

## BROKER MANAGEMENT RATING REPORT

### Intermarket Securities Limited

**REPORT DATE:**
14<sup>th</sup> December, 2018
**RATING ANALYSTS:**

Muhammad Tabish

[muhammad.tabish@jcrvis.com.pk](mailto:muhammad.tabish@jcrvis.com.pk)
**APPLICABLE**
**METHODOLOGY:**

Broker Management Ratings

2017 <http://jcrvis.com.pk/docs/BMR201701.pdf>

Rating Category	Latest Rating
<b>Broker Management Rating</b>	<b>BMR2</b>
<b>Rating Rationale</b>	The rating signifies strong internal and external controls; sound risk and client relationship management along with adequate regulatory compliance levels, HR & IT services and financial management.
<b>Rating Date</b>	14 <sup>th</sup> December, 2018

### COMPANY INFORMATION

**Incorporated on** September 2002

**External auditors:** Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants

**Public Limited Company**
**Chairman of the Board:** Mr. Azneem Bilwani

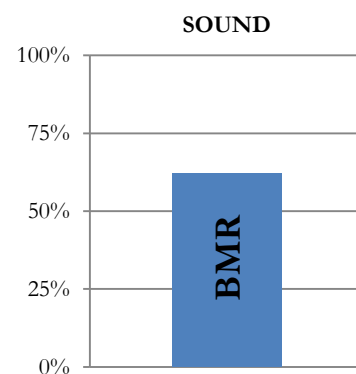
**Key Shareholders (with stake 5% or more):**
**Chief Executive Officer:** Mr. Mian Noor Hameed

Azneem Bilwani – 90%; Muhammad Javed Moti – 10%

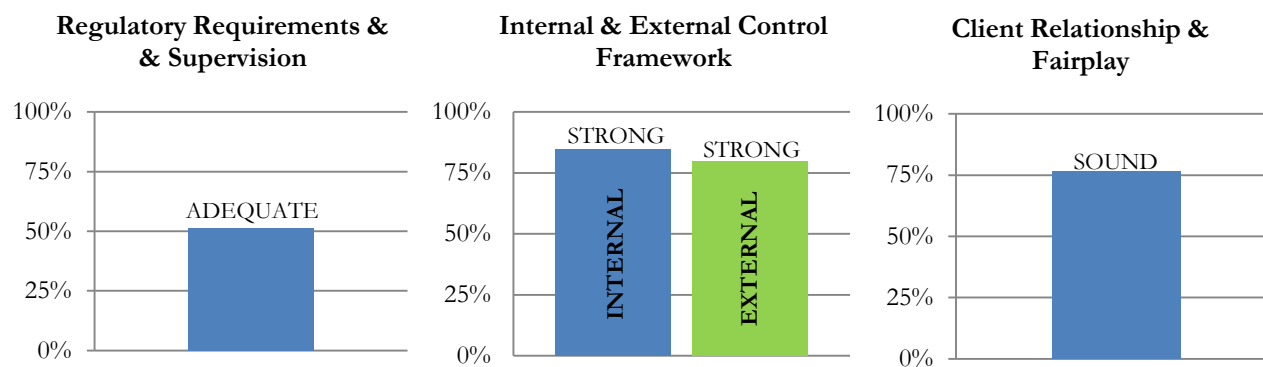
### Corporate Profile

Intermarket Securities Limited (IMSL) was incorporated on September 6, 2002 under the Companies Ordinance 1984 as a private limited company. IMSL came into creation through the acquisition of ING Barings Pakistan's (INGBP) business operations. INGBP, the brokerage and corporate advisory arm of Barings Bank decided to withdraw its physical presence from the sub-continent in 1998 due to lack of profitable business ventures. In 2009, it was subsequently converted into a public limited company. IMSL is now the flagship company of Intermarket Group (IMG); IMSL primarily provides brokerage services for domestic and international retail and institutional clients. IMSL operates as the financial, equity research and corporate advisory arm of IMG, a group that has interests in construction, real estate and information technology.

