

## Research Analyst/Research Department Policy

1. Short Title
  - a. This Policy shall be called the 'Research Analyst/Research Department Policy' of Summit Capital (Private) Limited ('the Company').
2. Definitions
  - a. "Act" means the Securities Act, 2015 (Act No III of 2015);
  - b. "Regulations" means the Research Analyst Regulations 2015;
  - c. "Close relative" shall mean the spouse(s) and lineal ascendant(s) and descendant(s) of the Research Analyst;
  - d. "Commission" means the Securities and Exchange Commission of Pakistan established under section 3 of the Securities and Exchange Commission of Pakistan Act, 1997 (XLII of 1997);
  - e. "Independent Research Analyst" means a person performing the functions of Research Analyst who is not engaged in any other regulated securities activity;
  - f. "Public Appearance" means any participation in a conference call, seminar, forum (including interactive and non-interactive electronic forum), radio or television or internet or web or print media broadcast, authoring a print media article or other public speaking activity in which a Research Analyst, or an officer, director, or employee of a Research Entity or Independent Research Analyst, makes a recommendation or offers an opinion, concerning listed securities or a public offer;
  - g. "Research Analyst" means a person, by whatever name called, who is involved in the preparation, writing and/or publication of a Research Report or the substance of a Research Report concerning securities that are listed or to be listed on a stock exchange registered in Pakistan;
  - h. "Research Report" includes a written communication, in any form, which includes:
    - A Price Target - the fundamental value of a listed security or a public offer derived by the Research Analyst; or
    - A 'buy/sell/hold' - recommendation or an analysis or opinion concerning a listed security or a public offer, providing information reasonably sufficient upon which to base an investment decision, but does not include the following communications:
      - I. Comments on general trends in the securities market;

- II. Commentaries on economic, political or market conditions;
- III. Periodic reports or other communications prepared for unit holders of mutual funds or collective investment schemes;
- IV. Internal communications that are not given to current or prospective clients;
- V. Communications that constitute offer documents or prospectus that are circulated under a specific law;
- VI. Statistical summaries of financial data of the companies;
- VII. Technical analysis relating to the demand and supply in a sector or the index; and
- VIII. Any other communication which the Commission may specify from time to time.

- i. "Subject Company" includes the issuer or company whose public offer or securities are the subject of a Research Report or a Public Appearance.

Now, therefore, the Company shall be operating its Research Department as per, the Research Analyst Regulations 2015 (as amended from time to time) and this Policy i.e. 'Research Analyst/Research Department Policy', terms of which are specified as follows:

## 1. Research Analyst(s)

The person to be hired as an analyst should have the following minimum qualifications:

A professional qualification in accounting and finance or a graduate degree in, finance, accountancy, business management, commerce, economics, capital market and financial services, provided by a university recognized by the Higher Education Commission of Pakistan; or

Two years of relevant experience which includes working in the research department of a company operating in the financial sector or capital market or experience in activities relating to securities or fund or asset or portfolio management; or

Any known specialized certification other than mentioned in Regulations.

In addition to the above, individuals employed as Research Analyst shall obtain such mandatory certification(s) for Research Analysts as specified by the Commission from time to time.

The Research Analyst should:

- Get a formal approval from the Chief Executive Officer/Company Secretary before doing any personal securities trading activity;

- Give a disclosure, along-with proper rationale, of any dealing or trading by the Research Analyst, in a manner contrary to its given recommendation.
- Have adequate documentary basis, supported by research, for preparing a Research Report.
- Ensure that facts in the Research Reports are based on reliable information and the source of such information is disclosed. Further the Research Analyst shall define the terms used in making recommendations and these terms should be used consistently.
- Disclose in the Research Report the valuation methods used to determine the Price Target, if any, that has a reasonable basis and shall be accompanied by a disclosure concerning the risk that may impede achievement of the Price Target.
- Define clearly in such Research Report where a rating system is being employed, the meaning of each rating in the system, including the time horizon and any benchmarks on which a rating is based.

The Research Analyst and his/her Close Relatives should not:

- Buy or sell the securities of a Subject Company seven days before the publication of the report and five days after the publication of the research report.

