

**CIRCULAR**

HO/38/14/(4)2026-MIRSD-POD/II/10557/2026

April 29, 2026

To,

**All Registered Credit Rating Agencies (“CRAs”)  
All Registered Investment Advisers (“IAs”)  
All Registered Research Analysts (“RAs”)  
All Registered Stock Brokers (“SBs”)  
All Recognised Stock Exchanges (“SEs”)  
All Recognised Clearing Corporations (“CCs”)  
All Recognised Depositories  
Association of Mutual Funds in India (“AMFI”)  
All exchange empanelled Algo Providers through Stock Brokers**

Dear Sir/Madam,

**Subject: Operationalisation of Past Risk and Return Verification Agency  
(“PaRRVA”)**

**Background**

1. SEBI, vide circular no. SEBI/HO/MIRSD/MIRSD-PoD/P/CIR/2025/51 dated April 4, 2025, specified the framework for recognition and operationalisation of PaRRVA. As specified in the said circular, A CRA may be recognized as a PaRRVA, in terms of Regulation 12A of the ‘SEBI (Credit Rating Agencies) Regulations, 1999’ (“CRA Regulations”) read with Regulation 16E of the SEBI (Intermediaries Regulations), 2008 (“Intermediaries Regulations”) and such CRA shall engage with a recognized SE which will serve as the PaRRVA Data Centre (“PDC”).

**Recognition of PaRRVA**

2. In pursuance of the above circular, Care Ratings Limited (“CRL”) has been granted recognition as PaRRVA, with National Stock Exchange India Limited (“NSE”)

acting as PDC. The recognition shall be valid until it is revoked or suspended by SEBI.

3. Post successful completion of the pilot-phase, CRL shall begin providing its services on regular basis from **May 04, 2026**.

#### **Communication of certified past performance by IAs/RAs to clients**

4. SEBI, vide circular no. HO/38/12/11(1)2025-MIRSD-POD/1/73/2025 dated October 30, 2025, as an interim arrangement, permitted IAs/RAs to communicate certified past performance data of the period prior to operationalization of PaRRVA (“pre-PaRRVA period”) to a client, in accordance with the provisions laid down in the said circular. The circular *inter alia* also mandates the following:

- 4.1. IAs/RAs who wish to communicate certified past performance data to clients (including prospective clients) must enroll with PaRRVA within three months of its operationalization, else such IAs/RAs will not be able to communicate certified past performance data to clients post three months from the date of operationalization of PaRRVA.

- 4.2. After two years from the date of operationalization of PaRRVA, IAs/RAs will be permitted to communicate/display only PaRRVA verified risk and return metrics and will not be permitted to use past performance data related to the period prior to the date of operationalization of PaRRVA, in any communication to clients (including prospective clients).

5. In view of the above, it is specified that-

- 5.1. IAs/RAs who wish to communicate certified past performance data to clients (including prospective clients) must enroll with PaRRVA by **August 03, 2026**.

- 5.2. IAs/RAs may communicate certified past performance data to clients (including prospective clients), only up to **May 03, 2028**.

#### **Change in composition of Oversight Committee**

6. Paragraph 27 of the SEBI Circular no. SEBI/HO/MIRSD/MIRSD-PoD/P/CIR/2025/51 dated April 4, 2025 mandates PaRRVA to constitute an oversight committee to oversee the activities of the CRA as PaRRVA and the Stock

Exchange as PDC. The said para also prescribed the composition of the oversight committee.

7. Based on receipt of representations from PaRRVA and PDC regarding the challenges faced in constitution of the committee, the proposed composition of the oversight committee has been revised as under:
  - 7.1. The committee may consist of representatives of PaRRVA, PDC, intermediaries/regulated persons and SEBI recognised investor association and an eminent individual having substantial regulatory experience as Chairperson of the committee.
  - 7.2. The PaRRVA representative/s shall be of the designation 'Executive Director' or 'Senior Director' and should have requisite experience, capabilities, and expertise to contribute effectively to the committee.
  - 7.3. The PDC representative/s shall be preferably at the CXO level<sup>1</sup>, to ensure strategic oversight and operational alignment, and should possess the requisite experience, capabilities, and expertise to contribute effectively to the committee.
  - 7.4. Member/s representing at least two of the intermediaries/regulated persons.
8. The committee shall consist of a minimum of five members and may be expanded by PaRRVA to include more members if required. However, the total number of independent members (i.e. Chairperson, representatives of intermediaries/regulated persons and investor association) shall be more than the total number of representatives of PaRRVA and PDC.

### **Compliance by regulated persons**

9. The provisions of Paragraph 27 of the SEBI circular dated April 4, 2025 stands modified to the extent of Paragraph no. 7 and 8 as detailed above. All other provisions specified in said circular shall continue to remain applicable.
10. This circular is issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 read with

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<sup>1</sup> CXO means CRO (Chief Regulatory Officer), CTO (Chief Technology Officer), CFO (Chief Financial Officer) or an official holding similar position in Stock Exchange

- (i) Regulation 16D, 16E and 16F of the Intermediaries Regulations
- (ii) Regulation 33 of the Securities and Exchange Board of India (Research Analysts) Regulations, 2014,
- (iii) Regulation 29 of the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013,
- (iv) Regulation 50 of the Securities and Exchange Board of India (Stock Brokers) Regulations, 2026,
- (v) Regulation 12A of the CRA Regulations and
- (vi) Regulation 38B of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018

to protect the interests of investors in securities market and to promote the development of, and to regulate the securities market.

11. This circular is available on SEBI website at [www.sebi.gov.in](http://www.sebi.gov.in) under the category "Legal > Circulars.

Yours faithfully,

**Aradhana Verma**  
**General Manager**  
**+91-22-26449633**  
E-mail: [aradhanad@sebi.gov.in](mailto:aradhanad@sebi.gov.in)