

CIRCULAR

SEBI/HO/MIRSD/DOS3/CIR/P/2018/130

September 19, 2018

All Credit Rating Agencies (CRAs) registered with SEBI

Dear Sir/ Madam,

Sub: Amendment to SEBI (Credit Rating Agencies) Regulations, 1999 and modification to SEBI Circular dated May 30, 2018

A. Securities and Exchange Board of India (Credit Rating Agencies) (Second Amendment) Regulations, 2018

1. Vide [Gazette Notification No. SEBI/LAD-NRO/GN/2018/36](#) dated September 11, 2018, in respect of Securities and Exchange Board of India (Credit Rating Agencies) (Second Amendment) Regulations, 2018, as laid down under Regulation 9(f) of SEBI (Credit Rating Agencies) (Second Amendment) Regulations, 2018, a CRA may undertake the rating of financial instruments under the respective guidelines of the financial sector regulators/ authorities as specified in **Annexure A**. CRAs may also undertake research activities, incidental to rating, such as research for Economy, Industries and Companies.

B. Review of ratings

2. SEBI, vide Circular No. SEBI/HO/MIRSD/DOP2/CIR/P/2018/86 dated May 30, 2018 inter-alia issued guidelines in respect of the process for review of rating. Subsequently, SEBI has received representations from market participants. The concerns of the market participants were discussed with CRAs and following has been decided:
 - i. In modification to Para 1 of the aforesaid circular, cases of requests by an issuer for review of the rating(s) provided to its instrument(s) shall be reviewed by a rating committee of the CRA that shall consist of majority of members that are different from those in the Rating Committee of the CRA that assigned the earlier rating, and at least one-third of members are independent.
 - ii. All other provisions of the aforementioned circular shall remain unchanged.

3. This circular is issued in exercise of the powers conferred by Section 11(1) of Securities and Exchange Board of India Act, 1992, read with the provisions of Regulation 20 of SEBI (Credit Rating Agencies) Regulations, 1999, to protect the interest of investors in securities and to promote the development of, and to regulate, the securities market.

Yours faithfully,

Surabhi Gupta
Deputy General Manager
Tel. No: 022-26449315
Email id: surabhig@sebi.gov.in

ANNEXURE A

1. Securities and Exchange Board of India
2. Reserve Bank of India
3. Insurance Regulatory and Development Authority of India
4. Pension Fund Regulatory and Development Authority
5. Ministry of Corporate Affairs
6. Insolvency and Bankruptcy Board of India