

CIRCULAR

SEBI/HO/DDHS/DDHS-POD2/P/CIR/2023/ 105

June 27, 2023

To

All Credit Rating Agencies (CRAs) registered with SEBI

Dear Sir/ Madam,

Sub: Disclosure of Information on Issuers Not Cooperating (INC) with CRAs

- I. SEBI (Credit Rating Agencies) Regulations, 1999 ("CRA Regulations") inter-alia require every CRA to carry out periodic reviews of all published ratings during the lifetime of the securities, unless the rating is withdrawn. However, in case a client does not cooperate with the CRA, the CRA is required to carry out the review on the basis of best available information or in the manner specified by SEBI. Further, in such cases, CRAs are required to disclose that such ratings have been assigned based on the best available information.
- II. Over time, the number of issuers that are non-cooperative with CRAs have increased, with a vast majority of INC issuers being unlisted and small entities. In this regard, to provide enhanced transparency and information regarding non-cooperative issuers to various stakeholders, market participants and investors, the following is being prescribed:
 - A. A CRA shall disclose two lists of issuers who are non-cooperative with the CRA, separately for:
 - i. Securities that are listed, or proposed to be listed, on a recognized stock exchange, and
 - ii. Other ratings
 - B. The aforementioned lists shall be disclosed in the following format:

S. No.	Name of Non-cooperative issuer	Date of categorization of issuer as non-cooperative	Link to the webpage hosting the issuer's press releases

C. The above disclosure shall be updated on a daily basis.

- III. **Applicability:** The circular shall be applicable with effect from July 15, 2023, and CRAs shall report on their compliance with this circular (as ratified by their respective board of directors) to SEBI within one quarter from the date of applicability of this circular.
- IV. **Monitoring:** Monitoring of this circular shall be done in terms of the half-yearly internal audit for CRAs, mandated under Regulation 22 of the CRA Regulations and circulars issued thereunder.
- V. This circular is issued with the approval of competent authority, 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 CRA Regulations to protect the interest of investors in securities and to promote the development of, and to regulate, the securities market.

Yours faithfully,

Ritesh Nandwani
Deputy General Manager
Department of Debt and Hybrid Securities
Tel No.022-2644-9696
Email ID - riteshn@sebi.gov.in