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CREDIT RATING AGENCIES AT GIFT IFSC

*A Practitioner's Handbook on the IFSCA (CMI) Regs
2025 and the CRA Master Circular (5 Aug 2025)*



IFSCA (CMI) REGS 2025 · NOTIFIED 11 APR 2025
CRA MASTER CIRCULAR · 5 AUG 2025 (SUPERSEDES 1 OCT 2024)
SCHEDULE 1 ITEM 3 · USD 200,000 NET WORTH
IOSCO 2015 CODE · RBI ECAI BRIDGE · ESG VIA ERDPP
EU ART 5j · COUNCIL REG 2022/428 · NO RUSSIAN ENTITIES

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FOREWORD

Booklet XXIV of the Practitioner Series addresses Credit Rating Agencies at GIFT-IFSC. The operative architecture is the IFSCA (Capital Market Intermediaries) Regulations 2025 (notified 11 April 2025) — which categorises Credit Rating Agency as one of eleven registrable CMI categories under Schedule I Item 3 with a minimum net-worth threshold of USD 200,000 — read with the IFSCA Master Circular for Credit Rating Agencies in the IFSC dated 5 August 2025 (which superseded the original Circular of 1 October 2024). The global credit-rating market is concentrated in the Big Three (S&P Global, Moody's, Fitch) controlling approximately 95 per cent of global revenues; Asian and African sovereigns and corporates remain structurally dependent on these incumbents for market access. The IFSC pathway is the regulatory venue through which India is building an Indian-domiciled, IOSCO-aligned, global-scale rating capability — most concretely evidenced by CareEdge Global IFSC's October 2024 launch of sovereign ratings on 39 countries.

CHAPTER ONE

Why GIFT-IFSC for Credit Rating Agencies

Citations: PRS Legislative Research note on the Indian Credit Rating Framework; CareEdge Global IFSC launch release (October 2024); CareEdge Sovereign Foresights (October 2024); CARE Ratings Africa (Mauritius FSC, Bank of Mauritius ECAI, CMA Kenya).

¶ **1. The Big-Three concentration.** The global credit-rating industry is, by revenue, one of the most concentrated in financial services. The Big Three — S&P Global Ratings, Moody's Investors Service and Fitch Ratings — account for approximately 95 per cent of global rating revenues. Sovereign ratings of Asian and African economies, corporate ratings of the largest Asian and African issuers, and structured-finance ratings on cross-border issuances all flow through these three institutions. The consequence is asymmetric: the Global South pays for ratings to the Big Three, the Big Three's analyst pools sit principally in New York and London, and the methodologies — though IOSCO-aligned — reflect the regulatory traditions of the home jurisdictions of the Big Three's principal operating entities.

¶ **2. Indian CRAs going global.** The IFSC pathway addresses this asymmetry in two distinct ways. (i) For Indian and Indian-affiliated rating agencies — CRISIL (an S&P affiliate), ICRA (a Moody's affiliate), CARE, India Ratings (a Fitch affiliate), Brickwork, Infomerics — GIFT-IFSC offers a regulated platform from which to extend their rating activities to global-scale ratings on foreign-currency instruments and foreign sovereigns. CareEdge Global IFSC Limited's launch of sovereign ratings on 39 countries in October 2024 — the first Indian CRA to operate on a global scale — is the proof of concept. The Reserve Bank's subsequent recognition of CareEdge Global IFSC as an External Credit Assessment Institution (ECAI) for Indian-bank risk-weighting purposes confirms the pathway's end-to-end viability.

¶ **3. The Big Three and the layered architecture.** (ii) For the Big Three themselves, the IFSC pathway offers a branch or subsidiary venue from which to operate Asia-time-zone analyst and rating committee functions, taking advantage of the IFSC's regulatory autonomy and tax regime while preserving home-jurisdiction governance through the branch structure. CARE Ratings (Africa) Private Limited — operating from Mauritius under the Financial Services Commission, the Bank of Mauritius ECAI designation, and a Capital Markets Authority of Kenya licence — is the offshore Africa precedent that complements the IFSC entry. The combination of the Indian-domiciled IFSC entity and the Mauritius-domiciled African subsidiary forms a layered architecture that an Indian CRA can replicate to access the Global South rating market.

