



SECP

SECURITIES AND EXCHANGE
COMMISSION OF PAKISTAN

Checklist for Grant of Permission and License: Credit Rating Companies

Section I: Permission for Formation of a Credit Rating Company

This section outlines the step-by-step documentation and compliance requirements for obtaining permission and grant of license to form a Credit Rating Company to undertake credit rating assignments under Credit Rating Companies Regulations, 2016 (The Regulations).

CHECKLIST FOR PERMISSION

Sr.	Checklist Item	Submission (Yes/No/NA) Page no. of Application
1	A person desirous of forming credit rating company to undertake credit rating will reserve its name using the SECP eZfile portal.	
2	The applicant shall make an application to the Licensing Department of the Commission seeking a permission to form a credit rating company on (Annexure A of this document)	
3	Draft of Memorandum of Association and Articles of Association (MoA and AoA) having object clause to perform credit ratings.	
4	CVs of sponsors/proposed directors/CEO/Chairman of BOD/Institutional Sponsors as per (Annexure B of this document) with names and addresses along with attested copies of professional qualifications, experience certificates, CNICs and Net-worth certificate of each sponsor /proposed directors/CEO/Chairman of BOD, supported by duly authenticated copy of the latest wealth statement filed with the taxation department.	
5	Percentage of capital, each sponsor proposes to contribute in the proposed company.	
6	List of companies, firms and other organizations wherein the sponsors, proposed chief executive and proposed chairman are or have been directors, partners or office holders during the last ten years.	
7	Detailed Feasibility report of the company supported by business plan of the company.	
8	Affidavit regarding authenticity, correctness of the information and documents and fitness and propriety of the directors and the CEO submitted to the Commission (Annexure C of this document)	
9	In case of foreign sponsors or directors: <ul style="list-style-type: none"> i. If residing in countries where filing of wealth statement is not mandatory, documents attested by the Pakistan Embassy in the respective country are required. ii. Apostilled certificate of personal net-worth and general reputation issued by a bank of international repute and CIB, in countries that are members of the Hague Convention. iii. Copy of passport in case of a foreign national duly attested by the Pakistan Embassy in the respective country or apostilled in countries that are members of the Hague Convention. iv. If the name of a Director or CEO is not cleared by the Ministry of Interior (MoI), the proposed company must replace the individual and transfer any shares held by them in case of Foreign director. v. NOC is required in case of government servants. If a public sector enterprise is involved, relevant authority or cabinet approval (provincial or federal) is required for board composition and business objectives. 	

Section II: Grant of License

Subsequent to the prior-permission under Regulation 5(3) of the Regulations and after incorporation of the company, the company must apply for a license to undertake credit rating assignments, within six months from the date of Permission/NOC under This section outlines the step-by-step documentation and compliance requirements for obtaining permission and grant of license to form a Credit Rating Company to undertake credit rating assignments under Credit Rating Companies Regulations, 2016 (The Regulations).

CHECKLIST FOR GRANT OF LICENSE (LICENSE IS VALID FOR ONE YEAR)

Sr.	Checklist Item	Submission (Yes/No/NA)						
1	Applicant must be a public limited or private limited company, incorporated in Pakistan.							
2	Application be made on Form II under the Regulations (Annexure D of this document)							
3	<p>Original Challan for payment of application fee (non-refundable) as per Regulation 6(1) of the Regulations.</p> <table border="1"> <thead> <tr> <th>Sr. no.</th><th>Subject of Application</th><th>Amount in Rs.</th></tr> </thead> <tbody> <tr> <td>1.</td><td>Fee to be paid at the time of applying for license as a credit rating company</td><td>100,000</td></tr> </tbody> </table> <p>[The above fees shall be deposited into the designated bank account of the Commission, along-with applicable collection charges.]</p>	Sr. no.	Subject of Application	Amount in Rs.	1.	Fee to be paid at the time of applying for license as a credit rating company	100,000	
Sr. no.	Subject of Application	Amount in Rs.						
1.	Fee to be paid at the time of applying for license as a credit rating company	100,000						
4	A copy of Prior-permission Order of the Commission.							
5	<p>Certified copy of the Memorandum of Association and Articles of Association furnished and the objects include, to act as a credit rating company. Copy of the certificate of incorporation and that of the certificate of commencement of business, duly certified from the CRO concerned.</p> <p>Copy of Forms A & 9 of the applicant duly certified from the CRO concerned.</p>							
6	Audited accounts of the applicant for the last three years and latest half yearly and quarterly accounts, where applicable, along with copies of documents evidencing/confirming that the company meets the financial resources requirements as specified in the Regulations including minimum equity requirement of Rs.50 million (Regulation 25 of the Regulation).							
7	<p>Brief history of the applicant containing at least name of the applicant, date and place of its incorporation, date of commencement of business, names of promoters or sponsors, names of senior management officers, group structure, if any, length of experience as securities broker, if any.</p> <p>Address of the registered office of the applicant (postal address, postal code and telephone, fax numbers.</p> <p>Mailing address of the applicant (postal address, postal code, telephone number, fax numbers and e-mail address of the concerned officer of the applicant.</p> <p>In case any associated company of the applicant is already licensed under the Securities Act, 2015, name of such associated company(ies) shall be provided.</p>							

