



भारतीय रिज़र्व बैंक  
**RESERVE BANK OF INDIA**

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October 13, 2011

The Chairman / CMD / MD / CEO  
All Scheduled Commercial Banks  
(excluding LABs and RRBs)

Dear Sir,

**Prudential Guidelines on Capital Adequacy and Market Discipline - New Capital Adequacy Framework (NCAF) - Revision of Rating Symbols and Definitions of Credit Rating Agencies**

Please refer to the [Master Circular No. DBOD.No.BP.BC.11/21.06.001/2010-11 dated July 1, 2011](#) on 'Prudential Guidelines on Capital Adequacy and Market Discipline - New Capital Adequacy Framework (NCAF)' by which the consolidated prudential guidelines had been issued to banks on the captioned subject.

2. In terms of para 6 of the circular, four domestic credit rating agencies viz. CARE, CRISIL, FITCH India and ICRA have been accredited for the purpose of risk weighting the banks' claims for capital adequacy purposes. The long term and short term ratings issued by the chosen domestic credit rating agencies have been mapped to the appropriate risk weights applicable as per the Standardised Approach under the Basel II Framework.



3. SEBI has, vide its circular CIR/MIRSD/4/2011 dated June 15, 2011 on 'Standardisation of Rating Symbols and Definitions', instructed Credit Rating Agencies (CRAs) registered with SEBI to adopt common rating symbols and rating definitions, which shall henceforth be used for the new ratings / reviews by the CRAs. Under the revised standardized system, there is no change in the long term rating symbols except that rating symbols will henceforth display the rating agency's name as a prefix. In case of short term ratings, a rating scale denoted by 'A' on a scale of '1' to '4' (i.e. A1, A2, A3 and A4) and 'D' has been prescribed. The four accredited CRAs, which are registered with SEBI, have therefore revised their rating symbols of long term and short term debt instruments. The new rating symbols of the chosen CRAs vis-à-vis their old rating symbols for long term and short term instruments are furnished in Annex for ready reference.

4. The aforesaid change in rating symbols and definitions however does not effect, in any manner, the rating methodology followed by the CRAs for rating such instruments and will have no bearing on the existing ratings assigned by the CRAs under the Basel-II framework.

5. In view of above, banks are advised that they should henceforth use the revised rating symbols of the credit rating agencies with the corresponding guidance in the master circular under reference for the purpose of assigning risk weights to the various exposures.

6. All other provisions regarding external credit ratings of the master circular remain unchanged.

Yours faithfully,

**(Deepak Singhal)**  
Chief General Manager-in-charge

**Revised Rating Symbols of CARE, CRISIL, FITCH and ICRA****CARE**

Long-Term Debt instruments		Short-Term Debt instruments	
Earlier Rating Symbol	Revised Rating Symbol	Earlier Rating Symbol	Revised Rating Symbol
AAA	CARE AAA	PR-1	CARE A1
AA	CARE AA	PR-2	CARE A2
A	CARE A	PR-3	CARE A3
BBB	CARE BBB	PR-4	CARE A4
BB	CARE BB	PR-5	CARE D
B	CARE B		
C	CARE C		
D	CARE D		

**CRISIL**

Long-Term Debt instruments		Short -Term Debt instruments	
Earlier Rating Symbol	Revised Rating Symbol	Earlier Rating Symbol	Revised Rating Symbol
AAA	CRISIL AAA	P1	CRISIL A1
AA	CRISIL AA	P2	CRISIL A2
A	CRISIL A	P3	CRISIL A3
BBB	CRISIL BBB	P4	CRISIL A4
BB	CRISIL BB	P5	CRISIL D
B	CRISIL B		
C	CRISIL C		
D	CRISIL D		

**FITCH INDIA**

Long-Term Debt instruments		Short-Term Debt instruments	
Earlier Rating Symbol	Revised Rating Symbol	Earlier Rating Symbol	Revised Rating Symbol
AAA (ind)	Fitch AAA	F1(ind)	Fitch A1
AA (ind)	Fitch AA	F2(ind)	Fitch A2
A (ind)	Fitch A	F3 (ind)	Fitch A3
BBB(ind)	Fitch BBB	F4(ind)	Fitch A4
BB(ind)	Fitch BB	F5(ind)	Fitch D
B(ind)	Fitch B		
C(ind)	Fitch C		
D	Fitch D		

## ICRA

Long-Term Debt instruments		Short-Term Debt instruments	
Earlier Rating Symbol	Revised Rating Symbol	Earlier Rating Symbol	Revised Rating Symbol
LAAA	ICRA AAA	A1	ICRA A1
LAA	ICRA AA	A2	ICRA A2
LA	ICRA A	A3	ICRA A3
LBBB	ICRA BBB	A4	ICRA A4
LBB	ICRA BB	A5	ICRA D
LB	ICRA B		
LC	ICRA C		
LD	ICRA D		

Note:

1. In case of Long Term Debt Instruments, modifiers {"+" (plus) / "-"(minus)} can be used with the rating symbols for the categories AA to C. The modifiers reflect the comparative standing within the category.
2. In case of Short Term Debt Instruments, modifier {"+" (plus)} can be used with the rating symbols for the categories A1 to A4. The modifier reflects the comparative standing within the category.

Therefore, PR1+/P1+/F1+(ind)/A1+ ratings of CARE/CRISIL/FITCH/ICRA respectively as per the earlier rating symbol will now correspond to CARE/CRISIL/FITCH/ICRA A1+, respectively, as per the revised rating symbols.