

CIRCULAR

SEBI/HO/DDHS/DDHS-PoD-3/P/CIR/2025/002

January 07, 2025

To,

**All Registered Credit Rating Agencies,
All Registered Debenture Trustees,
Issuers who have listed and/or proposed to be listed Non-Convertible
Securities, Securitized Debt Instruments, Security Receipts, Municipal Debt
Securities or Commercial Paper
Recognized Stock Exchanges,
All Depositories registered with SEBI**

Madam/ Sir,

**Sub: Measures for Ease of Doing Business for Credit Rating Agencies (CRAs)
–Timelines**

(Modification to Chapter II and Chapter III of the Master Circular for Credit Rating Agencies dated May 16, 2024)

1. The Master Circular for CRAs SEBI/HO/DDHS/DDHS-POD3/P/CIR/2024/47 dated May 16, 2024 ("Master Circular"), inter alia, prescribes certain timelines to be followed by CRAs for review of ratings and publication of press release.
2. One of the recommendations of the Working Group of CRAs for Ease of Doing Business ("WG") pertains to modification of approach on specifying timelines from "days" to "working days" in respect of certain requirements prescribed in the Master Circular. The WG submitted the process flow involved in complying with the relevant requirements within the extant timelines. Further, CRAs depend on external entities such as bankers and debenture trustees, particularly in order to conclusively establish and substantiate delays and defaults in debt servicing,

where it is difficult to obtain written confirmation on holidays/ non-working weekends.

3. In order to promote Ease of Doing Business and bring about uniformity in dealing with rating reviews and publication of Press Release by CRAs, it has been decided to modify the following paras of the Master Circular as below:

S. No.	Timelines with existing as underlined	Revised timelines in the existing para
1.	Clause 9.2.2: <i>CRAs shall publish on their website press release regarding the rating action (including reiteration of existing rating), if warranted, immediately, but not later than <u>7 days</u> of occurrence of the said event.</i>	<u>7 working days</u>
2.	Clause 9.3.3: <i>In case there have been delays in the payment of interest/ principal by the Issuer, the Issuers shall state the same in this statement and the CRA shall promptly conduct a rating review and disseminate the rating action through Press Release within <u>2 days</u> of receipt of such statement.</i>	<u>2 working days</u>
3.	Clause 11.3: <i>CRAs shall follow a uniform practice of three consecutive months of non-submission of No-default Statement (NDS) (or inability to validate timely debt servicing through other sources) as a ground for considering migrating the ratings to INC and shall tag such ratings as INC within a period of <u>7 days</u> of three consecutive months of non-submission of NDS. The CRA in its judgement may migrate a rating to the INC category before the expiry of three consecutive months of non-receipt of NDS.</i>	<u>5 working days</u>
4.	Clause 28.2.1: <i>In case no confirmation of servicing of debt obligation by the Issuer is received by the CRA from the Debenture Trustee within <u>1 day</u> post the due date, the CRA shall immediately follow up with the Issuer for confirmation of payment. In case no response is received from the Issuer within <u>2 days</u> of such</i>	<u>1 working day and 2 working days.</u>

	<i>communication, the CRA shall issue a Press Release as enlisted at para 28.4.3 and disseminate the same on its website and to all stock exchanges where the security is listed.</i>	
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4. The circular shall be applicable with immediate effect.
5. 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.
6. This Circular is available on the website of the Securities and Exchange Board of India at www.sebi.gov.in under the category “Legal” and under the drop down “Circulars”.

Yours faithfully,

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