

VIS Code of Conduct (updated on September 26, 2022)

1. Introduction

- 1.1. This Code of Conduct (the Code) is developed in accordance with the requirements of Credit Rating Companies Regulations, 2016 (Regulations) issued by the Securities & Exchange Commission of Pakistan (the Commission) and principles outlined in the Codes of Conduct issued by IOSCO and Association of Credit Rating Agencies in Asia (ACRAA).
- 1.2. The Code is applicable on VIS Credit Rating Company Limited (VIS), its shareholders, its Board of Directors (BOD) and all employees including permanent, on probation and contractual employees who will be bound to accept and act in accordance with the requirements of the Code.
- 1.3. The requirements of the Code are outlined below in clause 2 onwards.

2. Restrictions on VIS as a Credit Rating Company

- 2.1. VIS will not provide rating services to a company where any of its directors is holding a directorship or is a substantial shareholder or is in any way interested in such company subject to rating.
 - 2.1.1. All the directors of VIS, prior to the every meeting of board of directors, will give an undertaking that they have no conflict of interest with any of the rating mandate being carried out by VIS.
- 2.2. VIS will not accept a rating assignment where a person directly or indirectly, holding more than 10% of share capital of VIS also holds directly or indirectly 10% or more of the share capital of the entity which is subject to rating or of the entity which issued the instrument subject to rating by VIS.
- 2.3. VIS will not change its shareholding without prior written approval of the Commission. However, qualifying shares, maximum up to 2% of total share capital shall be exempt from this requirement.
- 2.4. No director, officer or employee of VIS will communicate the information, acquired by him for use for rating purposes, to any other person except where required under law to do so.
- 2.5. A proposed director, chairman or chief executive of VIS will not assume the charge of office until its appointment has been approved by the Commission in writing.
- 2.6. VIS will not rate its own instruments.
- 2.7. VIS will not hold or transact in trading instruments presenting a conflict of interest.
- 2.8. VIS will not rate its associated companies and undertakings or the instruments issued by them.

- 2.9. VIS will not disclose or discuss with outside parties or make improper use of the non-public information which has come to its knowledge during business relationship with the customer.
- 2.10. VIS will not issue rating for entities or obligations for which it does not have appropriate information, knowledge and expertise.
- 2.11. VIS will not accept a rating assignment where a customer has terminated a rating contract with its existing credit rating company before its expiry, unless such customer obtains a 'No Objection Certificate' from its existing credit rating company or ensures in writing that it will continue credit rating with its existing credit rating company for a period of at least one year. However, this clause will not apply in case a credit rating assignment is obtained through open bidding under the Public Procurement Rules, 2004 or any other applicable law relating to procurement of services.
- 2.12. VIS will not make unsubstantiated claims, in order to induce customers, about qualifications of its professional staff or its capabilities to render certain services or its achievements concerning services rendered to other customers.
- 2.13. VIS will not get involved in acts of frauds, misrepresentations, oppressive or unethical practices, nor will solicit the customers of any other rating company on implicit or explicit assurance of higher rating or any other undue benefit.
- 2.14. VIS will not publish, circulate or distribute any advertisement or any information which is false, misleading or deceptive.
- 2.15. VIS will not willfully make false statements or conceal any material fact in any document, report or statement furnished to the Commission.
- 2.16. VIS will not make proposals or recommendations regarding the activities of rated entities that could impact a credit rating of entity subject to rating.

3. Duties and Obligations of VIS

Conduct of Business

- 3.1. VIS will fulfill its obligations in a fair, efficient, transparent and ethical manner and render high standards of services in performing its functions and obligations.
- 3.2. VIS will employ analysts who meet the fit and proper criteria outlined by the Commission and are competent and qualified to carry out rating assignments and subsequent monitoring of the ratings.
- 3.3. VIS will ensure that its analysts and all its relevant officers maintain sufficiently high level of analytical and monitoring standards and possess the requisite skill and expertise.
- 3.4. VIS will consider the number of entities/instrument/issues that can be effectively covered by a particular analyst, taking into account the size and complexity of the particular issue and the experience and expertise of the analyst.

