

Annexure -A

Disclosure of 'Credit Risk-o-Meter' in respect of Debt Securities

1. Applicability: The provisions of this chapter shall apply to all listed and proposed to be listed issuances of Non-Convertible Securities (NCS), Commercial Papers (CPs), Securitised Debt Instruments (SDIs), Security Receipts (SRs), and Structured Debt / Market Linked Debentures (MLDs), whether issued by way of public issue or private placement.

2. Framework for disclosure of Credit Risk-o-Meter

2.1. Credit Risk-o-Meter shall be disclosed in:

- 2.1.1. Offer document
- 2.1.2. Abridged Prospectus
- 2.1.3. Private Placement Memorandum
- 2.1.4. All advertisements of Issuer/OBPPs
- 2.1.5. Web and mobile platforms of OBPPs

2.2. Issuers/OBPPs shall display the credit risk of debt security in pictorial meter named "Credit risk-o-meter " and this meter shall appropriately depict the level of credit risk in any specific debt security.

2.3. Issuers/OBPPs shall clearly indicate that it represents only the credit risk associated with the debt security.

2.4. The Credit Risk-o-meter shall map SEBI's existing credit rating standardization framework, rating symbols (AAA to D) to following six levels of risk with corresponding colour codes in following manner:

Credit Risk-o-Meter Mapping based with Color Code mentioned in following tabular format.

Risk-o-Meter Level (CRA)	Credit Rating Range	Short term Rating symbols	Color Designation	HTML Color Code
Lowest credit risk	AAA	A1+	Irish Green	#08A04B
Very low credit risk	AA+, AA, AA-	A1	Chartreuse	#7FFF00
Low credit risk	A+, A, A-	A2	Neon Yellow	#FFFF33

Moderate credit risk	BBB+, BBB, BBB-	A3	Caramel	#C68E17
Moderate risk of default	BB+, BB, BB-	A4+	Dark Orange	#FF8C00
High to Very high risk of Default	B+, B, B-, C+, C, C-, D	A4,D	Red	#F70D1A

- 2.5. The above given colour scheme of credit risk-o-meter shall be applicable for all digital and polychrome printed promotion materials for particular debt security by Issuers/OBPPs.
- 2.6. The Issuers/OBPPs shall disclose the following in text format below the Credit risk-o-meter:
- 2.6.1. Name of the credit rating agency (CRA)
- 2.6.2. Actual credit rating of the respective debt security in text format
- 2.6.3. For unsecured debt instruments, word “unsecured” shall be mentioned in bold red text
- 2.7. Where a debt security carries ratings from multiple CRAs, the Credit risk-o-meter shall reflect the lowest rating. However, all ratings may be disclosed alongside the Credit risk-o-meter.
- 2.8. Credit risk-o-meter: Credit Risk level of the debt security shall be depicted, as given below



- (a) Credit Rating Agency (CRA) – XXXX
- (b) Credit Rating – AAA/AA+/A- (the actual rating given by credit rating agency).
- (c) Type of Instrument: **Unsecured**

- 2.9. In case of Short Term Debt instruments, the credit risk-o-meter shall be shown as below:



- (a) Credit Rating Agency (CRA) – XXXX
 (b) Credit Rating – A1+, A1, A2 (the actual rating given by credit rating agency).
 (c) Type of Instrument: **Unsecured**

- 2.10. Wherever CRA mentions “Issuer is Not Cooperating” (“INC”), the credit risk-o-meter shall be displayed in following manner in such cases, with arrow directed towards the INC. The INC status shall also be reflected in the textual disclosure below the credit risk-o-meter.



2.11. Disclaimers:

- 2.11.1. Issuers/OBPPs shall incorporate the following disclaimer in Offer document, Abridged Prospectus and Private Placement Memorandum below the credit risk-o-meter, and display the same suitably on their web and mobile platform:

“The Credit risk-o-meter is based on evaluation of the credit risk of the issuer and does not constitute investment advice or a recommendation to invest. Investments in debt securities are also subject to market and liquidity risks.”

- 2.11.2. In case of unsecured perpetual bonds (such as AT1 bonds), the Issuers/OBPPs shall incorporate the following disclaimer in Offer document, Abridged Prospectus and Private Placement Memorandum below the credit risk-o-meter, and display the same suitably on their web and mobile platform:

“The Credit Risk-o-Meter is based on evaluation of the credit risk of the issuer and does not reflect the unique structural risks associated with Unsecured Perpetual Bonds (such as AT1 Bonds). These instruments may carry the risk of total loss of invested capital. Investors are advised to read the Information Memorandum/Private placement Memorandum carefully before investing.”

2.12. Additional requirements for OBPPs:

- 2.12.1. Any change in credit risk-o-meter of the debt security shall be communicated by OBPP on their platform, within 24 hours of receiving intimation of rating change from NSDL/CDSL.
- 2.12.2. OBPPs shall display the Credit risk-o-meter on the Bond Listing & Bond details page where all other details are prominently displayed before investment action buttons.
- 2.12.3. OBPPs shall ensure that the credit risk-o-meter is displayed or printed in all forms of advertisements that explicitly reference the rating of the debt security, irrespective of the medium or format of such advertisements.
- 2.12.4. In case of advertisements published in monochrome format, a QR code shall be provided along with credit risk-o-meter to enable investors to access the website of OBPP/Issuer and view the Credit Risk-o-Meter in the prescribed colour-coded format.
- 2.12.5. OBPPs shall provide appropriate visualization for Web and Mobile interfaces. The Risk level shall be depicted by “Credit Risk-o-meter” on web-interfaces, as given below:

Sample visualisation for Web view



2.12.6. Further, for the mobile interface, the visualisation of Credit Risk-o-meter may be suitably optimized/condensed as shown below, displaying the entire risk spectrum, with an arrow pointing to the specific risk level associated with the product. Additionally, when the user selects the information ('i') icon, the OBPP's mobile platform shall display the detailed Credit Risk-o-meter, consistent with the visualization provided for the web view.

Sample visualisation for Mobile view:



2.13. Data Source for Credit ratings by OBPPs:

- 2.13.1. OBPPs shall derive the information for the credit risk-o-meter solely from credit ratings assigned by SEBI-registered CRAs.
- 2.13.2. OBPPs shall maintain automated system to update the credit risk-o-meter within 24 hours of receiving intimation of rating change from NSDL/CDSL, following the corresponding update of the ISIN database by NSDL/CDSL.
- 2.13.3. OBPPs shall ensure strict prohibition on manual overrides of credit risk-o-meter classifications.
- 2.13.4. OBPPs shall maintain audit trails of all credit risk-o-meter updates and rating changes.
