भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

CONSULTATION PAPER

DEPARTMENT OF DEBT AND HYBRID SECURITIES – POD-1

Consultation paper on the mandatory adoption of a Credit Risk-o-Meter as an additional disclosure mechanism for debt securities

August 13, 2026

भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

Timeline to Respond

Comments on the Consultation paper may be sent by September 03, 2026

CONTENTS

1. Objective:

1.1. The objective of this consultation paper is to seek comments/ views/ suggestions from the public on the proposal related to mandatory adoption of a ‘Credit Risk-o-Meter’ as an additional disclosure mechanism for debt securities.

2. Background:

2.1. Based on suggestions from market participants, SEBI is proposing to introduce a visual ‘Credit Risk-o-Meter’. This tool will visually represent the credit risk of debt securities and help investors (especially retail) evaluate investment suitability. The proposal was initially reviewed by the OBPP working group, followed by deliberations in the Corporate Bonds and Securitization Advisory Committee (CoBoSAC).

3. Rationale for proposed change:

3.1. Credit ratings of debt securities are currently provided in alphanumeric formats (e.g., AAA, AA+, BBB-). These formats may not be readily understood by retail investors who may not be familiar with fixed-income markets.

3.2. Inspired by SEBI's mutual fund framework, the proposed 'Credit Risk-o-Meter' is a standardized, color-coded visual scale for debt securities depicting the credit risk associated with such security. It translates complex credit ratings into easy-to-understand visual indicators to help investors easily assess, compare, and align investments with their risk appetite. By simplifying risk evaluation, this tool enhances market transparency, improves investor understanding while supporting regulatory goals of investor protection and market development.

4. Proposal:

4.1. To enhance visual communication of credit risk in debt securities, it is proposed that issuers and OBPPs shall be mandated to display ‘Credit Risk-o-Meter’ as an additional disclosure mechanism in:

4.1.1. Offer document
4.1.2. Abridged Prospectus
4.1.3. Private Placement Memorandum
4.1.4. All advertisements of Issuer/OBPPs

4.1.5. Web and mobile platforms of OBPPs

4.2. The Credit Risk-o-meter maps SEBI's existing credit rating standardization framework, rating symbols (AAA to D) to following six levels of risk with corresponding colour codes in following manner. These distinct risk levels are in line with the definitions provided in SEBI's July 11, 2025 Master circular for Credit Rating Agencies ("CRAs"):

Risk-o-Meter Mapping based on Color Code mentioned in following tabular format

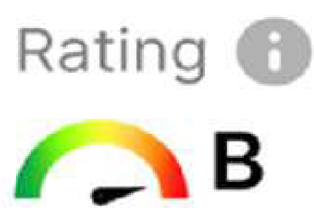
Risk-o-Meter Level (CRA)	Credit Rating Range	Color Designation	HTML Color Code
Lowest credit risk	AAA	Irish Green	#08A04B
Very low credit risk	AA+, AA, AA-	Chartreuse	#7FFF00
Low credit risk	A+, A, A-	Neon Yellow	#FFFF33
Moderate credit risk	BBB+, BBB, BBB-	Caramel	#C68E17
Moderate risk of default	BB+, BB, BB-	Dark Orange	#FF8C00
High to Very high risk of Default	B+, B, B-, C+, C, C-, D	Red	#F70D1A

4.3. Appropriate visualization may be provided for Web and Mobile interfaces. In the mobile interface, the visualisation may be suitably optimized/condensed, displaying the entire risk spectrum, with an arrow pointing to the specific risk level associated with the product.

<u>Sample visualisation for Web and mobile view are given below</u>

Credit Risk-o-Meter

Web view



Mobile view

4.4. **Additional/ Related Disclosures:**

4.4.1. Issuers/OBPPs shall clearly disclose that 'Credit Risk-o-meter 'represents only the credit risk associated with the debt security.

4.4.2. The Issuers/OBPPs shall disclose the name of the CRA and the actual credit rating of the respective debt security in text format, positioned immediately below the Credit risk-o-meter. In case, the debt security carries ratings from multiple CRAs, the Credit risk-o-meter shall be based on the lowest rating. However, all ratings shall be disclosed alongside the Credit risk-o-meter.

