



*Nurturing Markets,
Widening Horizons*



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FIMCIR/2022-23/30

Feb 13, 2023

To ALL MEMBERS / STAKEHOLDERS

**Sub: Rating of Commercial Paper and Non-Convertible Debentures of
Original Maturity up to One year**

Sir/Madam,

RBI has issued a letter dated February 09, 2023, addressed to all SEBI
Registered Credit Rating Agencies (except Brickwork Ratings).

Letter of RBI is attached.

All members and stakeholders are requested to meticulously comply with the
instructions communicated by RBI.

G. Ravindranath

Chief Executive Officer

FMRD.DIRD. S1165/ 14.01.002/ 2022-23

February 09, 2023

The Chief Executive Officer / Managing Director
(All the SEBI registered Credit Rating Agencies except Brickwork Ratings)

Dear Sir,

Rating of Commercial Paper and Non-Convertible Debentures of Original Maturity up to One Year

Please refer to the Reserve Bank Commercial Paper Directions, 2017 dated August 10, 2017 and the Section IV of Master Direction on Money Market Instruments: Call/Notice Money Market, Commercial Paper, Certificates of Deposit and Non-Convertible Debentures (NCD) (original maturity up to one year) dated July 07, 2016, which require issuers of CPs and NCDs with original maturity up to one year to obtain credit ratings from a Credit Rating Agency (CRA) registered with SEBI.

2. Based on a review, it has been decided that only CRAs registered with SEBI and accredited by the Reserve Bank as External Credit Assessment Institutions (ECAI) for assigning bank loans ratings, shall be eligible to rate CPs and NCDs with original maturity up to one year, subject to the following conditions:

- a) The CRAs shall abide by the guidelines issued by SEBI as applicable to securities *mutatis mutandis* to ratings of CPs/NCDs with original maturity of up to one year. The CRAs shall also abide by any directions/ regulations/guidelines issued from time to time by the Reserve Bank in this regard.
- b) The CRAs shall furnish, on a yearly basis, an undertaking from their Boards stating that all the necessary guidelines as mentioned above are being duly complied with. The undertaking shall be furnished on or before March 31st every year and shall be addressed to the Chief General Manager, Financial Markets Regulation Department, Central Office, 9th Floor, Reserve Bank of India, Fort, Mumbai – 400001.
- c) The CRAs shall handle complaints received in respect of ratings of CPs/NCDs of original maturity of up to one year as per their Board-approved policy, which shall, *inter alia*, lay down the

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mechanism for grievance redressal, delegation of authority, timelines, corrective measures to be undertaken, if any.

d) The CRAs shall furnish any information relating to rating of CPs and NCDs of original maturity of up to one year to the Reserve Bank in the manner and within the time frame specified by the Bank.

3. The CRAs shall abide by any directions/regulations/guidelines issued by any regulator or other authority in respect of rating of CPs and NCDs of original maturity of up to one year provided that such directions/regulations/guidelines do not conflict with the aforesaid Directions or any directions/regulations/guidelines issued from time to time by the Reserve Bank in this regard.

4. A CRA which has been deregistered by SEBI or dis-accredited by the Reserve Bank as an ECAI for assigning bank loans ratings, shall no longer be eligible to rate CP/ NCD with original maturity up to one year. The Reserve Bank may also, in the event of a CRA violating any provision of the aforesaid directions, or any other directions/ regulations/guidelines issued by the Bank from time to time in this regard, disallow the CRA to rate CPs / NCDs with original maturity up to one year.

Yours faithfully

Sd/-

(G. Jagan Mohan)
General Manager

