

Frequently Asked Questions on Registration as a Credit Rating Agency (“CRA”)

***Disclaimer:** These FAQs are prepared with a view to guide market participants on SEBI (Credit Rating Agencies) Regulations, 1999 (“CRA Regulations”). For full particulars of laws governing the Credit Rating Agencies (CRAs), please refer to the Acts/Regulations/Guidelines/Circulars etc. appearing under the Legal Framework Section of SEBI website i.e. www.sebi.gov.in. Any queries about the CRA Regulations can be addressed to the Department of Debt and Hybrid Securities, SEBI.*

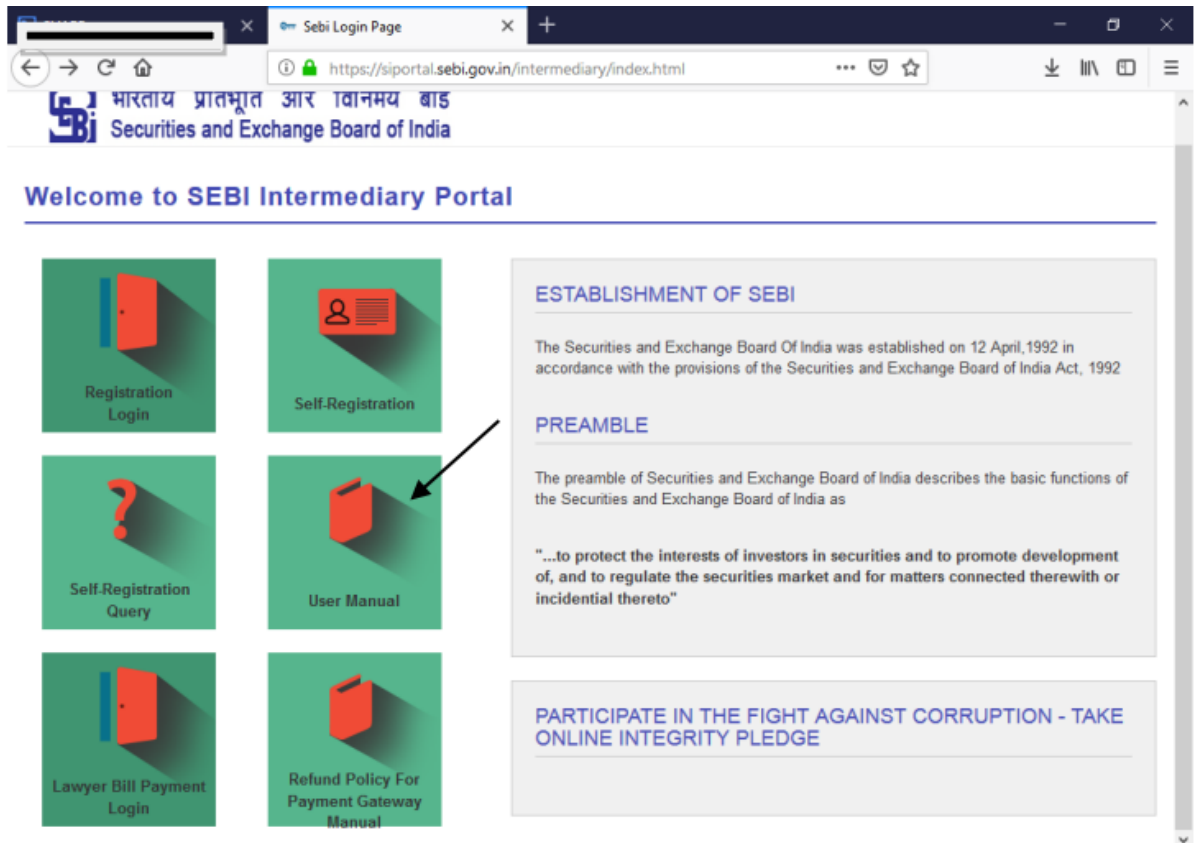
1. What is the procedure of obtaining registration as a CRA from SEBI?

In order to obtain registration as CRA, the application for registration needs to be made on SEBI Intermediary Portal (SI Portal) at the web address <https://siportal.sebi.gov.in>.