¶ 4. **The ratings-sovereignty argument and its limits.** The third strategic argument is ratings sovereignty. The European Union's Council Regulation (EU) 2022/428 of 15 March 2022 — introducing Article 5j into Regulation (EU) 833/2014 — prohibits, with effect from 15 April 2022, the provision of credit rating services and subscription access to any Russian national, resident or entity. The prohibition demonstrated, in the starkest form, that credit-rating services are not politically neutral utilities — they can be withdrawn from a sovereign or issuer by the home regulator of the Big Three. An Indian-domiciled, IFSC-regulated CRA operating on a global scale provides an alternative jurisdictional venue, although (as discussed in Chapter Eight) the Article 5j perimeter reaches any EU-touchpoint analyst, model or distribution channel — the IFSC entity must therefore firewall its Russian-issuer activity from any EU connection.

CHAPTER TWO

The IFSCA CMI Framework – CRA-Specific Architecture

Citations: IFSCA (Capital Market Intermediaries) Regulations 2025 (notified 11 April 2025); IFSCA Master Circular for Credit Rating Agencies in the IFSC dated 5 August 2025 (superseding the Circular of 1 October 2024); IFSCA SWIT portal; IFSCA Fee Circular dated 8 April 2025 (with clarifications of 23 April 2025).

¶ **1. The CMI Regulations and the Master Circular.** The Credit Rating Agency category is one of eleven registrable capital-market intermediary categories under the IFSCA (CMI) Regulations 2025. The framework was notified on 11 April 2025, repealing the original IFSCA (CMI) Regulations 2021. The CRA-specific operational rules are codified in the IFSCA Master Circular for Credit Rating Agencies in the IFSC dated 5 August 2025 — a twenty-eight-page, fourteen-chapter document that supersedes the original 1 October 2024 circular and is the operative text for any current or prospective IFSC CRA. The Master Circular addresses registration, governance, the Code of Conduct, rating activities, conflict-of-interest architecture, change-in-control, periodic reporting, cyber resilience, and surrender.

PERMISSIBLE ACTIVITIES (VERBATIM, MASTER CIRCULAR PARA 5.1)

A Credit Rating Agency registered with the Authority ('the CRA') under the CMI Regulations is permitted to carry out the following activities: 5.1.1. Credit Ratings... 5.1.2. Sovereign Ratings 5.1.3. Valuation Services 5.1.4. Research 5.1.5. Rating Assessment / Evaluation Services 5.1.6. Monitoring Agency.

Source: IFSCA Master Circular for Credit Rating Agencies in the IFSC dated 5 August 2025, Chapter III, paragraph 5.1.

SCOPE OF "CREDIT RATINGS" (VERBATIM, EXPLANATIONS UNDER PARA 5.1)

Explanation 1: Credit ratings can be of any financial product or financial instrument in the IFSC or any Foreign Jurisdiction based on global scale (foreign currency or local currency) ratings. Explanation 2: Credit ratings shall include private ratings.

Source: IFSCA Master Circular for Credit Rating Agencies in the IFSC dated 5 August 2025, page 10.

¶ **2. The wide permissible-activities perimeter.** The Master Circular's permissible-activities perimeter is deliberately wide. Credit ratings may be issued on any financial product or instrument in the IFSC or in any Foreign Jurisdiction; on a global scale (the international rating convention) in either foreign currency or local currency; and including private ratings (those not disclosed to the public but provided to a specified subscriber). Sovereign ratings are expressly permitted with the additional obligation that the methodology be publicly disclosed and reviewed at least annually (paragraph 14). Valuation services, research, rating assessment, and monitoring-agency services round out the activity menu. Ancillary services (other than these enumerated activities) are subject to the conflict-of-interest architecture discussed in Chapter Six.

