



Consultation paper on proposed Amendments in CMI Regulations and Master Circular with respect to Credit Rating Agencies

A. Objective of the Consultation paper

The objective of this consultation paper is to seek comments from the public on the proposal for amendments in International Financial Services Centres Authority (Capital Market Intermediaries) Regulations, 2024 (“CMI Regulations”) and Master Circular pertaining to Credit Rating Agencies.

B. Background and proposal

1. CMI Regulations provide provisions related to registration of several capital market intermediaries including Credit Rating Agencies. The CMI Regulations also provide for general and specific obligations and responsibilities to be complied by the capital market Intermediaries registered with IFSCA.
2. Regulation 28 of the CMI Regulations provides for specific obligations and responsibilities of Credit Rating Agencies registered with IFSCA.
3. Further, IFSCA has also issued Master Circular for Credit Rating Agencies on August 05, 2025, in order to enable the stakeholders to have access to various requirements including instructions or directions issued under CMI Regulations at one place.
4. IFSCA is in receipt of representations for amendments in respect of the following matters pertaining to Credit Rating Agencies:
 - 4.1. Withdrawal of Ratings
 - 4.2. Record Keeping by CRAs
 - 4.3. Disclosure of Private Ratings



4.4. Permissible activities for CRA

4.5. Dissemination of Ratings

The proposals, representation received along with extant regulatory framework on the above matters are discussed in detail in the ensuing paragraphs:

A. Withdrawal of Ratings

1. Background

CMI Regulations and the Master Circular for CRAs provide provisions related to withdrawal of rating assigned by them during the tenure of the instrument.

2. Extant Regulatory Framework

2.1. Regulation 28(5) of the CMI Regulations mandates that a registered credit rating agency shall generally not withdraw a rating so long as the obligations under the security/ instrument/ facility rated by it are outstanding.

2.2. Further the CMI regulations also provides the list of situations under which the rating can be withdrawn provided that the reason for withdrawal of rating is mentioned in the press release issued by the registered credit rating agency withdrawing such rating:

- (a) Where the entity whose security/instrument/facility is rated is wound up or merged or amalgamated with another entity,
- (b) In case of non-cooperation from the issuers, or non-payment of agreed fee,
- (c) At the request of an issuer, except where such request might give rise to avoiding an imminent rating change, or
- (d) Where such credit rating agency is constrained from providing service due to events beyond its control:



2.3. Para 18.4. of the Master Circular for Credit Rating Agencies mandates that the CRA shall establish a policy on withdrawal of ratings and the same shall be prominently disclosed on its website.

3. Representation received

3.1. IFSCA is in receipt of a representation wherein it has been stated that the reasons for withdrawal of a rating should not be restricted to specific situations; instead, they should be principle-based, considering the evolving nature of the market and the best practices in other global markets.

3.2. While the Regulations begin with a general, overarching clause, the succeeding provisions make the framework restrictive and rule-based rather than principle-based.

4. Global regulatory framework

4.1. Paragraph 1.17 of the Code of Conduct Fundamentals for CRAs issued by IOSCO in 2008 (revised in March 2015)¹ provides that CRA should establish, maintain, document, and enforce policies and procedures that clearly set forth guidelines for disseminating credit ratings that are the result or subject of credit rating actions and the related reports, and for when a credit rating will be withdrawn.

4.2. Further para 3.5 of the Code of Conduct Fundamentals for CRAs issued by IOSCO in 2008 (revised in March 2015)² provides that CRA should disclose its

¹ <https://www.iosco.org/library/pubdocs/pdf/IOSCOPD482.pdf>

² <https://www.iosco.org/library/pubdocs/pdf/IOSCOPD482.pdf>



policies and procedures for distributing credit ratings and reports, and for when a credit rating will be withdrawn.

5. Proposal

5.1. In view of the above, it is proposed that Regulation 28(5) be modified to clarify that the situations enumerated in the provision are illustrative rather than exhaustive.