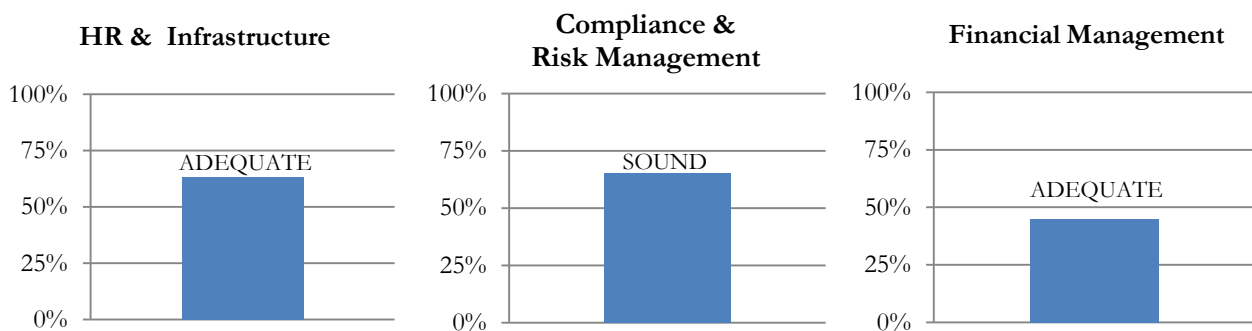
The company holds a Trading Right Entitlement (TRE) certificate issued by the Pakistan Stock Exchange Limited (PSX). Shareholding of the company is held between two individuals; Mr. Azneem Bilwani owning 90% of the company and the remaining 10% belonging to Mr. Muhammad Javed Moti.



## Rating Factors Scores



- Board size may be strengthened and Board’s self-evaluation mechanism needs to be introduced.
- Inclusion of an independent director on the board and the same chairing BAC would add to corporate governance framework.
- Internal controls are supported by well-defined and prudent policy framework.
- Employee trading guidelines are sufficiently defined.
- Quality of external auditor is sound. Disclosures to public are considered adequate but may be developed further to include CEO statement and statement of compliance with code.
- Execution and reporting to clients is considered sound.
- A risk disclosure document is shared with all the clients that add transparency to customer relationship.
- The complaint reporting on website may be brought to homepage for easier response from customers.



- The organizational structure is well defined.
- All key management positions are filled by experienced resources.
- Documenting and review of DR exercises and maintenance of offsite records would support business continuity.
- Compliance levels are considered sound with internal audit and compliance functioning independently.
- A well-defined proprietary trade policy may be developed to manage market risk.
- Tighter credit limits to retail and greater proportion of IDS clients would have a positive impact on operational risk management.
- Significant decline in core brokerage income has been witnessed due to depressed market volumes during 2018.
- Leverage indicators have remained manageable and below 1x mark.
- Financial performance would remain highly sensitive to volatilities of local stock market and is subject to risks associated with it.

## **JCR-VIS Credit Rating Company Limited**

### **RATING SCALE & DEFINITIONS: BROKER MANAGEMENT RATING**

#### **BMR1A**

Excellent regulatory compliance, control environment, and financial management; governance and risk management frameworks are extremely effective; HR, IT, and customer services are strongly proactive.

#### **BMR3++, BMR3+, BMR3**

Adequate regulatory compliance, control environment, and financial management; governance and risk management frameworks are satisfactory; HR, IT, and customer services are adequate.

#### **BMR1++, BMR1+, BMR1**

Strong regulatory compliance, control environment, and financial management; governance and risk management frameworks are highly effective; HR, IT, and customer services are highly proactive.

#### **BMR4++, BMR4+, BMR4**

Inadequate regulatory compliance, control environment, and financial management; governance and risk management frameworks need improvements; HR, IT, and customer services are insufficient.

#### **BMR2++, BMR2+, BMR2**

Sound regulatory compliance, control environment, and financial management; governance and risk management frameworks are effective; HR, IT, and customer services are proactive.

#### **BMR5**

Weak regulatory compliance and business practices

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#### **Rating Outlooks:**

The three outlooks 'Positive', 'Stable' and 'Negative' qualify the potential direction of the assigned rating(s). An outlook is not necessarily a precursor of a rating change. Refer to our 'Criteria for Rating Outlook' for details. [www.jcrvis.com.pk/images/criteria\\_outlook.pdf](http://www.jcrvis.com.pk/images/criteria_outlook.pdf)

## JCR-VIS Credit Rating Company Limited

Technical Partner – IIRA, Bahrain | JV Partner – CRISL, Bangladesh

REGULATORY DISCLOSURES		Appendix II		
<b>Name of Rated Entity</b>	Intermarket Securities Limited			
<b>Sector</b>	Brokerage			
<b>Type of Relationship</b>	Solicited			
<b>Purpose of Rating</b>	Broker Management Rating (BMR)			
<b>Rating History</b>	<b>Rating Date</b>	<b>Rating</b>	<b>Rating Outlook</b>	<b>Rating Action</b>
	<b>RATING TYPE: BMR</b>			
	12/14/2018	BMR2	Stable	Reaffirmed
	10/6/2017	BMR2	Stable	Initial
<b>Instrument Structure</b>	N/A			
<b>Statement by the Rating Team</b>	JCR-VIS, the analysts involved in the rating process and members of its rating committee do not have any conflict of interest relating to the credit rating(s) mentioned herein. This rating is an opinion on credit quality only and is not a recommendation to buy or sell any securities.			
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