



Rating Release

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PACRA ELABORATES ITS RATING PRACTICE ON SOLICITED AND UNSOLICITED CREDIT RATINGS

The Pakistan Credit Rating Agency (PACRA) has elaborated its rating practice regarding solicited and unsolicited credit ratings. The Policy titled “Solicited versus Unsolicited Credit Ratings” is available on its website.

The purpose of PACRA’s Rating Policy is to: (i) facilitate greater transparency to market participants with respect to solicited versus unsolicited credit ratings, (ii) designate and define the criteria for differentiating various rating classes, (iii) Defining terminology and laying out in detail PACRA’s rating class menu (based upon the defined criteria), and finally, (iv) documenting a comprehensive policy premise for all the rating classes and sub-classes.

PACRA’s ratings class menu comprises two broad classes – solicited and unsolicited credit ratings – alongwith two sub-classes for each class, namely Entity Initiated Ratings (EIRs) and Facilitator Initiated Ratings (FIRs) for the former and Third-Party Initiated Ratings (3IRs) and Agency Initiated Ratings (AIRs) for the latter. The rating classes are differentiated, one from the other, based upon a single criterion – the assurance as to the provision of the complete requisite information regarding the entity to be rated either through the entity itself or through a facilitator/third-party.

By far, credit ratings initiated and paid for by entities to be rated constitute the widest class of credit ratings worldwide. EIRs have remained the mainstay for PACRA as well.

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