8	<p>Profile of chief executive and directors of the applicant [name, qualification, experience and date of appointment, directorship in other companies, names of such other companies and date of appointment as director in such other companies].</p> <p>Previous experience of the promoters/directors in the credit rating field.</p>
9	<p>Business Plan of the proposed rating methodology and scale of rating, including but not limited to:</p> <ol style="list-style-type: none"> Cash flow projections for at least 3 years Strategic forecasts, capital and manpower budgets, overhead budgets, and variance analyses. Credit Scoring Model
10	Details of technical collaboration agreement and/or joint venture with an internationally recognized credit rating company and a copy of such an agreement and documentary evidence in respect thereof.
11	Name and designation of the compliance officer along with contact details i.e. postal address, postal code, telephone number, fax number and e-mail address.
12	Details of outstanding legal proceedings, if any, initiated against the applicant, its directors or senior management officers by the Commission or any other regulatory authority.
13	Details in case the applicant, its promoters or sponsors, directors, substantial shareholders or senior management officers have been declared insolvent or bankrupt, or declared defaulter by any authority.
14	Details of penal actions, if any, taken against the applicant, its promoters or sponsors, directors, substantial shareholders or senior management officers during the last three years by the Commission or any other regulatory authority.
15	<p>Details of infrastructural facilities:</p> <ol style="list-style-type: none"> Computer systems installed: Data processing capacity: Location and quantum of space available for safe custody of record specified in the Regulations.
16	<p>Other information:</p> <ol style="list-style-type: none"> Details as per following format of all pending disputes in which the applicant is a party: List of civil and criminal offenses in which the applicant or any of its promoters or sponsors, directors or senior management officer has remained involved during the last three years. Any other information considered relevant to the business of the credit rating company. Any significant awards or recognition, collective grievances against the applicant.
17	Undertaking by directors/CEO as per Annexure-C (Annexure C of this document) of the Regulations.
18	Policy and Procedure for handling of investors' complaints and procedures for redressal of complaints, if any.
19	Name and designation of the compliance officer along with contact detail i.e. postal address, postal code, telephone number, fax number and e-mail address.
20.	For foreign directors/CEO, license approval is subject to receipt of security clearance from the Ministry of Interior (MoI) (Format in Annexure F of this document).

Section II: Grant of Renewal of License

A credit rating company shall, at least one month prior to the date of expiry of its license and at the time of application shall consider the following matters for renewal of its license under Credit Rating Companies Regulations, 2016 (The Regulations).

CHECKLIST FOR THE RENEWAL OF LICENSE

Sr.	Checklist Item	Submission (Yes/No/NA)
1	Applicant applies to the Commission on Annexure A to the Regulations (Annexure E of this document)	
2	Current structure of Board of Directors along with any change regarding the status of the applicant, its promoters or sponsors, directors or any change in controlling interest in the sponsors. [Any change in credit rating company's shareholding that entitles the shareholder to more than ten per cent (10%) shareholding shall be required to have prior written approval of the Commission]. [A proposed director, chairman or chief executive of the credit rating company shall not assume the charge of office until its appointment has been approved by the Commission in writing].	
3	An undertaking on a stamp paper specifying that the credit rating company, its directors, promoters or sponsors, chief executive and senior management officers are in compliance with all the requirements for renewal of licence. (Annexure C of this document)	
4	Details of the non-compliance by it, if any, with any provision of the applicable laws including the Act and rules or regulations made thereunder.	
5	Details of the non-compliance by it, if any, with any of the licensing conditions, if any.	
6	Details of any penal or disciplinary action initiated or taken against the applicant, its promoters or sponsors, directors, substantial shareholders or senior management officers by any regulatory authority or government agency/department.	
7	Details of legal proceedings, if any, initiated against it and penal actions taken against it and penalty imposed by the Commission or any other regulatory authority. Details of changes made, if any, in the object clause of its memorandum of association or other constitutive documents.	
8	List of complaints received, if any, during the last one year and their redressal status.	
9	Copy of Form A, Form 9 and compliance of filing of annual accounts with relevant CRO	
10	Copy of the last year's annual audited accounts and latest half-year accounts.	
11	List of companies to whom it provides services, if any, as a credit rating company.	

Annexure A – Form I

FORM I
[see regulation 5(1)]
APPLICATION FOR PERMISSION TO FORM A CREDIT RATING COMPANY

Dated: _____

To

The Securities and Exchange
Commission of Pakistan,
Islamabad.

Dear Sir,

We hereby apply for grant of permission under regulation 5 of the Credit Rating Companies
(Regulation), 2016, to form a Credit Rating Company under the name and style of * _____

The information and documents as required in the Annexure to this form duly verified and signed by all
promoters and proposed directors and an affidavit by them as to the correctness of the details is
submitted.

We undertake to keep this information up to date by communicating changes or modifications therein
within fourteen days of such changes or modifications.

