

SEBI UPDATE FOR CREDIT RATING AGENCIES (CRAS)



Circular no.: SEBI/HO/DDHS/DDHS-PoD-2/II/4685/2026

Date of Issue: February 10, 2026

1. The Update

SEBI has issued strict guidelines for **Credit Rating Agencies (CRAs)** that rate financial instruments regulated by other authorities (like RBI, IRDAI, PFRDA), referred to as other **Financial Sector Regulators (FSRs)**. The goal is to ensure investors clearly understand which regulator governs which product and to prevent the misuse of SEBI's brand name for non-SEBI regulated activities.

2. Key Mandates for CRAs

- **Strict Separation of Grievances:** CRAs must establish a digital firewall between SEBI-regulated activities and those governed by other Financial Sector Regulators (FSRs). This mandates the maintenance of **distinct and separate email IDs** for handling grievances and the creation of **separate webpages or sections** on the CRA's website to segregate disclosures related to these different activities.
- **Warning Label on Reports & Marketing:** All rating reports, press releases, and marketing materials for non-SEBI products must carry a **mandatory disclaimer** stating that **SEBI investor protection mechanisms** and grievance redressal systems are **not available** for such activities. Furthermore, if a CRA issues a common rating report, there must be **clear segregation and labelling** to explicitly distinguish between SEBI-regulated instruments and those under other FSRs.
- **Client Acknowledgement:** For **new clients**, CRAs must make an **upfront written disclosure** in agreements and obtain a **written confirmation** that the client understands SEBI's protection mechanisms do not apply. For **existing clients** with ongoing activities, CRAs are required to send a **written intimation** specifying the nature of activity, risks, and the non-availability of SEBI redressal mechanisms.
- **Net Worth Protection:** The capital structure of a CRA must be ring-fenced. The **minimum net worth** required by SEBI regulations cannot be impacted by the CRA's activities under other regulators. Any net worth stipulations by other FSRs must be maintained **in addition** to the minimum net worth requirement specified by SEBI.

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3. Important Deadlines

The circular has a split implementation timeline:

i. Effective in 60 Days (April 11, 2026):

- o Net Worth segregation and Internal Audit Report
- o Disclosures in marketing, rating reports, and new client agreements.

ii. Effective in 12 Months (February 10, 2027):

- o Creation of separate Email IDs and Website sections.
- o Sending written intimations to existing clients.

[Click here to read the SEBI circular](#)

KNOWLEDGE DESK

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