

BROKER MANAGEMENT RATING REPORT

BIPL Securities Limited

REPORT DATE:

October 20, 2017

RATING ANALYSTS:

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APPLICABLE

METHODOLOGY:

Broker Management Ratings 2017

[http://jcrvis.com.pk/docs/BMR2](http://jcrvis.com.pk/docs/BMR201701.pdf)

[01701.pdf](http://jcrvis.com.pk/docs/BMR201701.pdf)

Latest Rating	
Rating Category	
Broker Management Rating	BMR2+
Rating Rationale	The rating signifies robust external control environment and regulatory compliance levels, sound internal controls, effective compliance and risk management frameworks. Furthermore, financial management of the company is considered sound; HR, IT and customer service are sufficiently proactive.
Rating Date	17 th October 2017

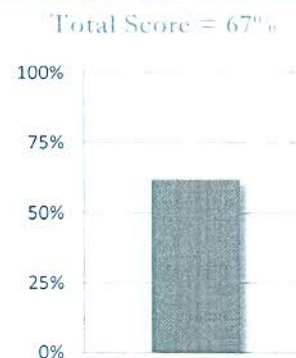
COMPANY INFORMATION

Incorporated in 2000	External auditors: RSM Avas Hyder Liaquat Nauman Chartered Accountants
Public listed	Chairman of the Board: Mr. Mansur ur Rehman Khan
Key Shareholders (with stake 5% or more):	Chief Executive Officer: Mr. Anwer Ahmed Sheikh
M/s. BankIslami Pakistan Limited – 77.12%; Mrs. Noor Jehan Bano – 6.53%; Mr. Mohammad Aslam Motiwala – 7.31%	

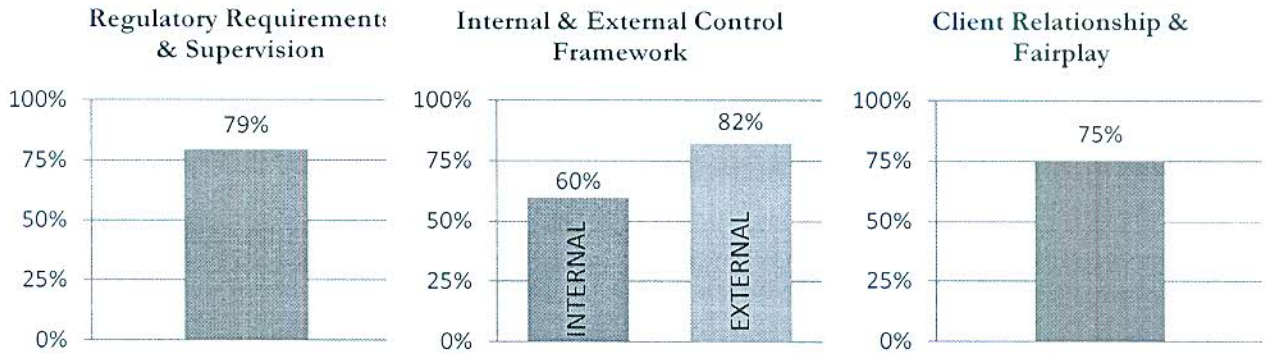
BIPL SECURITIES LIMITED

BIPL Securities Limited (BIPLSEC) was incorporated in 2000 under the Companies Ordinance 1984 as a public limited company and commenced its operations from January, 2003. BIPLSEC is engaged primarily in provision of equity securities brokerage with an active money market, forex, commodity trading desk, corporate finance and advisory services.

The Company holds a Trading Right Entitlement Certificate (TREC) of PSX and a Member of Pakistan Mercantile Exchange Limited (PMEX). Majority shareholding (77.12%) of the company is held by BankIslami (BIPL). External auditors of the company are RSM Avas Hyder Liaquat Nauman Chartered Accountants. Auditors belong to category 'A' on the approved list of auditors published by the State Bank of Pakistan (SBP).



Rating Factors Scores



- Board Level corporate governance is considered sound with requisite committees and independent directors except in chair of BoD & BAC position.
- 1/3rd independent directors is consistent with international best practices.

- Internal control system has satisfactory compliance level.
- Further strengthening of control levels may be achieved through sharing of certain policies with staff and customers as well as more frequent reviews of order recording.

- System for customers order execution and its reporting is adequate.
- Client service maybe enhanced further through greater access of clients to their portfolio positions and research reports.



- The organizational structure is well defined.
- Offsite backup at third party and strengthening the Business Continuity Plan will address unexpected contingencies.

- Control functions are autonomous and compliance of regulations is considered sound.
- Room for strengthening of customer credit risk evaluation system exists.

- Increased activity in advisory desk will aid in diversification of income.
- Going forward profitability would be a function of improving operational efficiency and maintenance of sound capitalization level.

RATING SCALE & DEFINITIONS: BROKER MANAGEMENT RATING

BMR1A

Very strong regulatory compliance levels and financial management; internal and external control environment is very robust; compliance and risk management frameworks are extremely effective; HR, IT and customer services are strongly proactive

BMR1++, BMR1+, BMR1

Strong regulatory compliance levels and financial management, internal and external control environment is robust, compliance and risk management frameworks are highly effective; HR, IT and customer service are highly proactive

BMR2++, BMR2+, BMR2

Sound regulatory compliance levels and financial management, internal and external control environment is robust, compliance and risk management frameworks are effective; HR, IT and customer service are sufficiently proactive.

BMR3++, BMR3+, BMR3

Adequate regulatory compliance levels and financial management, internal and external control environment is sufficient, compliance and risk management frameworks are satisfactory; HR, IT and customer service are adequately proactive.

BMR4++, BMR4+, BMR4

Weak regulatory compliance levels and financial management, internal and external control environment has gaps, compliance and risk management frameworks need improvements; HR, IT and customer service are insufficiently proactive.

BMR5++, BMR5+, BMR5

Weak regulatory compliance levels and financial management, internal and external control environment insufficient, compliance and risk management frameworks need improvements; HR, IT and customer service is inadequate.

REGULATORY DISCLOSURES		Appendix II		
Name of Rated Entity	BIPL Securities Limited			
Sector	Brokerage			
Type of Relationship	Solicited			
Purpose of Rating	Broker Management Rating (BMR)			
Rating History	Rating Date	Rating	Rating Outlook	Rating Action
	<u>RATING TYPE: BMR</u>			
	10/17/2017	BMR2+	Stable	Initial
Instrument Structure	N/A			
Statement by the Rating Team	JCR-VIS, the analysts involved in the rating process and members of its rating committee do not have any conflict of interest relating to the credit rating(s) mentioned herein. This rating is an opinion on credit quality only and is not a recommendation to buy or sell any securities.			
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