¶ **3. Perpetual registration and SWIT.** Two operational features of the CMI architecture warrant attention. (i) Perpetual registration — the CRA's registration, once granted, is not periodically renewable; supervision is ongoing under the Letter of Authorisation, subject to compliance and reporting. (ii) The Single Window IT System (SWIT) portal is the unified application and reporting channel — the application file, fit-and-proper documentation, periodic returns and supervisory correspondence all flow through SWIT. The fee structure (IFSCA Fee Circular of 8 April 2025) comprises an application fee, a registration fee, and an annual fee, each calibrated to the CMI category.

CHAPTER THREE

Eligibility, Capital and Registration

Citations: Schedule I Item 3 of the IFSCA (CMI) Regulations 2025; Chapters II and IV of the IFSCA Master Circular for Credit Rating Agencies in the IFSC dated 5 August 2025; SEBI (Credit Rating Agencies) Regulations 1999, Regulation 9(f); SEBI Master Circular for CRAs dated 16 May 2024; SEBI Circular dated 19 July 2024 enabling CRAs to undertake rating activities under IFSCA.

¶ **1. Capital — USD 200,000.** The eligibility architecture has three components. (i) Capital — Schedule I Item 3 of the CMI Regulations 2025 sets the minimum net worth at USD 200,000. This is a deliberate market-opening signal compared to the mainland Indian SEBI regime, where the SEBI (Credit Rating Agencies) Regulations 1999 require an INR 25-crore net worth (approximately USD 3 million). The lighter capital threshold is designed to encourage new entrants — boutique research-driven CRAs, Asian and African affiliates seeking a regulated venue, and Big-Three branch operations — that would not deploy USD 3 million in dedicated IFSC entity capital but can credibly support USD 200,000.

¶ **2. Entity form, governance and fit-and-proper.** (ii) Entity form and governance — the applicant must be a company incorporated in the IFSC, an LLP in the IFSC, or a branch of a foreign company. The board must comprise at least three directors of whom at least one-third are independent; a majority of directors must have demonstrable financial-services experience. The Principal Officer and the Compliance Officer must be IFSC-based full-time employees. Fit-and-proper screening applies to the entity, the directors, the Principal Officer, the Compliance Officer, and any shareholder holding 10 per cent or more of the equity. The fit-and-proper test is a continuous obligation — adverse developments at any of these levels must be notified to IFSCA.

¶ **3. SEBI interface and dual registration.** (iii) SEBI interface — a SEBI-registered Credit Rating Agency intending to operate in the IFSC must obtain a separate IFSCA registration. Regulation 9(f) of the SEBI (CRA) Regulations 1999 makes the IFSC perimeter the regulatory responsibility of the 'respective financial sector regulator' — meaning IFSCA. SEBI's Circular dated 19 July 2024 specifically enables CRAs to undertake rating activities under the IFSCA framework. The practical consequence: CRISIL, ICRA, CARE, India Ratings, Brickwork or Infomercials each operating in the IFSC must hold both their SEBI registration (for mainland activity) and a separate IFSCA registration (for IFSC activity). The CMI Regulations 2025 transitional provisions extended the IFSC registration window for existing registrants to 31 December 2025.

CHAPTER FOUR

Permissible Rating Products – Sovereigns to Sukuk

Citations: Paragraphs 5.1, 5.2 and 14 of the IFSCA Master Circular for Credit Rating Agencies in the IFSC dated 5 August 2025; cross-reference to the IFSCA (CMI) Regulations 2025 ESG Ratings and Data Products Provider chapter (separate registration); Reserve Bank's ECAI recognition framework.