- 3.5. VIS will employ sufficient human resource which is adequately trained to efficiently perform its functions as Credit Rating Company and arrange/conduct training programs for its employees from time to time for capacity building and skill development.
- 3.6. VIS will assist investors and other users of ratings in developing a greater understanding of ratings by disclosing in plain language among other things, the nature and limitations of ratings and the risk of unduly relying on them to make investment or other financial decisions.
- 3.7. VIS's Market Communication Cell will be responsible to communicate with market participants and the public about any questions, concerns or complaints that VIS may receive.
- 3.8. VIS will ensure that the criterion for constitution of the rating committees is capable to promote continuity and to discourage bias in the rating process.
- 3.9. VIS, considering the adequacy of its staffing strength, will use its best endeavor to subject its rating analysts to an appropriate rotation mechanism that provides for gradual change in rating teams.
- 3.10. VIS will engage with the issuer and the debt securities trustee, to remain updated on all information pertaining to the rating of the entity/instrument.
- 3.11. Upon the occurrence of default of an entity/instrument rated by it, VIS will prepare a descriptive default note and disseminate the same to the Commission and other bodies as identified by the Commission from time to time and will also publish the same on its website for public information.
 - 3.11.1. Each default note will describe the VIS's Definition of Default, the reasons for default, historical transitions and the factors overlooked, if any, by VIS.
- 3.12. VIS will publish annually, within one month of calendar year, a comprehensive default and transition study developed in line with methodology practiced by global credit rating agencies. The annual default and transition study will contain cumulative default rates (CDRs) and transitions for each rating grade for periods 1, 3 and 5 years.
- 3.13. VIS will ensure strong firewalls to prevent disclosure or use of non-public information by its parent, subsidiaries, joint venture partners, affiliates or employees of these entities.
- 3.14. VIS will formulate a policy for its employees regarding handling of the non-public information. All employees of VIS that are involved in the rating process or have access to non-public information received from VIS's clients will be required to sign a 'Non-disclosure Agreement' (NDA) at the start of their employment at VIS.
- 3.15. VIS will not share with or disclose to media or any other party including its other customers, any confidential information about its customers, which has come to its knowledge in the course of the rating process except as required under the Regulations and without obtaining prior written approval of its customers.
- 3.16. VIS will clearly indicate the attributes and limitations of each rating and to the extent to which it has verified information provided by the rated entity.

- 3.17. VIS will prohibit its employees and analysts from soliciting money, gifts or favors from anyone with whom VIS conducts business.
- 3.18. No employee of VIS will be allowed to neither accept nor extend any gifts of any form in connection with any ratings related or other work they do at VIS.
- 3.19. VIS will ensure that an analyst or employee has not had a recent employment or other significant business or personal relationship with the rated entity that may cause or may be perceived as causing a conflict of interest.
- 3.20. VIS will observe a disengagement period of minimum two years between the notification of the unsolicited rating and acceptance of the assignment of the solicited rating, where an unsolicited rating becomes a solicited rating.
- 3.21. VIS will ensure that any advertisement is written in clear language and is not such which may prejudice interest of any person or investors in general.
- 3.22. VIS will maintain principal of integrity in seeking rating business.
- 3.23. VIS shall intimate the commission at the time of offering of any new rating product/services.

Internal control, compliance policies and procedures

- 3.24. VIS will have internal control policies and financial and operational capabilities which can be reasonably expected to protect its operations and its customers.
- 3.25. VIS will develop a human resource policy encompassing the recruitment, selection, compensation, promotions, trainings and other human resource related matters.
- 3.26. VIS will establish a human resource committee headed by an independent director of VIS to ensure implementation of human resource policy and manual for its employees.
- 3.27. VIS will establish and maintain comprehensive risk management systems and controls to enable it to identify, assess, mitigate, control and monitor risks arising from its activities.
- 3.28. VIS will frame policies and procedures to ensure its own and its employees' compliance with the regulatory requirements and will inculcate a culture of compliance of the regulatory requirements through ongoing education and training of its employees.
- 3.29. VIS will establish policies, procedures and controls for proper disclosures by employees and directors regarding their actual or potential conflict of interest.
- 3.30. VIS will establish policies and procedures governing investments and trading in securities by its employees and for monitoring the same to prevent insider trading, market manipulation or any other market abuse.
- 3.31. VIS will establish policies and procedures for an analyst who intends to join an entity of which he/she was been part of the rating process.

