



THE PAKISTAN CREDIT RATING AGENCY LIMITED

PACRA COMPLIANCE WITH IOSCO CODE OF CONDUCT

COMPLIANCE STATUS		
Iosco Code Provisions	No. of Provisions	
	54	
PACRA Compliance	Compliant	Exceptions
	46	8
<i>PACRA Exceptions-to-Code pertaining to:</i>		
	Structured Finance	4
	Small CRA argument	1
	Others	3

EXCEPTIONS-TO-CODE DETAILS (PERTAINING TO)		
Exceptions (Nos.)	Code Provision	Exception pertaining to:
1-A	(2.8) A CRA should disclose the general nature of its compensation arrangements with rated entities: (a) Where a CRA receives from a rated entity compensation unrelated to its ratings service, such as compensation for consulting services, a CRA should disclose the proportion such non-rating fees constitute against the fees the CRA receives from the entity for ratings services. (b) A CRA should disclose if it receives 10 percent or more of its annual revenue from a single issuer, originator, arranger, client or subscriber (including any affiliates of that issuer, originator, arranger, client or subscriber).	Others
2	(2.17) A CRA should establish policies and procedures for reviewing the past work of analysts that leave the employ of the CRA and join an issuer the CRA analyst has been involved in rating, or a financial firm with which the CRA analyst has had significant dealings as part of his or her duties at the CRA.	Others
3	(3.3) Each rating announcement should also indicate the principal methodology or methodology version that was used in determining the rating and where a description of that methodology can be found.	Others
4	(3.9) For each rating, the CRA should disclose whether the issuer participated in the rating process.	Others
5	(4.2) A CRA should establish a function within its organization charged with communicating with market participants and the public about any questions, concerns or complaints that the CRA may receive. The objective of this function should be to help ensure that the CRA's officers and management are informed of those issues that the CRA's officers and management would want to be made aware of when setting the organization's policies.	Small CRA Argument
6	(7.1) If the rating involves a type of financial product presenting limited historical data (such as an innovative financial vehicle), the CRA should make clear, in a prominent place, the limitations of the rating. (1.7.1) A CRA should establish a review function made up of one or more senior managers with appropriate experience to review the feasibility of providing a credit rating for a type of structure that is materially different from the structures the CRA currently rates.	Structured Finance
7	(1.14.1) A CRA should prohibit its analysts from making proposals or recommendations regarding the design of structured finance products that a CRA rates.	Structured Finance
1-B	(2.8-c) CRAs as an industry should encourage structured finance issuers and originators of structured finance products to publicly disclose all relevant information regarding these products so that investors and other CRAs can conduct their own analyses independently of the CRA contracted by the issuers and/or originators to provide a rating. CRAs should disclose in their rating announcements whether the issuer of a structured finance product has informed it that it is publicly disclosing all relevant information about the product being rated or if the information remains non-public.	Structured Finance
8	(3.5-b) A CRA should differentiate ratings of structured finance products from traditional corporate bond ratings, preferably through a different rating symbology. A CRA should also disclose how this differentiation functions. A CRA should clearly define a given rating symbol and apply it in a consistent manner for all types of securities to which that symbol is assigned.	Structured Finance