4.4.3. For unsecured debt instruments, the Issuers/OBPPs shall disclose the same in bold red text below the Credit risk-o-meter, to ensure it is easily identifiable by investors.

4.4.4. Issuers/ OBPPs shall incorporate the following disclaimer below Credit risk-o-meter:

"The Credit risk-o-meter is based on evaluation of the credit risk of the issuer and does not constitute investment advice or a recommendation to invest. Investments in debt securities are subject to market and liquidity risks."

4.4.5. In case of unsecured perpetual bonds (such as AT1 bonds), the Issuers/OBPPs shall incorporate the following disclaimer below the credit risk-o-meter:

"The Credit Risk-o-Meter is based on evaluation of the credit risk of the issuer and does not reflect the unique structural risks associated with Unsecured Perpetual Bonds (such as AT1 Bonds). These instruments may carry the risk of total loss of invested capital. Investors are advised to review the Information Memorandum/Private placement Memorandum carefully before investing."

4.4.6. OBPPs shall immediately, communicate any change in Credit risk-o-meter of the debt security on their platform.

4.4.7. A disclaimer shall be given stating that investors should consult their financial advisers if they are not clear about the suitability of the product.

5. Public Comments

5.1. SEBI invites feedback from the public on the draft circular annexed to this Consultation Paper as **Annexure X**. The comments/ suggestions should be submitted through the following mode latest by September 03, 2026, through the online web-based form at the following link: https://www.sebi.gov.in/sebiweb/publiccommentv2/PublicCommentAction.do?doPublicComments=yes

5.2. The instructions to submit comments on the consultation paper are as under:

1. *Before initiating the process, please read the instructions given on top left of the web form as "Instructions".*
2. *Select the consultation paper you want to comment upon from the dropdown under the tab – "Consultation Paper" after entering the requisite information in the form.*
3. *All fields in the form are mandatory;*
4. *Email Id and phone number cannot be used more than once for providing comments on a particular consultation paper.*
5. *If you represent any organization other than the types mentioned under dropdown in "Organization Type", please select "Others" and mention the type, which suits you best. Similarly, if you do not represent any organization, you may select "Others" and mention "Not Applicable" in the text box.*
6. *There will be a dropdown of Proposals in the form. Please select the proposals one- by-one and for each of the proposal, please record your level of agreement with the selected proposal. Please note that submission of agreement level is mandatory.*
7. *If you want to provide your comments for the selected proposal, please select "Yes" from the dropdown under "**Do you want to comment on the proposal**" and use the text boxes provided for the same.*
8. *After recording your response to the proposal, click on "Submit" button. System will save your response to the selected proposal and prompt you to record your response for the next proposal. Please follow this procedure for all the proposals given in the dropdown.*

9. *If you do not want to react on any proposal, please select that proposal from the dropdown and click on "**Skip this proposal**" and move to the next proposal.*
10. *After recording your response to all the proposals, you may see your draft response to all of proposals by clicking on "**Check your response before submitting**" just before submitting response to the last proposal in the dropdown. A pdf copy of the response can also be downloaded from the link given in right bottom of the web page.*
11. *The final comments shall be submitted only after recording your response on all of the proposals in the consultation paper*

5.3. In case of any technical issue in submitting your comment through web based public comments form, you may contact the following through email with a subject: *"Mandatory Adoption of a Credit Risk-o-Meter as an additional disclosure mechanism for debt securities".*

a) Mr. Rohit Dubey, GM (rohitd@sebi.gov.in)

b) Mr. Kartan Shivaraj, AGM (kartans@sebi.gov.in)

Issued on: August 13, 2026

Annexure X

DRAFT CIRCULAR

SEBI/HO/DDHS/DDHS-PoD-1/P/CIR/2026/______ **______ , 2026**

To,

Issuers of debt securities;
Entities operating as online bond platform providers (OBPPs);
Recognised Stock Exchanges;
Registered Depositories

Madam/ Sir,

Subject: Introduction of Credit Risk-o-Meter as an additional disclosure mechanism for debt securities