¶ **1. The five product categories.** The product perimeter for an IFSC CRA is structurally wide. (i) Corporate ratings — including issuer-credit ratings, long-term and short-term debt ratings, bank loan ratings, and commercial-paper ratings. (ii) Sovereign ratings — with the mandatory public-disclosure-of-methodology and annual-review obligations under paragraph 14. (iii) Structured-finance ratings — securitisation, covered bonds, asset-backed and mortgage-backed securities. (iv) Project-finance ratings — infrastructure, energy, transport and resource project ratings. (v) Cross-border instrument ratings — foreign-currency bonds, Eurobonds, Global Depository Receipts, Rupee-Denominated Bonds (masala bonds), and sukuk (Sharia-compliant Islamic finance instruments).

ESG RATINGS — SEPARATE REGISTRATION (VERBATIM, PARA 5.2)

A CRA registered with the Authority intending to provide services relating to ESG Ratings and Data Products Providers shall be required to obtain a separate registration as an ERDPP with the Authority under the CMI Regulations.

Source: IFSCA Master Circular for Credit Rating Agencies in the IFSC dated 5 August 2025, paragraph 5.2.

¶ **2. The ESG carve-out and ERDPP separation.** The ESG carve-out under paragraph 5.2 is a critical drafting point. A CRA cannot provide ESG ratings under its CRA registration alone; a separate registration as an ESG Ratings and Data Products Provider (ERDPP) — under the CMI Regulations 2025 Schedule I Item 8 (with a USD 25,000 net-worth threshold) — is mandatory. The carve-out reflects the EU and IOSCO developing consensus that ESG ratings are methodologically and operationally distinct from credit ratings, and that the two should be regulated separately even where issued by related entities. CareEdge's March 2026 IFSCA ESG ERDPP licence is the live example of an Indian CRA migrating into the ESG perimeter under the separate-registration pathway.

¶ **3. Reserve Bank ECAI recognition.** Reserve Bank ECAI (External Credit Assessment Institution) recognition is the operationally most valuable downstream consequence of an IFSC CRA registration. ECAI recognition permits Indian commercial banks to use the CRA's ratings for Basel III capital-adequacy risk-weighting purposes — making the CRA's ratings commercially valuable for Indian-bank lending decisions. The Reserve Bank's grant of ECAI status to CareEdge Global IFSC (the GIFT-based subsidiary of CareEdge Group, parent of CARE Ratings) confirms that IFSC-issued global-scale ratings can carry through into mainland Indian regulatory capital calculations.

CHAPTER FIVE

Code of Conduct, Methodology, IOSCO Alignment

Citations: Chapter V of the IFSCA Master Circular for Credit Rating Agencies in the IFSC dated 5 August 2025; Schedule II of the IFSCA (CMI) Regulations 2025; IOSCO Final Report on the Code of Conduct Fundamentals for Credit Rating Agencies (IOSCOPD482), March 2015.

CODE OF CONDUCT (VERBATIM, MASTER CIRCULAR PARA 9.1)

The CRA shall establish a board approved Code of Conduct based on Schedule II of the CMI Regulations and the IOSCO Report on 'Code of Conduct Fundamentals for Credit Rating Agencies', March 2015.

Source: IFSCA Master Circular for Credit Rating Agencies in the IFSC dated 5 August 2025, Chapter V, paragraph 9.1.

SOVEREIGN RATINGS — METHODOLOGY DISCLOSURE (VERBATIM, PARA 14)

14.1. The CRA shall publicly disclose its methodology for sovereign ratings. 14.2. The CRA shall review sovereign ratings at least on an annual basis.

Source: IFSCA Master Circular for Credit Rating Agencies in the IFSC dated 5 August 2025, paragraph 14.

¶ **1. The dual-source Code and the IOSCO alignment.** The dual-source Code of Conduct under paragraph 9.1 — based on Schedule II of the CMI Regulations and the IOSCO 2015 Code — is structurally important. The IOSCO Code was the international post-financial-crisis benchmark, adopted by the Financial Stability Board in 2015 as the international standard for CRA conduct. Embedding the IOSCO Code in the IFSCA Master Circular aligns IFSC CRAs with the framework operative in the European Union (Regulation (EC) 1060/2009 and CRA III) and with the SEC's NRSRO regime (Dodd-Frank Title IX Subtitle C). The alignment is structurally consequential: it positions IFSC CRAs closer to EU and US standards than to the mainland SEBI regime (which has historically lagged on analyst rotation, ancillary-services restrictions and methodology transparency).

