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SECURITIES AND EXCHANGE BOARD OF INDIA

NOTIFICATION

Mumbai, the 5th July, 2011

SECURITIES AND EXCHANGE BOARD OF INDIA

(CREDIT RATING AGENCIES) (AMENDMENT) REGULATIONS, 2011

No. LAD-NRO/GN/2011-12/10/21232 - In exercise of the powers conferred by section 30 of the Securities and Exchange Board of India Act, 1992 (15 of 1992), the Board hereby makes the following Regulations to amend the Securities and Exchange Board of India (Credit Rating Agencies) Regulations, 1999, namely:-

1. These Regulations may be called the Securities and Exchange Board of India (Credit Rating Agencies) (Amendment) Regulations, 2011.
2. They shall come into force on the date of their publication in the Official Gazette.
3. In regulation 2, in clause (e), the words “registration granted or renewed” shall be substituted with the words “initial or permanent registration granted”.
4. In regulation 3, -
 - i. in the marginal note, after the word “certificate” the words “of initial registration” shall be inserted;
 - ii. in sub-regulation (1), after the words “certificate of” the word “initial” shall be inserted.
5. Regulation 8 shall be substituted with the following, namely: -

“8. Grant of certificate of initial registration.

(1) The Board, on being satisfied that the applicant is eligible, shall grant a certificate of initial registration in Form B and shall send an intimation to the applicant.

(2) The certificate of initial registration granted under sub-regulation (1) shall be valid for a period of five years from the date of its issue to the applicant.

(3) The credit rating agency who has already been granted a certificate of registration by the Board, prior to the commencement of the Securities and Exchange Board of India (Credit Rating Agencies) (Amendment) Regulations, 2011, and has not completed a period of three years, shall be deemed to have been granted a certificate of initial registration for a period of five years from the date of its certificate of registration, subject to payment of fee for the remaining period of two years, as specified under Part A of Second Schedule, in the manner prescribed in Part B thereof.

(4) The grant of a certificate of initial registration shall be subject to payment of the registration fees as specified under Part A of Second Schedule, in the manner prescribed in Part B thereof.”

6. After regulation 8, the following new regulation shall be inserted, namely:-

“8A. Grant of certificate of permanent registration.

(1) The credit rating agency who has been granted or deemed to have been granted a certificate of initial registration under regulation 8, may, three months before the expiry of the period of certificate of initial registration, make an application for grant of a certificate of permanent registration in Form A.

(2) The credit rating agency who has already been granted a certificate of registration by the Board and has completed a period of five years, on the date of commencement of the Securities and Exchange Board of India (Credit Rating Agencies) (Amendment) Regulations, 2011, may, three months before the expiry of validity of certificate of registration or before, make an application for grant of a certificate of permanent registration in Form A.

(3) An application under sub-regulation (1) or sub-regulation (2) shall be accompanied by non-refundable application fee as specified in the Second Schedule.

(4) The application for grant of a certificate of permanent registration shall be accompanied by details of the changes that have taken place in the information that was submitted to the Board while seeking initial registration or renewal, as the case may be, and a declaration stating

that no changes other than those as mentioned in such details have taken place.

(5) The application for permanent registration made under sub-regulation (1) or (2) shall be dealt with in the same manner as if it were a fresh application for grant of a certificate of initial registration.

(6) The Board, on being satisfied that the applicant is eligible, shall grant a certificate of permanent registration in Form B and shall send an intimation to the applicant.

(7) On the grant of a certificate of permanent registration the credit rating agency shall be liable to pay the fee as specified in the Second Schedule of these regulations.”

7. In regulation 9, -

- i. in the marginal note, the words ‘and validity period’ shall be omitted;
- ii. numbering of sub-regulations shall be omitted;
- iii. in the opening sentence, after the word and figure “regulation 8” the word and figure “or 8A’ shall be inserted;
- iv. at the end of clause (b), the sign of full stop “.” shall be substituted with the sign of semicolon “;”;
- v. the existing sub-regulation (2) shall be omitted.

8. Regulation 10 shall be omitted.

9. In regulation 11, -

- i. in sub-regulation (1) the word and figure “regulation 10” shall be substituted with the word and figure “regulation 8A” and the words “should not be granted or renewed” shall be substituted with the words “of initial or permanent registration should not be granted”;
- ii. in sub-regulation (2), the words “or not to renew the certificate” shall be substituted with the words and sign “certificate of initial or permanent registration, as the case may be,”;

10. In regulation 12, -

- i. sub-regulation (1) shall be substituted with the following sub-regulation, namely: -

“(1) A credit rating agency whose application for grant of a certificate of permanent registration has been refused by the Board, on and from the date of the receipt of the communication, shall cease to undertake any credit rating activity.”