5.2. Accordingly, Regulation 28(5) of CMI Regulations is proposed to be modified as under:

“(5) A registered credit rating agency shall generally not withdraw a rating so long as the obligations under the security /instrument/ facility rated by it are outstanding:

*Provided that a registered credit rating agency may withdraw a rating in **certain situations as per the approved policy of the registered credit rating agency including** the following situations:*

- (a) Where the entity whose security/instrument/facility is rated is wound up or merged or amalgamated with another entity,*
- (b) In case of non-cooperation from the issuers, or non-payment of agreed fee,*
- (c) At the request of an issuer, except where such request might give rise to avoiding an imminent rating change, or*
- (d) Where such credit rating agency is constrained from providing service due to events beyond its control:*

Provided further that the reason for withdrawal of rating shall be mentioned in the press release issued by the registered credit rating agency withdrawing such rating.”



B. Record Keeping by CRAs

1. Extant Regulatory Framework

Para 13.1.10 of the Master Circular for Credit Rating Agencies mandates CRAs to maintain information and records supporting each credit rating including the decisions and the minutes of the rating committee. Para 13.1.10 of the Master Circular for CRA reads as under:

“The CRA shall maintain information and records supporting each credit rating and review in electronic retrieval form for a period (as mentioned in the CMI Regulations) from the date rating is withdrawn or discontinued, including the following information/ records:

13.1.10.1. The important factors underlying the credit rating;

13.1.10.2. Decisions and minutes of the rating committee.”

2. Representation received

IFSCA is in receipt of representation that recording minutes of the rating committee could reveal how individual committee members voted to anyone with subsequent access (e.g., for rating reviews or future rating studies), potentially creating conflicts of interest and undue influence in what should remain an independent process. Hence, in order to ensure sufficient records and information with the CRAs, the clarification may be provided that the objective of Para 13.1.10.2 is to ensure that CRAs maintain comprehensive internal records sufficient to reconstruct the rating process, and that the same can be achieved through robust documentation practices.

3. Global regulatory framework

3.1. Para 1.9 of the IOSCO CRA Code issued in March 2015 requires that CRA should maintain internal records that are accurate and *sufficiently* detailed and



comprehensive to reconstruct the credit rating process for a given credit rating action.

3.2. Para 2.6 of the Code of Conduct for CRAs issued by Monetary Authority of Singapore³ mandates CRA to maintain records to support every credit rating that it issues for not less than 6 years from the issue date of the relevant credit rating.

4. Proposal

4.1. In view of the above, it is proposed that the para 13.1.10. of the Master Circular for CRA be modified as under:

“The CRA shall maintain information and records that are accurate and sufficiently detailed and comprehensive to reconstruct the credit rating process for a given credit rating action including the important factors underlying the credit rating, retrieval in electronic form for a period as mentioned in the CMI Regulations from the date rating is withdrawn or discontinued.”

C. **Disclosure of Private Ratings**

1. Extant Regulatory framework

Para 25 of the Master Circular for Credit Rating Agencies dated August 05, 2025 requires CRA to make following disclosures on its website at the end of the financial year:

1.1. *The list of defaults separately for each rating category*

1.2. *Computation and disclosure of Default Rates*

³ <https://www.mas.gov.sg/-/media/mas/about-mas/code-of-conduct-for-credit-rating-agencies--8oct2018.pdf>



1.3. *Disclosure of Average Rating Transition Rates for long-term securities/instruments/facilities/issuances.*

Explanation: The disclosure of Average Rating Transition Rates shall be applicable after 5 years from the commencement of operations of the CRA.”

2. Representation received

IFSCA is in receipt of representation from market participants suggesting that the periodic disclosures made by the Credit rating agencies should not include disclosure of private ratings as private ratings are for exclusive person and not for public disclosure.

3. Global regulatory framework:

3.1. IOSCO in its Final report – Other CRA products issued in October 2017 mentioned private ratings as the rating which are generally made available only to a restricted and controlled number of recipients.⁴

3.2. Code of Conduct for Credit Rating Agencies issued by Monetary Authority of Singapore⁵ mandates CRA that Except for private credit ratings prepared pursuant to an individual order which is intended to be provided exclusively to the person who placed the order and not intended for public disclosure or distribution by subscription, a CRA should disclose any credit rating, as well as any decision to discontinue a credit rating, on a non-selective basis and in a timely manner.