- 3.32. VIS will frame and implement a whistle-blower protection policy encouraging all employees to intimate the compliance officer of any unethical practice or misconduct relating to the credit rating, by another employee of VIS that came to his/her knowledge.
- 3.33. All policies of VIS will be duly approved by the BOD and will define clear lines of responsibility, authority and tasks that are adequately assigned to employees.
- 3.34. VIS will widely disseminate all its policies for compliance by all employees and will review them for appropriateness and sufficiency at least once every year.
- 3.35. VIS will ensure that a periodic or annual review of risk management systems and controls of VIS is carried out either by the internal audit department, which reports directly to the BOD or through outsourced firm of Chartered Accountants, which has been assigned a satisfactory Quality Control Review rating by the institute of Chartered Accountants of Pakistan.
- 3.36. VIS will promptly investigate, in the event of misconduct or breach of policies, procedures and controls and will take appropriate steps to rectify any weaknesses to prevent any recurrence along with suitable punitive action against the responsible employee(s).
 - 3.36.1. VIS will ensure that all reported events are investigated promptly by the compliance officer in accordance with the provisions provided in the whistle-blower policy. and
 - 3.36.2. VIS will ensure that all investigations are completed within the time period specified in the whistle-blower policy.

Quality of the rating process

- 3.37. VIS will develop well defined rating criteria, methodologies and procedures for solicited and unsolicited credit ratings for each class of entity, instrument and issue and such rating criteria, methodologies and procedures will act as guiding principles for the analysts employed by VIS.
- 3.38. VIS will proactively update the criteria, methodologies and procedures taking into account changes in the market environment.
- 3.39. VIS will review the rating criteria and methodologies at least once in a year and update accordingly, if required.
- 3.40. VIS's analysts will be required to follow the defined rating criteria, methodologies and procedures carefully, uniformly and in a consistent manner.
- 3.41. VIS will establish a rating committee consisting at least five members. The composition of the rating committee will be duly approved by the BOD.
- 3.42. VIS will ensure that the members of rating committee including external members are fit and proper as prescribed in the Regulations.
- 3.43. VIS will ensure that at least one-third or two members of its rating committee, whichever is higher, including the Chairman of the committee are external members who are appointed with the prior approval of the Commission.

- 3.44. The remuneration/fee arrangement for external members of the rating committee will be duly approved by the BOD. VIS will ensure that the remuneration/fee arrangement for external member of the rating committee will not be linked to the business performance of VIS and will be arranged so as to ensure their independence.
- 3.45. VIS will ensure that rating committee will assign and decide on all rating decisions, including decisions regarding changes in the ratings.
- 3.46. VIS will ensure that the quorum of the rating committee will be at least three members including one external member as Chairman of the rating committee meeting. However, if the quorum is not present due to an emergency, the Chairman of the rating committee meeting, in consultation with at least one member may take decisions and record in writing the decisions and the circumstances of the emergency and circulate the document to other members of the rating committee.
- 3.47. VIS will ensure that the rating committee acts with due care, skill and diligence in carrying out its duties and responsibilities.
- 3.48. VIS will ensure that rating decisions are consistent with the methodologies, procedures and the process used in the rating.
- 3.49. VIS will ensure that proper record of rating committee meetings including detailed minutes and rating decisions are maintained along with rationale for assigning the rating, which will be available for review and inspection by the Commission or any other regulatory body.
- 3.50. VIS will keep the following records in support of each credit rating and review thereof:
 - 3.50.1. summary of discussions with the issuer's management which have a bearing on the credit rating;
 - 3.50.2. decisions of the rating committee, including voting details and notes of dissent, if any, by any member of the rating committee; and
 - 3.50.3. rationale for any material difference between the rating implied by the model and the rating actually assigned where a quantitative model is a substantial component of the rating process.
- 3.51. VIS will ensure that record of all ratings whether active, withdrawn or matured, is maintained for a period of not less than ten years. In case of instrument ratings, the time period of ten years will be reckoned from the date of maturity of such instrument.
- 3.52. VIS will establish a set of transparent policies, controls and procedures in order to ensure consistency of its rating operations.
- 3.53. VIS will assess whether the existing rating criteria, methodologies and procedures for ratings of structured products are appropriate when the risk characteristics of the assets backing a structured product change materially. In cases where the complexity or structure of any structured product or the lack of information about the assets backing the structured product