2. What is the procedure of making an application for registration as CRA on SI Portal?

An applicant for CRA registration needs to pay the application fees through the Self-Registration tab in the SI Portal. User manual for the same is available on home page of the SI Portal. Once the payment is confirmed, the applicant will receive a login id and password. Using the same, the applicant can login to the registration tab and make an application for registration.

Direct link for the same is <https://siportal.sebi.gov.in/intermediary/index.html>



3. What are the information/documents required for registration?

The applicant needs to submit the information required as per First Schedule of CRA Regulations. The list of documents are attached at CRA Annexure 1 https://www.sebi.gov.in/sebi_data/commondocs/nov-2020/CRA Annexure 1 p.pdf SEBI may require the applicant to furnish clarification or information in support of the application. Such documents also need to be submitted by the applicant.

4. What are the main requirements for registration as a CRA?

The eligibility requirements for registration as a CRA are *inter alia* as follows:

- The applicant should be promoted by a person belonging to any of the following categories, namely (Regulation 3):
 - a public financial institution, as defined in Section 2(72) of the Companies Act, 2013 (18 of 2013);
 - a scheduled commercial bank included for the time being in the second schedule to the Reserve Bank of India Act, 1934 (2 of 1934);

- a foreign bank operating in India with the approval of the Reserve Bank of India;
 - a foreign credit rating agency incorporated in a Financial Action Task Force (FATF) member jurisdiction and recognised under their law, having a minimum of five years' experience in rating securities;
 - any company or a body corporate, having continuous net worth of minimum rupees one hundred crores as per its audited annual accounts for the previous five years prior to filing of the application with the Board for the grant of certificate under these regulations.
- the applicant should be set up and registered as a company under the Companies Act, 2013 (Regulation 4);
 - the applicant should have, in its Memorandum of Association, specified rating activity as one of its main objects;
 - the applicant should have a minimum net worth of rupees twenty-five crore;
 - the applicant should have adequate infrastructure, to enable it to provide rating services in accordance with the provisions of the SEBI Act, 1992 and CRA Regulations;
 - the applicant and the promoters of the applicant, referred to in Regulation 4 should have professional competence, financial soundness and general reputation of fairness and integrity in business transactions, to the satisfaction of SEBI;
 - neither the applicant, nor its promoter, nor any director of the applicant or its promoter, has been involved in any legal proceeding connected with the securities market, which may have an adverse impact on the interests of the investors;
 - neither the applicant, nor its promoters, nor any director, of its promoter should have at any time in the past been convicted of any offence involving moral turpitude or any economic offence;
 - the applicant should have, in its employment, persons having adequate professional and other relevant experience to the satisfaction of the Board;

- neither the applicant, nor any person directly or indirectly connected with the applicant should have in the past been –
 - refused by the Board a certificate under these regulations or
 - subjected to any proceedings for a contravention of the Act or of any rules or regulations made under the Act.

Explanation. — For the purpose of this clause, the expression "directly or indirectly connected person" means any person who is an associate, subsidiary, inter-connected or group company of the applicant or a company under the same management as the applicant.

- the applicant, in all other respects, should be a fit and proper person for the grant of a certificate;
- grant of certificate to the applicant should be in the interest of investors and the securities market;
- the promoter of the credit rating agency, in terms of regulation 4, should have a minimum shareholding of 26% in the credit rating agency.

5. Is there any application fee to be paid by the applicant / CRA?

The details regarding fee payment are provided in Second Schedule of CRA Regulations.

- At the time of making application on SI Portal, an application fee of INR 50,000 is required to be paid by the applicant.
- After grant of certificate of registration under Regulation 8(1) of CRA Regulations, a fee of INR 26,66,700 is to be paid within fifteen days from the date of receipt of intimation from SEBI.
- Recurring registration fee of INR 15,00,000 has to be paid every three years from the sixth year of the date of grant of certificate of registration. The recurring registration fee payable every three years shall be paid by the CRA one month before the expiry of the block for which the fee has been paid.

6. What are the payment options available for payment of application fees?

The fees to be paid by applicant/CRA shall be paid by way of direct credit in the bank account through online payment using SEBI payment gateway.

7. If an applicant does not wish to pursue the registration application, what is the procedure for withdrawal?

The applicant can apply for withdrawal of application for registration on SI Portal. Post necessary approvals, the same shall be permitted through SI Portal.

8. Where can an applicant check the status of its application?

The applicant can check the status of his application by logging on the SI Portal through its valid credentials.