¶ **2. Three operational rules on methodology.** Methodology discipline runs through three operational rules. (i) Rigour and consistency — methodologies must be rigorous, consistently applied, and capable of objective validation against historical experience. (ii) Disclosure — methodologies must be publicly disclosed on the CRA's website; any change must be disclosed immediately. (iii) Review on change — all ratings affected by a methodology change must be reviewed within six months of the change becoming effective. The Rating Committee is mandatory for all rating decisions, including changes; the Committee's composition, decision-making process and minutes must be documented. Annual monitoring of compliance with the Code by the Compliance Officer is required.

CHAPTER SIX

Conflict-of-Interest Architecture

Citations: Chapter V of the IFSCA Master Circular for Credit Rating Agencies in the IFSC dated 5 August 2025, paragraphs 21, 23, 24; Schedule II of the IFSCA (CMI) Regulations 2025; IOSCO Code of Conduct Fundamentals (2015) Section 2 (Independence and Avoidance of Conflicts).

RATING ANALYSTS – FEE NEGOTIATION (VERBATIM, PARA 21.4)

The CRA shall ensure that the rating analysts are not allowed to initiate or participate in negotiations regarding fees or payments with any rated entity or its related entity.

Source: IFSCA Master Circular for Credit Rating Agencies in the IFSC dated 5 August 2025, paragraph 21.4.

CONFLICT-OF-INTEREST POLICIES (VERBATIM, PARA 23.5)

The CRA shall formulate policies and internal codes for dealing with conflicts of interest, including the following: 23.5.1. rating analysts involved in the rating process should not participate in any kind of fee negotiations with clients of the CRA. 23.5.2. compensation of rating analysts at CRA should not be influenced by the revenues generated from the clients they rate. 23.5.3. the employees' involved in the rating process and their dependents do not have ownership of the shares of the issuer... 23.5.6. it shall not rate securities issued by it or its group companies.

Source: IFSCA Master Circular for Credit Rating Agencies in the IFSC dated 5 August 2025, paragraph 23.5.

¶ **1. The six operational layers.** The conflict-of-interest architecture has six operational layers. (i) Analyst-fee separation — rating analysts are structurally walled off from fee negotiations with clients (paragraphs 21.4 and 23.5.1). (ii) Compensation independence — analyst compensation cannot be tied to revenues generated from the clients the analyst rates (paragraph 23.5.2). (iii) Personal-account dealing prohibition — analysts and their dependants cannot hold shares in rated issuers (paragraph 23.5.3). (iv) Revolving-door safeguards — when an analyst moves to a rated issuer or its related entity, the relevant rating must be reviewed promptly (paragraph 23.5.4). (v) Self-rating prohibition — the CRA cannot rate its own securities or those of its group companies (paragraph 23.5.6). (vi) Operational, legal and physical separation of the rating business from any other business of the CRA (paragraph 23.4).

¶ **2. Insider-trading controls and the withdrawal-restriction rule.** Insider-trading and unpublished-price-sensitive-information controls under paragraph 24 codify the SEBI (Prohibition of Insider Trading) Regulations 2015 framework at the CRA level. The CRA must maintain a designated list of employees with access to UPSI, restrict trading windows for those employees, and maintain an investigations protocol for suspected misuse. Withdrawal of ratings is restricted under paragraph 18.2.3 — a CRA cannot withdraw a rating to avoid an imminent downgrade or

other material rating change. The withdrawal-restriction rule is structurally important because it removes one of the principal mechanisms by which issuer pressure historically translated into rating-quality erosion.