raise the questions as to whether VIS has the capability to determine a credible rating for the security, VIS will refrain from assigning a rating.

- 3.54. VIS will establish a Criteria & Methodology Group headed by CEO which will be responsible for formulating and reviewing such criteria, methodologies and procedures. The group will ensure that all new ratings criteria, methodologies and procedures and subsequent amendments therein have been made after careful and thorough analysis from both analytical and market perspective.
- 3.55. The analysts will submit their initial analysis reports along with the initial indicative ratings to the rating committee in all rating assignments.

General

- 3.56. VIS, at all times, will maintain membership of the Association of Credit Rating Agencies in Asia (ACRAA) and will follow their best practices guidelines.
- 3.57. VIS will make efforts to adopt all the requirements of the Code of Conduct for credit rating companies issued by International Organization of Securities Commissions (IOSCO) unless provided otherwise in the Regulations.
- 3.58. Despite the fact that VIS is not a listed company, VIS will take reasonable measures to adopt the Code of Corporate Governance issued by the Commission for listed companies.
- 3.59. VIS will take reasonable measures to protect its property and records belonging to or in possession of VIS from fraud, theft or misuse.
- 3.60. VIS will participate in public awareness programs with other market participants for the development of the capital market.

Submission of rating reports and other information to the Commission

- 3.61. VIS will furnish to the Commission such other documents, information or explanation relating to its affairs as the Commission may, at any time, by order in writing, require.
- 3.62. VIS will report to and file with the Commission following information/documents:
 - 3.62.1. a copy of the rating criteria, methodologies and policies and any subsequent modification or change therein as and when it takes place;
 - 3.62.2. intimation regarding designation of the compliance officer within seven working days of the date of such designation;
 - 3.62.3. intimation of cessation of employment of the compliance officer within seven working days of the date of such cessation; and
 - 3.62.4. certified true copy of the minutes of the meetings of its board of directors and that of the general meetings within seven days of the confirmation of the same.

Appointment of person for monitoring Compliance

- 3.63. VIS will always have an officer designated as a compliance officer or will appoint a firm of Chartered Accountants, which has been assigned a satisfactory Quality Control Review rating by the Institute of Chartered Accountants of Pakistan, for monitoring compliance with the applicable regulatory regime.
- 3.64. In order to enable the CO to discharge his duties properly and independently,
- 3.64.1. the compliance officer will have the necessary authority, resources and access to all the relevant information; and
 - 3.64.2. the compliance officer will have direct line of reporting, relating to his duties as compliance officer, to the BOD, in addition to his regular reporting on carrying out of his routine duties to the senior management.
- 3.65. The compliance officer will not participate in rating operations of VIS and will be responsible for monitoring compliance by VIS with the applicable regulatory regime, particularly compliance relating to dissemination, reporting and filing, and implementation of the policies relating to rating processes and employees, and redressing of customers' and other stakeholders' grievances and complaints.
- 3.66. The compliance officer will be authorized to immediately report any non-compliance with the Regulations to the BOD for necessary steps to be taken to ensure compliance. In case the required necessary steps are not taken by the BOD, the CO will be required to immediately inform to the Commission of such non-compliance.
- 3.67. The CO or the CA Firm appointed for compliance purposes will prepare compliance reports on semi-annual basis which will be submitted to the BOD.