⁴ <https://www.iosco.org/library/pubdocs/pdf/IOSCOPD582.pdf>

⁵ <https://www.mas.gov.sg/-/media/mas/about-mas/code-of-conduct-for-credit-rating-agencies--8oct2018.pdf>



4. Proposal

4.1. It is noted that the Private ratings by definition are confidential credit assessments provided by rating agencies exclusively to a specific issuer or investor and not for disclosure in public.

4.2. Considering the above and global best practices, it is proposed that the master Circular for CRA be amended to provide that the disclosure of private ratings is not mandatory.

4.3. Para 25 of the Master Circular for CRA is proposed to be modified as under:

“25. Periodic Disclosures

25.1. The CRA shall make the following disclosures on its website at the end of each financial year:

25.1.1. the list of defaults separately for each rating category

25.1.1. computation and disclosure of Default Rates

25.1.2. disclosure of Average Rating Transition Rates for long-term securities /Instruments /Facilities /Issuances:

Explanation: The disclosure of Average Rating Transition Rates shall be applicable after 5 years from the commencement of operations of the CRA.

Provided that the above requirement relating to disclosure on website shall not be mandatory for private credit rating assignments.”



D. Permissible activities for CRA

1. Extant Regulatory Framework

- 1.1. As per regulation 3(1)(I) of the CMI Regulations, “*credit rating agency*” has been defined as under:

“credit rating agency” means a person which is primarily engaged in rating of securities, financial products, issuers or sovereigns.

- 1.2. Para 5 of Chapter III of the Master Circular for CRA provides list of permissible activities for CRA registered with IFSCA, which permits following activities:

1.2.1. Credit ratings

Explanation 1: Credit ratings can be of any financial product or financial instrument in the IFSC or any Foreign Jurisdiction based on global scale (foreign currency or local currency) ratings.

Explanation 2: Credit ratings shall include private ratings.

1.2.2. Sovereign Ratings

1.2.3. Valuation Services

1.2.4. Research

1.2.5. Rating Assessment / Evaluation Services

1.2.6. Monitoring Agency



2. Representation received

IFSCA is in receipt of representation to include issuer level rating as the permissible activities for Credit Rating Agencies, registered with IFSCA since it forms as an important part of the rating product suite and is closely linked to, but distinct form, instrument specific ratings.

3. Proposal

While the CMI Regulations already permit issuer rating, however for abundant clarity, it is proposed to specifically include issuer rating as permissible activities provided under para 5.1 of the Master Circular. Accordingly, Para 5.1. of the Master Circular for CRA is proposed to be modified as under:

“5.1. A Credit Rating Agency registered with the Authority (“the CRA”) under the CMI Regulations is permitted to carry out the following activities:

5.1.1. Credit ratings

*Explanation 1: Credit ratings can be of any financial product or financial instrument, **issuer** in the IFSC or any Foreign Jurisdiction based on global scale (foreign currency or local currency) ratings.*

Explanation 2: Credit ratings shall include private ratings.

5.1.2. Sovereign Ratings

5.1.3. Valuation Services

5.1.4. Research

5.1.5. Rating Assessment / Evaluation Services

5.1.6. Monitoring Agency”



E. Dissemination of Ratings

1. Background

Master Circular for CRAs requires issuer acceptance prior to publication of initial rating assessment.

2. Extant Regulatory Framework

Para 17 of the Master Circular for CRAs mandates that all rating actions on initial credit ratings assignments, once accepted by issuer, shall be disseminated by the CRA on its website along with the rating rationale. Further, it is also mandated that all subsequent rating actions on accepted ratings shall be disseminated by CRA on its website along with the rating rationale.

3. Representation received

3.1. IFSCA is in receipt of a representation that seeking issuer acceptance for publication of rating assigned to the issuer may amount to question the role as CRA being independent and free from issuer influence.

