rating analysts so that:

1. Each analyst will not deal with the same client for more than three years
2. Team Leaders will not deal with the same client for more than five years.

At least one year cooling period will be observed before any client may be re-allocated to an analyst or Team leader.

Policy Administration

The Ratings Administration Group is responsible for ensuring compliance with this policy.

Since the ultimate responsibility for ensuring compliance with this policy rests with the Compliance Officer, he will seek periodic reporting from the Rating Administration Group to monitor compliance with the relevant regulatory requirements in this regard, as listed below.

Relevant Regulatory Provisions SECP's Code of Conduct for Credit Rating Companies

3.1 Independence and Conflict of Interest:

(a) CRA shall ensure that:

(vi) the criterion for constitution of the rating committees is capable to promote continuity and to discourage biasedness in the rating process. Considering the adequacy of its staffing strength, the CRA shall use its best endeavor to subject its rating analysts to an appropriate rotation mechanism that provides for gradual change in rating teams;

4.6 Human Resources and Expertise:

(b) A CRA shall ensure that its analysts maintain sufficiently high level of analytical and monitoring standards. In this regard, the CRA shall consider the number of entities/instrument/issues that can be effectively covered by a particular analyst, taking into account a broad spectrum of variables, including the size and complexity of the particular issue and the experience and expertise of the analyst;

Jahangir Kothari Parade (Lady LLOYD Pier)

Inspired by Her Excellency, The Honorable Lady Lloyd, this promenade pier and pavillion was constructed at a cost of 3 Lakhs and donated to the public of Karachi by Jahangir Kothari to whose generosity and public spirit the gift is due. Foundation stone laid on January 5, 1920. Opened by Her Excellency, The Honorable Lady Lloyd on March 21, 1921.

Dome: A roof or vault, usually hemispherical in form. Until the 19th century, domes were constructed of masonry, of wood, or of combinations of the two, frequently reinforced with iron chains around the base to counteract the outward thrust of the structure.

Origins: The dome seems to have developed as roofing for circular mud-brick huts in ancient Mesopotamia about 6000 years ago. In the 14th century B.C. the Mycenaean Greeks built tombs roofed with steep corbeled domes in the shape of pointed beehives (tholos tombs). Otherwise, the dome was not important in ancient Greek architecture. The Romans developed the masonry dome in its purest form, culminating in a temple built by the emperor Hadrian. Set on a massive circular drum the coffered dome forms a perfect hemisphere on the interior, with a large oculus (eye) in its center to admit light.



Jahangir Kothari
Parade

National Excellence, International Reach

JCR-VIS Credit Rating Company Limited is committed to the protection of investors and offers a blend of local expertise and international experience to serve

the domestic financial markets. With its international reach, JCR-VIS is positioned to aim for an international mark. In this regard, the global experience of our principal, Japan Credit Rating Agency, Ltd. has been invaluable towards adding depth to our ongoing research endeavors, enriching us in ways, that enable us to deliver our responsibilities to the satisfaction of all investors.

The edifice of the Jahangir Kothari Parade has stood proudly through the years and is a symbol of our heritage. Its 'Dome' as the most stable of building structures, exemplifies architectural perfection. Committed to excellence, JCR-VIS continues its endeavor to remain an emblem of trust.

JCR-VIS Credit Rating Company Limited

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