4. Independence and Conflict of Interest

- 4.1. VIS will have at least one third of the BOD as Independent Directors.
- “Explanation: For the purpose of this clause, the expression “independent director” means the same as provided in section 166(2) of the Companies Act, 2017.”
- 4.2. VIS will ensure that at least one Independent Director be present in every meeting of the BOD to constitute the quorum.
- 4.3. The Chairman of the BOD will also be from amongst the Independent Directors.
- 4.4. The Directors and the CEO will not be involved in the rating process, will not be part of its Rating Committee and will provide an undertaking to this effect at the time of appointment.
- 4.5. VIS will ensure that its Rating Committee is able to perform its duties free of undue intervention or influence from its shareholders, its management or the BOD.

- 4.6. VIS will not appoint any individual as a member of Rating Committee who has or is perceived to have a business development function of VIS or who initiates or participates in a discussion regarding fee or payment with any customer of VIS.
- 4.7. VIS will not provide consultancy/advisory services or other services to any of its customers or to any of its customers' associated companies and associated undertakings that is being rated or has been rated by it during the preceding three years.
- 4.8. VIS will include a statement in each rating report that VIS, the analysts involved in the rating process and members of its rating committee do not have any conflict of interest relating to the rating done by them. In case there is any conflict of interest, VIS will disclose the fact in the respective rating report, nature of such conflict of interest and its impact on the rating grade assigned.
- 4.9. VIS will disclose in the rating report if a shareholder directly or indirectly, holding 10% or more of the share capital of VIS also holds directly or indirectly 10% or more of the share capital of the entity which is subject to rating or the entity which issued the instrument subject to rating by VIS.
- 4.10. VIS will make the reporting lines and compensation arrangements for its employees in a way to eliminate or effectively manage actual and potential conflicts of interest. An analyst will not be compensated on the basis of revenue generated from the entities rated by him.
- 4.11. VIS will conduct periodic reviews of compensation policies for analysts and other employees who participate in or who might otherwise have an effect on the rating process to ensure that these policies do not compromise the objectivity of VIS's rating process.
- 4.12. VIS will ensure that the rating assigned to an entity or instrument by VIS will not be affected by the existence of a business relationship between VIS and the entity or any other party, or the non-existence of such a relationship.
- 4.13. In case an analyst or any of his family members have any interest in a rating, that analyst will not be involved in such rating process.
- 4.14. The analysts and members of the Rating Committee including the external members will submit statement about all the conflicts of interest, including those of their family members, if any, to the CO.
- 4.15. The analysts or any of their family members will not buy or sell or engage in any transaction in any security which falls in the analyst's area of primary analytical responsibility. This clause will, however, not be applicable on investment in securities through collective investment schemes. All analysts will be required to sign an undertaking to this effect at the time of joining VIS.

Explanation: for the purpose of last three clauses above, the term "family members" will include only those family members who are dependent on the analyst and on the members of the Rating Committee.

5. Contents of VIS's Rating Agreement

- 5.1. VIS will not accept any rating assignment except through a rating agreement in writing.
- 5.2. VIS's rating agreement will contain all the necessary provisions including but not limited to the following provisions:
 - 5.2.1. A clause requiring the customer to provide VIS true, accurate, complete, and updated information to enable it to arrive at and maintain a fair and true rating of the customer and/or the instrument, as the case may be.
 - 5.2.2. A clause empowering VIS to call and obtain, any time during the validity period of the agreement or during the tenure of the instrument, all such information as deemed necessary by VIS for conducting effective and timely review of the rating assigned.
 - 5.2.3. A clause stipulating rating withdrawal, or cancellation of agreement or any other measures to be taken by VIS in case of non-provision of information by the client.
 - 5.2.4. Consent of the customer authorizing VIS to conduct review of the rating any time during the validity period of the agreement or during the tenure of the instrument.
 - 5.2.5. A clause requiring the customer to obtain NOC from its existing credit rating company in case of termination of rating agreement prior to its expiry or ensures in writing that it will continue credit rating with its existing credit rating company for at least one year. However, this clause shall not be applicable in case of a credit rating assignment obtained through open bidding under the Public Procurement Rules, 2004 or any other applicable law relating to procurement of services.
 - 5.2.6. A clause stipulating that, in case of dual private rating, authorizing VIS to make public the private rating assigned by it, in case its client approaches another credit rating company, during the life of the contract with VIS, to make public the private rating assigned by such other credit rating company.
 - 5.2.7. A clause clearly stipulating the beginning date and expiry date of the rating agreement.
 - 5.2.8. A clause stipulating the fee to be charged by VIS including the initial fee and surveillance fee if any, along with their payment schedule.
 - 5.2.9. Rights and obligations of each party to the agreement.
 - 5.2.10. Nature of the rating i.e. entity rating, instrument rating or both.
 - 5.2.11. Tenure of the rating.