## 2. General Terms

- a. All research reports should promote reliable, unbiased and independent view of the Research Analyst, and the Research Report should never be used to manipulate the securities market.
- b. Any other business department, employees, directors shall not put an influence on or create a conflict of interest with reference to the research activities of the Research Department and the Research Analyst(s).
- c. The compensation of the Research Analyst is neither determined nor based on any other service(s) that the Company is offering. This includes bonus, salary or any other form of compensation.
- d. An individual employed as Research Analyst by the Company shall not be subject to the supervision or control of any employee of any non-research department, and no personnel engaged in providing non-research services may

- have any influence or control over the compensatory evaluation of the Research Analyst(s).
- e. The Research Analyst/the Company shall not provide any promise or assurance of favorable review in its Research Report to a company or industry or sector or group of companies or business group as consideration to commence or influence a business relationship or for the receipt of compensation or other benefits.
  - f. The Company shall publically disclose compensation and reporting structure of the Research Analyst. The company shall pay salary, bonus (if any as approved by the Board / Management) and entitlements / allowances according to their cadre / grade to the Research Analyst(s) or other employees in the Research Department.
  - g. The Research Analyst shall not submit a Research Report to the Subject Company before its publication. Provided that some sections of the Research Report may be submitted to the Subject Company before its publication for review as necessary only to verify the factual accuracy of information in those sections.
  - h. The Company shall not issue Research Reports and the Company or its Research Analysts, officers or directors shall not make Public Appearance(s) regarding a Subject Company for which the Research Entity acted as a corporate advisor, underwriter or lead manager in a public offer from the date of its appointment till a period of 25 days from the date of completion of such offering.
  - i. If the Company acts as a market maker in the securities of a Subject Company, the fact shall be disclosed.
  - j. In all of the written research reports and the public appearances, the Company and the Research Analyst shall disclose:
    - i. If the Company or any of its officers, directors, associates or a Close Relative has a financial interest in the securities of the Subject Company and the nature of such interest, provided such interest (actual/beneficial) aggregates to an amount exceeding 1% of the value of the securities of the Subject Company at the time of issuance of the Research Report.
    - ii. if the Company or any of its officers, directors, associates or a Close Relative is currently serving or has served in the past three years as a director or officer of the Subject Company.

- iii. If the Company or any of its officers, directors, associates or a close relative received compensation from the Subject Company in the previous 12 months.
  - iv. If the Subject Company currently is, or during the 12-month period preceding the date of publication or distribution of the Research Report was, a client of the Company.
  - v. if the Company has managed or co-managed a public offering or any takeover, buyback or delisting offer of securities for the Subject Company in the past 12 months and/or received compensation for corporate advisory services, brokerage services or underwriting services from the Subject Company in the past 12 months.
  - vi. if the Company expects to receive or intends to seek compensation for corporate advisory services, brokerage services or underwriting services from the Subject Company in the next three months.
  - vii. if the Research Analyst is issuing Research Report on any of the Company's associated company(ies); and
  - viii. Any other material conflict of interest of the Research Analyst/the Company which has the ability to influence the content of a Research Report that the Research Analyst/ the Company knows or has reason to know at the time of the publication or distribution of a Research Report.
- k. The disclosures mentioned as above shall not be required to be made to the extent that they would reveal material non-public information regarding specific potential corporate advisory, brokerage or underwriting service transactions of the Subject Company.
  - l. The Research Analyst and the Company shall act in a fiduciary capacity towards its clients and shall disclose all conflicts of interests as and when they arise and suitably address the same.

### **3. Distribution of Research Reports**

A Research Report shall not be distributed selectively to internal trading personnel or a particular client or class of clients in advance of other clients that are entitled to receive the Research Report. Further, the Independent Research Analyst and the Company shall publically disclose their policies and procedures for disseminating Research Report.



#### **4. Maintenance of Records**

The Company shall maintain the following records in physical/electronic form for last five years:

- i. Research Reports prepared.
- ii. Written research recommendations provided.
- iii. Rationale for arriving at research recommendations.
- iv. Record of Public Appearances.

#### **5. Compliance and Enforcement Mechanism for the Research Analyst(s)**

The Compliance Department of the Company shall quarterly verify the maintenance of record and compliances in accordance with the Research Analyst Regulations 2015 and Research Analyst/Research Department Policy of the Company. In case of any non-compliance/violation as pointed out by the Compliance Department, the Chief Executive Officer will take action and implement appropriate disciplinary sanctions against the concerned.

All Research Analyst should sign the undertaking to abide by the Research Analyst Regulations 2015 and Research Analyst/Research Department Policy of Summit Capital (Private) Limited.

Summit Capital (Private) Limited has right to change or amend this Policy. Any change from time to time shall be notified to all concerned.