- ii. in sub-regulation (4), the words”, or renewal of a certificate” shall be substituted with the words “of a certificate of permanent registration”.
11. In First Schedule, -
- i. in Form A, -

- a. the word, figure and sign “Regulation 3(3)” shall be substituted with the words, figures and sign “Regulation 3(3)/ Regulation 8A (3)”.
- b. the words and sign “Application for grant of Certificate/ Renewal of Certificate” shall be substituted with the words and sign “Application for Grant of Certificate of Initial/ Permanent Registration”.

- ii. in Form B, -

- a. the word, figure and sign “Regulation 8(1)” shall be substituted with the words, figures and sign “Regulation 8(1)/ Regulation 8A (6)”.
- b. the words “Certificate of registration” shall be substituted with the words and sign “Certificate of Initial/ Permanent Registration”.
- c. paragraph III shall be substituted with the following, namely:-

“III. This certificate of registration shall be valid from to / for permanent, unless suspended or cancelled by the Board.”

12. In Second Schedule, -

- i. Reference to regulations shall be substituted with the following:

“[See Regulations 3(3), 8(3), 8(4), 8A(3), 8A(7)]”

- ii. Part A shall be substituted with the following, namely: -

PART A

AMOUNT TO BE PAID AS FEES

1.	Application fee for grant of initial or permanent registration	Rs.50,000
2.	Initial Registration fee	Rs. 26,66, 700
3.	Balance fee for credit rating agencies referred under sub-regulation (3) of regulation 8	Rs. 6,66,700
4.	Permanent registration fee (for	Rs. 10,00,000

	every three years)	
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iii. Part B shall be substituted with the following, namely:

“1. A credit rating agency who has been granted certificate of initial registration under regulation 8(1), shall pay fees, as specified under item 2 of Part A, within fifteen days from the date of receipt of intimation from the Board.

2. A credit rating agency referred to under sub- regulation (3) of regulation 8, shall pay fee, as specified under item 3 of Part A, within a period of three months before completion of the period of three years from the date of grant of certificate of initial registration, or within a period of three months from the date of notification of these regulations, as the case may be.

3. A credit rating agency who has been granted certificate of permanent registration, to keep its registration in force, shall pay fee as specified under item 4 of Part A, for every three years from the sixth year from the date of grant of certificate of initial registration, or from completion of the period of renewed certificate of registration, as the case may be.

4. The fee specified above shall be paid by way of a bank draft in favour of “Securities and Exchange Board of India” payable at Mumbai.

U. K. SINHA

CHAIRMAN

SECURITIES AND EXCHANGE BOARD OF INDIA

Footnotes:

1. The principal regulations, SEBI (Credit Rating Agencies) Regulations, 1999 were issued under S.O. No. 547 (E) dated July 7, 1999 published in the Gazette of India.
2. SEBI (Credit Rating Agencies) Regulations, 1999 were subsequently amended on-
 - (a) March 28, 2000 by the SEBI (Appeal to Securities Appellate Tribunal) (Amendment) Regulations, 2000 published in Official Gazette vide S.O. No. 278(E).
 - (b) May 29, 2001, by the SEBI (Investment Advice by Intermediaries) (Amendment) (Regulations), 2001 vide S.O. No. 476 (E).
 - (c) September 27, 2002 by the SEBI (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002 vide No. S.O. No.1045 (E).
 - (d) February 19, 2003 by SEBI (Credit Rating Agencies) (Amendment) Regulations, 2003 vide S.O. No. 203 (E).
 - (e) October 1, 2003 by the SEBI (Credit Rating Agencies) (Second Amendment) Regulations, 2003 vide S.O. No. 1160 (E).
 - (f) March 10, 2004 by SEBI (Criteria for Fit and Proper Person) Regulations, 2004 vide S. O. No. 398 (E).
 - (g) September 7, 2006 by the SEBI (Credit Rating Agencies) (Amendment) Regulations, 2006 vide S. O. No. 1454(E).
 - (h) May 26, 2008 by SEBI (Intermediaries) Regulations, 2008 vide no. LAD/ NRO/ GN/2008/11/126538.
 - (i) March 19, 2010 by the SEBI (Credit Rating Agencies) (Amendment) Regulations, 2010 vide Notification No. LAD-NRO/GN/2009-2010/30/199044.
 - (j) April 13, 2011 by the Securities and Exchange Board of India (Change in Conditions of Registration of Certain Intermediaries) (Amendment) Regulations, 2011 vide Notification No. LAD/ NRO/ GN/ 2011-12/03/12650.