6. Rating and other Disclosures

- 6.1. VIS will immediately disseminate all ratings assigned by it, whether solicited or unsolicited, except for private ratings, by way of press release to a news agency and at least one English and one Urdu language daily newspaper having nationwide circulation.
- 6.2. VIS will 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.
- 6.3. VIS will maintain an official website and will disseminate on it, inter-alia the following:
 - 6.3.1. Latest pattern of shareholding, showing names of the shareholders, number and percentage of shares held by each shareholder or group of shareholders of VIS.
 - 6.3.2. Names of shareholders holding, directly or indirectly, 10% or more share in VIS.
 - 6.3.3. Changes in the pattern of shareholding since inception. The changes will reflect names of the previous and subsequent shareholders along with number and percentage of shares held.
 - 6.3.4. All criteria, methodologies and procedures regarding the ratings including both solicited and unsolicited credit ratings, subsequent modification, if any, therein and other disclosures prescribed in the Regulations.
 - 6.3.5. Rating definitions and the symbols related thereto.
 - 6.3.6. A list of fees and charges relating to its rating services. The list of fees and charges will contain all the rating services rendered and functions performed by VIS and the rate of fee for each such service and function. The fee will be provided in the form of range (i.e. minimum and maximum) or in the form of fixed amount for each service/function. VIS will also provide the list of fee charged against national or social cause projects.
 - 6.3.7. Latest rating report and rating press releases, except the reports relating to private ratings, for at least last five years, containing:
 - 6.3.7.1. names and contact detail of the rating analysts;
 - 6.3.7.2. purpose of the rating;
 - 6.3.7.3. in case of secured instruments, quantum and nature of security, nature and book value of the assets backing the instrument;
 - 6.3.7.4. in case of structured finance products, information about the originator like its name, its principle business, its brief financial and operating position for the last five years, nature of defaults and delay, if any, in repayment of any financial obligation during the last five years, nature and value of assets backing the instrument, detail of guarantee, if any, or any other additional security arrangement, transaction structure, collection mechanism etc.;

- 6.3.7.5. in case of unsolicited ratings, the fact that it is unsolicited, the extent of participation by the entity/issuer, its management, its creditors and its auditors in the credit rating process;
 - 6.3.7.6. assumptions and rationale for the rating assigned, the risk factors considered in the assessment and critical financial information of the entity (except for a public unlisted company or a private company which is not otherwise required to make such public disclosure under any other regulatory framework) covering at least paid-up capital, equity, revenue, profit/(loss) before tax, profit/(loss) after tax, cash flow position, debt to equity ratio and current ratio;
 - 6.3.7.7. the probability of default in case of unforeseen event or any inherent risk;
 - 6.3.7.8. where relevant, the benchmarks used, any sensitivity analyses performed and its results, comparative analyses made with other industries or companies and credit enhancements;
 - 6.3.7.9. history of the rating for at least five years in case of entity rating and for the full tenure in case of instrument rating; and
 - 6.3.7.10. a statement by the analysts that rating is just an opinion about the creditworthiness of the entity and does not constitute recommendation to buy, hold or sell any security of the entity rated or to buy, hold or sell the security rated, as the case may be.
- 6.3.8. All rating review reports of the outstanding issues within five days of the notification of the review.