3.2. Hence, it is proposed that the CRA may be mandated to share draft press release prepared by CRAs to the issuer prior to issuance, for factual accuracy, instead of seeking acceptance from issuer on assigned rating.

4. Global Regulatory Framework

4.1. Para 3.9 of the Code of Conduct Fundamentals for CRAs issued by IOSCO in 2008 (revised in March 2015)⁶ provides that where feasible and appropriate, a CRA should inform the rated entity, or the obligor or arranger of the rated obligation about the critical information and principal

⁶ <https://www.iosco.org/library/pubdocs/pdf/IOSCOPD482.pdf>



considerations upon which a credit rating will be based prior to disseminating a credit rating that is the result or subject of the credit rating action and afford such rated entity, obligor, or arranger an adequate opportunity to clarify any factual errors, factual omissions, or factual misperceptions that would have a material effect on the credit rating. The CRA should duly evaluate any response from such rated entity, obligor, or arranger. Where in particular circumstances the CRA has not informed such rated entity, obligor, or arranger prior to disseminating a credit rating action, the CRA should inform such rated entity, obligor, or arranger as soon as practical thereafter and, generally, should explain why the CRA did not inform such rated entity, obligor, or arranger prior to disseminating the credit rating action.

- 4.2. Para 8.13 of the Code of Conduct for CRAs issued by Monetary Authority of Singapore mandates that where feasible and appropriate, prior to issuing or revising a credit rating, the CRA should inform the issuer of capital markets products of the critical information and principal considerations upon which a credit rating will be based and afford the issuer an opportunity to clarify any likely factual misperceptions or other matters that the CRA would wish to be made aware of in order to produce an accurate credit rating. A CRA should duly evaluate the response. Where in particular circumstances the CRA has not informed the issuer prior to issuing or revising a rating, the CRA should inform the issuer as soon as practical thereafter and, generally, should explain the reason for the delay



5. Proposal

- 5.1. In line with Code of Conduct for CRAs issued by IOSCO, it is proposed to remove the requirement of acceptance of rating by the issuer but provide issuer with an opportunity to verify factual information basis which the ratings has been assigned.
- 5.2. In view of the above proposal, it is proposed that Para 17 of Master Circular for CRAs be amended as under:

“17. Dissemination of Ratings

*17.1. All the rating actions on initial rating assignments and subsequent rating actions shall be disseminated by the CRA on its website along with the rating rationale. **The CRA shall prior to issuance of rating actions, afford the issuer of critical information and principal considerations upon which a credit rating will be based prior to disseminating a credit rating that is the result or subject of the credit rating action and afford such issuer an adequate opportunity to clarify any factual errors, factual omissions, or factual misperceptions that would have a material effect on the credit rating.***

Provided that the said requirements shall not be mandatory for unsolicited ratings and private credit rating assignments

17.2. Where the rated instruments are listed on a recognised stock exchange in the IFSC, the CRA shall disclose the ratings to the stock exchange(s) in accordance with the requirements specified under regulation 28(6) of the CMI Regulations.”



F. Proposal for Public Comments

1. Comments and suggestions from the public and stakeholders are invited on the proposals and proposed amendment in the consultation paper.
2. Comments on the consultation paper may be sent by email to **Mr. Rishikesh Wandhekar, AM, IFSCA** at rishikesh.wandhekar@ifsc.gov.in with a copy to **Mr. Pawan Kumar Chowdhary, DGM, IFSCA** at pawan.kc@ifsc.gov.in and **Mr. Arjun Prasad, GM, IFSCA** at arjun.pd@ifsc.gov.in latest by April 05, 2026.
3. The comments may be provided in the following format (MS Word or MS Excel only):

Name and Details of the Person / Entity [Organization name (if applicable), Contact No., Email address]			
Sr. No	Paragraph No. of the Consultation paper	Comments/Suggestions along with revised Clause in line with the suggestion	Detailed rationale along with supporting information

Issued on March 16, 2026

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