1. To assist investors in assessing credit risk through colour-coded visualization prior to investing, it has been decided to introduce a 'Credit Risk-o-Meter' as a mandatory component of the following:
   1.1. Offer document
   1.2. Abridged Prospectus
   1.3. Private Placement Memorandum
   1.4. All advertisements of Issuer/OBPPs
   1.5. Web and mobile platforms of OBPPs

2. Accordingly, a new Chapter II-C, titled "Disclosure of Credit Risk-o-Meter for debt securities" is hereby inserted into the ***NCS Master Circular,*** as defined in **Annexure-A** of this circular.

3. Chapter XXI of the ***Master Circular*** *for issue and listing of Non-Convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper* ("***NCS Master Circular")*** dated October 15, 2025 specifies the provisions for registration and regulatory framework for OBPPs.

4. To ensure consistency in disclosures provided by OBPPs Clause 14 may be **inserted** in Annexure-XXIB under Chapter XXI of NCS Master circular dated October 15, 2025

   Minimum Disclosure Requirements (as applicable) for each security offered on the Online Bond Platform:

   1. Name of the Issuer, Security Name and ISIN

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   *14. **Credit Risk-o-Meter in the format specified in Annexure-A to this circular.***

5. All other provisions of the NCS Master Circular shall remain unchanged.

6. The circular shall be applicable after 30 days of its issuance.

7. The Stock Exchanges are directed to:
   a. take necessary steps and put in place necessary systems for the implementation of the above;
   b. make necessary amendments to the relevant bye-laws, rules and regulations, wherever applicable, for the implementation of the above; and
   c. bring the provisions of this circular to the notice of the existing and prospective issuers of debt securities and also disseminate the same on their website

8. The Circular is issued in exercise of the powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 read with Regulation 55 (1) of the SEBI (Issue and Listing of Non-convertible Securities) Regulations, 2021 to protect the interest of investors in securities and to promote the development of, and to regulate the securities market.

9. This Circular is available at www.sebi.gov.in under the link “Legal → Circulars”.

Yours faithfully,

XXXXXX

Annexure -A

Chapter II-C – Disclosure of 'Credit Risk-o-Meter' in respect of Debt Securities

1. **Applicability:** The provisions of this Chapter shall apply to

1.1. All issuances of Non-Convertible Securities (NCS), Commercial Papers (CPs), Securitised Debt Instruments (SDIs), Security Receipts (SRs), and Structured Debt / Market Linked Debentures (MLDs), whether issued by way of public issue or private placement.

1.2. All categories of issuers.

1.3. Online Bond Platform Providers (OBPPs)

2. **Framework for disclosure of Risk-o-Meter**

2.1. Issuers/OBPPs shall display the credit risk of debt security in pictorial meter named "Credit risk-o-meter " and this meter shall appropriately depict the level of credit risk in any specific debt security.

2.2. Issuers/OBPPs shall clearly indicate that it represents only the credit risk associated with the debt security.

2.3. Credit Risk-o-Meter shall be disclosed in:
2.3.1. Offer document
2.3.2. Abridged Prospectus
2.3.3. Private Placement Memorandum
2.3.4. All advertisements of Issuer/OBPPs
2.3.5. Web and mobile platforms of OBPPs

2.4. The Credit Risk-o-meter shall map SEBI's existing credit rating standardization framework, rating symbols (AAA to D) to following six levels of risk with corresponding colour codes in following manner:

Credit Risk-o-Meter Mapping based with Color Code mentioned in following tabular format.

Risk-o-Meter Level (CRA)	Credit Rating Range	Color Designation	HTML Color Code
Lowest credit risk	AAA	Irish Green	#08A04B
Very low credit risk	AA+, AA, AA-	Chartreuse	#7FFF00

Low credit risk	A+, A, A-	Neon Yellow	#FFFF33
Moderate credit risk	BBB+, BBB, BBB-	Caramel	#C68E17
Moderate risk of default	BB+, BB, BB-	Dark Orange	#FF8C00
High to Very high risk of Default	B+, B, B-, C+, C, C-, D	Red	#F70D1A

2.5. The above given colour scheme of credit risk-o-meter shall be applicable for all digital and polychrome printed promotion materials for particular debt security by Issuers/OBPPs.