¶ 3. **Funding-model neutrality and the residual-conflict architecture.** Funding-model choice — issuer-paid, investor-paid, or hybrid — remains open under the IFSCA framework. Both issuer-paid and investor-paid models carry their own conflict profiles. Issuer-paid models present the classic principal-agent conflict between the rated entity (who pays) and the investor (who relies on the rating); investor-paid models present a concentration-risk profile if a small group of investor-subscribers exercise disproportionate influence on the CRA's rating output. The conflict-management policies under paragraph 23 apply in both cases — the framework is funding-model-neutral on its face, with the architecture addressing the residual conflict at the analyst-compensation and rating-process level rather than at the funding-model level.

CHAPTER SEVEN

Comparison with SEBI 1999 and Foreign Frameworks

Citations: SEBI (Credit Rating Agencies) Regulations 1999 (as last amended 4 July 2023); SEBI Master Circular for CRAs dated 16 May 2024; Regulation (EC) No 1060/2009 and CRA III; Dodd-Frank Wall Street Reform and Consumer Protection Act 2010, Title IX Subtitle C (Sections 931-939H); SEC Office of Credit Ratings.

¶ **1. SEBI 1999 — disclosure-based and historically lighter.** The mainland Indian regime under the SEBI (Credit Rating Agencies) Regulations 1999 is principally disclosure-based. The minimum net worth is INR 25 crore (approximately USD 3 million); supervision is through periodic returns and SEBI's Master Circular for CRAs dated 16 May 2024. The SEBI regime does not mandate analyst rotation (a feature of the EU framework for structured-finance instruments), does not statutorily bar ancillary services (also a feature of the EU framework), and is less prescriptive than IOSCO on methodology-transparency requirements. A Parliamentary Standing Committee has, on multiple occasions, urged SEBI to introduce dual-rating and rotation requirements; these reforms remain pending.

¶ **2. The EU and US frameworks compared.** The European Union framework under Regulation (EC) 1060/2009 (as amended by CRA II of 2011 and CRA III of 2013) is the most prescriptive of the major regimes. Mandatory rotation applies to structured-finance instruments; ancillary services are restricted to a defined list; ESMA (the European Securities and Markets Authority) directly supervises EU-registered CRAs; and Article 5j (post-2022) prohibits credit rating services to Russian entities. The United States regime under Dodd-Frank Title IX Subtitle C is intermediate — the SEC's Office of Credit Ratings (created by Section 932) conducts annual examinations of Nationally Recognized Statistical Rating Organizations (NRSROs); Form NRSRO disclosures are mandatory; conflict-of-interest policies are prescribed; but mandatory rotation is not generalised.

¶ **3. The IFSC differentiators.** The IFSC framework — through the IOSCO-anchored Master Circular — sits closer to the EU and US standards than to the mainland SEBI regime. The structural differentiators are four. (i) Capital — USD 200,000 vs SEBI's INR 25 crore. (ii) Registration — perpetual rather than periodically renewable. (iii) Product perimeter — global-scale ratings, including sovereigns of foreign jurisdictions, expressly permitted (versus SEBI's effectively domestic perimeter). (iv) ECAI bridge to RBI — IFSC ratings can carry through into mainland Indian Basel III risk-weighting via the Reserve Bank's ECAI recognition. The combination positions the IFSC as the appropriate venue for Indian CRAs seeking to extend internationally, and for foreign CRAs seeking an Asia-time-zone operational base.

CHAPTER EIGHT

Standard of Practice – Rating Sanctioned Sovereigns and SOEs

Citations: Council Regulation (EU) 2022/428 of 15 March 2022 amending Regulation (EU) 833/2014, Article 5j; European Commission FAQ on Credit Rating Sanctions dated 1 June 2022; Regulation (EC) 1060/2009 Article 3(1)(v) (sovereign rating definition); OFAC Russia / Iran / DPRK SDN designations; UK OFSI sanctions notices.

EU ARTICLE 5j PROHIBITION (VERBATIM, COUNCIL REG 2022/428)

It shall be prohibited as of 15 April 2022 to provide credit rating services to any Russian national or natural person residing in Russia or any legal person, entity or body established in Russia... [and] to provide access to any subscription services in relation to credit rating activities to any Russian national or natural person residing in Russia or any legal person, entity or body established in Russia.

