

## **Purpose**

VIS Credit Rating Company Limited's Policy for 'Issuing NOC to Switching Clients' (the Policy) is designed to promote the spirit of CRA Regulations in maintaining transparency and continuity in ratings and providing unbiased rating opinions to the investors.

## **Scope**

The policy is designed to apply to all clients of VIS.

## **The Policy**

VIS may consider issuing a No Objection Certificate (NOC) to all those clients that have informed VIS in writing about switching their rating assignment to any other CRA, only after the next surveillance process of such client is completed in accordance with the Clause # 17(b) of the Regulations. As described in the purpose of this policy above, this has been designed with sole intention to promote transparency and stability in ratings in Pakistan. Considering the importance of credit ratings for the general investor community, VIS discourages a sudden approach in switching credit rating assignments between CRAs.

## **Policy Administration**

The Ratings Administration Group and the Finance Department are 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**

### **Credit Rating Companies Regulations, 2016 issued by SECP**

#### **10. Restrictions on Credit Rating Companies:**

(7) A credit rating company shall not:

(f) 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 No Objection Certificate from its existing credit rating company or ensures in writing that it shall continue credit rating with its existing credit rating company for a period of at least one year. A clause to this effect shall be included by the credit rating company in each rating agreement;

#### **13. Contents of the Rating Agreement:**

(1) A credit rating company shall not accept any rating assignment except through a rating agreement in writing and the rating agreement must contain all the necessary provisions including but not limited to the following:

(e) 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 shall continue credit rating with its existing credit rating company for at least one year;

#### **17. Monitoring and review of the ratings**

A credit rating company shall:

(b) review all the outstanding ratings on semi-annual basis or as and when required by any creditor or upon the occurrence of such an event which requires to do so;