Yours faithfully,

Verification by
Oath Commissioner
Name of the company

Annexure B

**Information to be provided by promoters, substantial shareholders
proposed director, proposed chief executive of the (name of the credit rating company)
and external member of rating committee, where applicable**

1.	Curriculum Vitae/Resume containing:
a	Name: (former name if any):
B	Father's or Husband Name:
b	C.N.I.C # (attach copy)
c	Latest photograph
d	Nationality:
e	Age:
f	Contact details:
	i) Residential address:
	ii) Business address:
	iii) Tel:
	iv) Mobile:
	v) Fax:
	vi) E-mail:
g	National Tax Number:
h	Present occupation:
i	Qualification(s):
	i) Academic:
	ii) Professional:
j	Experience: (Positions held during the last 10 years along with name and address of company/ institution)
2.	<p>Nature of directorship Executive " Non-executive "</p> <p>Status of directorship Nominee director "</p> <p>Number of shares subscribed or held _____</p> <p>Nominated by _____ (name of shareholder)</p> <p>Personal net worth (copy of wealth statement) _____</p> <p>[This clause shall not be applicable in case of persons other than promoters and substantial shareholders;]</p>

Signature_____

*use additional sheets if required

Annexure C

Undertaking to be filed by director/CEO (On Stamp Paper of Appropriate Value)

AFFIDAVIT /(name of relevant entity)

I, _____ son/daughter/wife of _____ adult, resident of _____ and holding CNIC/ Passport No. _____ do hereby state on solemn affirmation as under:-

1. That I am eligible for the position of Director/Chief Executive/external member according to the Fit and Proper Criteria prescribed for the position of Directors/ Chief Executive/external member, as per the Credit Rating Companies Regulations, 2016.
2. That I hereby confirm that the statements made and the information given by me are correct and that there are no facts which have been concealed.
3. That I have no objection if the (name of relevant entity) requests or obtains information about me from any third party.
4. That I undertake to bring to the attention of the (name of relevant entity) any matter which may potentially affect my status for the position of Director/Chief Executive Officer as per the Fit and Proper Criteria specified in the Credit Rating Companies Regulations, 2016
5. That all the documents provided to (name of relevant entity), are true copies of the originals and I have compared the copies with their respective originals and certify them to be true copies thereof.
- (6) I will continuously exercise integrity, diligence, competence and soundness of judgment in fulfilling my responsibilities for this position under the applicable laws.
- (7) I will not interfere in the fair implementation of the rating policies, criteria, methodologies and procedures and will not influence any of the rating process.
- (8) The above declaration has been signed by me pursuant to my nomination as ...(Name of the position nominated for) of ...(Name of credit rating company)...

DEPONENT

The Deponent is identified by me

Signature _____
ADVOCATE
(Name and Seal)

Solemnly affirmed before me on this _____ day of _____ at _____ by the Deponent above named who is identified to me by _____, Advocate, who is known to me personally.

Signature _____
OATH COMMISSIONER FOR TAKING AFFIDAVIT

Annexure D – Form II

APPLICATION FOR OBTAINING LICENCE TO FORM CREDIT RATING COMPANIES

To

The Securities and Exchange Commission of Pakistan,
Islamabad.

Dear Sir,

1. We hereby apply for licence of (Name of Credit Rating Company) under regulation 6(1) of the Credit Rating Companies Regulations, 2016 (the Regulations), read with section 68 of the Securities Act, 2015.]
2. Certified true copies of all the documents specified in Annexure to Form II of the Credit Rating Companies Regulations, 2016 are enclosed.
3. Original receipt of the bank for the fee of Rs.....being the licence fee is enclosed.

Yours faithfully,
Signature of the Chief Executive

**FORM OF APPLICATION FOR RENEWAL OF LICENCE
AS A CREDIT RATING COMPANY**

To

The Securities and Exchange Commission of Pakistan,
Islamabad.

Dear Sir,

1. We hereby apply for the renewal of the licence of (Name of the credit rating company) under section 69 of the Securities Act, 2015.
2. The existing licence is due to expire on
3. Certified true copies of all the documents specified in Annexure B of the Credit Rating Companies Regulations, 2016 are enclosed.
4. It is requested that the licence be renewed for a period of one year.

Yours faithfully,
Signature of the Chief Executive

Annexure F

Proforma – GR CHECK/ SECURITY CLEARANCE

1. **Full Name** _____
2. **Sex (Male/Female)** _____
3. **Date of Birth: DD-MM-YYYY** _____
4. **Father's/Husband's Name:** _____
5. **Profession/Designation:** _____
6. **Country/City:** _____
7. **Passport No. :** _____
8. **Nationality:** _____
9. **Temporary Address Abroad:** _____

10. **Permanent Address Abroad:** _____

11. **Tel No.** _____ **Office:** _____ **Cell:** _____
12. **E-mail Address:** _____
13. **Firm Address Abroad:** _____

14. **Firm Tel No. :** _____ **E-mail Address:** _____
15. **Purpose of GR Check** _____
16. **Any Other Specific Information** _____



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COMMISSION OF PAKISTAN**