



SEBI/ HO/ MIRSD/ CRADT/ CIR/ P/ 2020/ 160

August 31, 2020

To,

**All Credit Rating Agencies (CRAs) registered with SEBI**

Dear Sir/ Madam,

**Sub: Relaxation from default recognition due to restructuring of debt.**

1. CRAs recognize default based on the guidance issued vide SEBI circulars dated May 3, 2010 and November 1, 2016. Further, SEBI vide circular dated March 30, 2020 had provided for relaxation from recognition of default owing to moratorium permitted by RBI and lockdown due to COVID-19 pandemic.
2. The Reserve Bank of India (RBI), vide notification no. RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated August 6, 2020, has provided for a resolution framework for COVID-19 related stress.
3. Based on its assessment, if the CRA is of the view that the restructuring by the lenders/ investors is solely due to COVID-19 related stress or under the aforementioned RBI framework, CRAs may not consider the same as a default event and/or recognize default. Appropriate disclosures in this regard shall be made in the Press Release.
4. The above relaxation is extended till December 31, 2020.
5. This circular is issued in exercise of the powers conferred by Section 11 (1) of Securities and Exchange Board of India Act, 1992 read with the provisions of Regulation 20 of SEBI (Credit Rating Agencies) Regulations, 1999, to protect the interest of investors in securities and to promote the development of, and to regulate, the securities market.

Yours faithfully,

**Surabhi Gupta**  
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