Source: Article 5j(1)-(2) of Council Regulation (EU) No 833/2014 as amended by Council Regulation (EU) 2022/428 of 15 March 2022.

EC FAQ – SOVEREIGN RATING COVERAGE (VERBATIM, EC FAQ Q.1)

Article 3(1)(v) of the CRA Regulation stipulates that a 'sovereign rating' means: (i) a credit rating where the entity rated is a State or a regional or local authority of a State... Given that the Russian sovereigns covered in the definition have legal personality, they are covered by the prohibition.

Source: European Commission FAQ on Credit Rating Sanctions dated 1 June 2022, Question 1, page 1.

¶ 1. The Article 5j perimeter in operational detail. The European Commission's FAQ of 1 June 2022 confirms the Article 5j perimeter in operational detail. The prohibition captures (i) sovereign ratings (the Russian Federation and regional authorities are 'legal persons'); (ii) unsolicited ratings (the request is irrelevant to the prohibition); (iii) ongoing surveillance (continuing surveillance of a previously-rated Russian issuer is itself a 'service'); (iv) scoring (scoring is treated as a credit-rating activity); and (v) endorsement (a non-EU CRA's rating endorsed for use in the EU is captured). The carve-out is narrow: EU-Member-State nationals and EU temporary or permanent residents are not caught by the residency-based prohibition. The reach of Article 5j to any EU-touchpoint analyst, model or distribution channel — even where the rating is formally issued from an IFSC entity — is the most consequential operational point.

¶ 2. OFAC, UK OFSI and the parent-company perimeter. OFAC, UK OFSI and UN sectoral measures create parallel exposure. Iran-linked counterparties (notably designated state-owned enterprises and oil-and-gas entities), DPRK-linked counterparties, and Syrian sanctioned entities each carry their own rating-service perimeter. For a Big-Three subsidiary operating from the IFSC, the home-jurisdiction sanctions framework (OFAC for U.S.-headquartered groups, UK OFSI

for UK-headquartered groups) reaches the IFSC subsidiary through the parent-company perimeter. Counsel structuring an IFSC CRA's rating book must build the sanctions-screening architecture into the issuer-onboarding protocol, not into the rating-committee stage — exposure crystallises on engagement, not on rating publication.

¶ **3. Standard of Practice.** Standard of Practice. The Firm advises and assists clients exclusively in matters consistent with applicable U.S., European Union, United Kingdom, United Nations and Indian sanctions and anti-money-laundering regimes. The Firm does not advise on, structure or facilitate transactions whose principal purpose or principal effect is to bring a designated person into a regulated market in a manner that is foreseeably exposed to a sanctions perimeter the parties cannot lawfully discharge. In a CRA context, this Standard operates at the level of the issuer (sovereign or corporate), the issuer's beneficial owner, the rating distribution channel (subscription services), and the analyst-jurisdiction (home-jurisdiction sanctions perimeter applied to analyst location).

¶ **4. The Firm's three-phase engagement model.** The Firm's engagement model for IFSC CRA work proceeds in three phases. (i) Pre-engagement — entity scoping (perpetual registration; capital adequacy; SEBI-vs-IFSCA dual-registration planning where applicable); IOSCO Code drafting; conflict-of-interest architecture; sanctions-screening protocol for the intended rating book. (ii) Structuring and documentation — the SWIT application file (entity, fit-and-proper, Principal Officer and Compliance Officer designations, methodology framework, Rating Committee charter, Code of Conduct, AML policy); the ECAI application file for Reserve Bank recognition (where the rating book includes Indian-bank-relevant instruments); ERDPP application file if ESG ratings are to be added. (iii) Post-execution — annual fit-and-proper refresh, methodology review cycles, sanctions-screening refresh on every list update, and SEBI-IFSCA coordination on any rating that crosses the two perimeters.



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