2.6. The Issuers/OBPPs shall disclose the following in text format below the Credit risk-o-meter:

2.6.1. Name of the credit rating agency (CRA)
2.6.2. Actual credit rating of the respective debt security in text format
2.6.3. For unsecured debt instruments, word "unsecured" shall be mentioned in bold red text

2.7. Credit risk-o-meter: Credit Risk level of the debt security shall be depicted, as given below

For example, the credit risk depicted in the above credit risk-o-meter is very low credit risk.

(a)Credit Rating Agency (CRA) – XXXX
(b)Credit Rating – AAA/AA+/A- (the actual rating given by credit rating agency).
(c)Type of Instrument: **Unsecured**

2.8. Where a debt security carries ratings from multiple CRAs, the Credit risk-o-meter shall be based on the lowest rating. However, all ratings shall be disclosed alongside the Credit risk-o-meter.

2.9. Disclaimers:

2.9.1. Issuers/OBPPs shall also incorporate the following disclaimer below the credit risk-o-meter:

"The Credit risk-o-meter *is based on evaluation of the credit risk of the issuer and does not constitute investment advice or a recommendation to invest. Investments in debt securities are subject to market and liquidity risks."*

2.9.2. In case of unsecured perpetual bonds (such as AT1 bonds), the Issuers/OBPPs shall incorporate the following disclaimer below the credit risk-o-meter:

"The Credit Risk-o-Meter is based on evaluation of the credit risk of the issuer and does not reflect the unique structural risks associated with Unsecured Perpetual Bonds (such as AT1 Bonds). These instruments may carry the risk of total loss of invested capital. Investors are advised to review the Information Memorandum/Private placement Memorandum carefully before investing."

2.9.3. A disclaimer shall be given stating that investors should consult their financial advisers if they are not clear about the suitability of the product.

2.10. Multiple Ratings:

2.10.1. Where a debt security carries ratings from multiple CRAs, the Credit risk-o-meter shall be based on the lowest rating. However, all ratings shall be disclosed alongside the Credit risk-o-meter.

2.11. Additional requirements for OBPPs:

2.11.1. Any change in credit risk-o-meter of the debt security shall be communicated by OBPP on their platform.

2.11.2. OBPPs shall display the Credit risk-o-meter on the Bond Listing & Bond details page where all other details are prominently displayed before investment action buttons.

2.11.3. OBPPs shall ensure that the credit risk-o-meter is displayed or printed in all forms of advertisements that explicitly reference the rating of the debt security, irrespective of the medium or format of such advertisements.

2.11.4. OBPPs shall provide appropriate visualization for Web and Mobile interfaces. The Risk level shall be depicted by "Credit Risk-o-meter" on web-interfaces, as given below:

Sample visualisation for Web view

2.11.5. Further, for the mobile interface, the visualisation of Credit Risk-o-meter may be suitably optimized/condensed as shown below, displaying the entire risk spectrum, with an arrow pointing to the specific risk level associated with the product. Additionally, when the user selects the information ('i') icon, the OBPP's mobile platform shall display the detailed Credit Risk-o-meter, consistent with the visualization provided for the web view.

Sample visualisation for Mobile view:

2.11.6. OBPPs shall immediately, communicate any change in credit risk-o-meter of the debt security on their platform.

2.12. Data Source for Credit ratings by OBPPs:

2.12.1. OBPPs shall derive the information for the credit risk-o-meter solely from credit ratings assigned by SEBI-registered CRAs.

2.12.2. OBPPs shall maintain automated system to update the credit risk-o-meter within 24 hours of receiving intimation of rating change from NSDL/CDSL, following the corresponding update of the ISIN database by NSDL/CDSL.

2.12.3. OBPPs shall ensure strict prohibition on manual overrides of credit risk-o-meter classifications.

2.12.4. OBPPs shall maintain audit trails of all credit risk-o-meter updates and rating changes.

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