7. Private Ratings

- 7.1. VIS may carry out private ratings which will not be publicly disclosed.
- 7.2. VIS policy for private ratings will clearly articulate non-publication and non-dissemination of the private ratings and confidentiality of the related information.
- 7.3. Whenever a private rating has been assigned to a client by VIS and that client approaches, during the life of the contract with VIS, to another credit rating company to make public the private rating assigned by such other rating company VIS will also make public the private rating assigned by it..

8. Monitoring and Review of the Ratings

- 8.1. VIS will 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., will be

disseminated to the market immediately and in effective manner, after appropriate consultation with the entity/issuer.

- 8.2. VIS will review all the outstanding ratings on semi-annual basis or upon occurrence of such an event which requires doing so. However, public dissemination of semi-annual review will only be required in case of any change in the underlying rating.
- 8.3. VIS will initiate immediate review of the outstanding rating upon becoming aware of any information that may reasonably be expected to result in downgrading of the rating.
- 8.4. VIS will engage with the issuer and the debt securities trustee, to remain updated on all information pertaining to the rating of the entity/instrument.
- 8.5. In case VIS discontinues monitoring a rating for a rated entity or security it will either withdraw the rating or disclose such discontinuation to the public immediately. Any such disclosure will 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.

9. Operational and Infrastructure Requirements

- 9.1. VIS will have adequate infrastructure and information systems to provide reliable rating services and maintain its rating operations and facilities with adequate security, system capacity and contingency arrangements.
- 9.2. All VIS's dealings and transactions, commercial or otherwise, with its shareholders will be periodically reviewed by the BOD to ensure that such dealings and transactions are undertaken in a fair and justifiable manner without having any adverse impact on the rating process and its quality.

10. Transparency and Timeliness

- 10.1. VIS will, 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 VIS may know in order to produce a fair rating.
- 10.2. VIS will indicate with each of its ratings when the rating was last updated, the principal methodology that was used in determining the rating and where a description of that methodology can be found. In cases where the rating is based on more than one methodology, or where a review of only the principal methodology might cause investors to overlook other important aspects of the rating, VIS will explain this in the rating announcement and will explain how the different methodologies and other important aspects factored into the rating decision can be found.

- 10.3. VIS will conduct industry specific studies on regular basis and will disseminate findings of such studies on its website within five working days. All such reports will contain macro-economic view followed by the specific industry and then any specific event related to that industry.

11. Accounting and other related records

- 11.1. VIS will keep accounting and other records as required under the Companies Act, 2017 and Securities Act, 2015.
- 11.2. VIS will also maintain the following records:
- 11.2.1. information provided by each of the customer;
 - 11.2.2. correspondence with each customer;
 - 11.2.3. ratings assigned to the entities and securities including upgrades and downgrades in the ratings so assigned;
 - 11.2.4. minutes of the meetings of the rating committee, deliberations and analysis used to reach the rating decision;
 - 11.2.5. fee charged to each customer together with the calculations; and
 - 11.2.6. rating criteria, methodology and procedures
- 11.3. VIS will prepare for each financial years annual financial statements as required under the Companies Act, 2017.
- 11.4. VIS will disclose in its audited annual financial statements, the following information:
- 11.4.1. total revenue from rating services and non-rating services separately;
 - 11.4.2. customer-wise non-rating revenue of VIS or its holding or subsidiary companies, if any, in case where non-rating revenue of VIS or its holding or subsidiary companies, if any, from any single customer or group is 10% or more of its or its holding or subsidiary companies' total revenue; and
 - 11.4.3. names of the customers who along with their associates contribute 10% or more of the total revenue of VIS or its holding or subsidiary companies.
- 11.5. VIS will submit, within four months after the end of each financial year, its auditor's report to the Commission along with its annual financial statements and a confirmation in writing by VIS that it is in compliance with the Act and the rules and regulations made thereunder.

VIS will maintain at all times a minimum equity of Rs. 50 million.