

SECURITIES AND EXCHANGE BOARD OF INDIA

SETTLEMENT ORDER

IN SETTLEMENT APPLICATION NO. 7616/2024

Filed by

BRICKWORK RATINGS INDIA PRIVATE LIMITED [PAN: AADCB3136C]

In the matter of Brickwork Ratings India Private Limited

BACKGROUND IN BRIEF:

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') conducted an inspection of SEBI registered credit rating agency viz. Brickwork Ratings India Private Limited (hereinafter referred to as the '**Applicant**') for the inspection period December 01, 2019 to January 31, 2022 in order to verify the Applicant's compliance with Securities and Exchange Board of India (Credit Rating Agencies) Regulations, 1999 (hereinafter referred to as '**CRA Regulations**') and circulars issued therein.
2. Based on the findings in the inspection, an enquiry proceedings was initiated under the Securities and Exchange Board of India (Intermediaries) Regulations, 2008 (hereinafter referred as '**Intermediaries Regulations**') and a Designated Authority was appointed under Regulation 24 of the Intermediaries Regulations to enquire and make recommendations under Regulation 25 and 26 of the Intermediaries Regulations in respect of the following violations alleged against the Applicant:
 - 2.1 Regulation 24(2) and 24(7) of CRA Regulations, Clause 3, Clause 4 and Clause 6 of Code of Conduct for CRAs prescribed under Regulation 13 and specified under Third Schedule of CRA Regulations;
 - 2.2 Clauses 1A(III), 1(B), 2A(III) of SEBI circular SEBI/ HO/ MIRSD/ MIRSD4/ CIR/ P/ 2017/ 71 dated June 30, 2017;

- 2.3 Clause 8 of Code of Conduct for CRAs prescribed under Regulation 13 and specified under Third Schedule of CRA Regulations;
- 2.4 Regulation 24(2) of CRA Regulations and Clauses 1 & 2 of Annexure A of SEBI Circular no SEBI/HO/MIRSD/MIRSD4/CIR/P/2016/119 dated November 01, 2016;
- 2.5 Clause 3B of Annexure A of SEBI circular no. SEBI/HO/MIRSD/MIRSD4/CIR/P/2016/119 dated November 1, 2016, and Clause 1 of SEBI circular no. SEBI/HO/MIRSD/CRADT/CIR/P/2019/121 dated November 04, 2019;
- 2.6 Regulation 27(2) of CRA Regulations and Clauses 10 and 12 of Code of Conduct prescribed under Regulation 13 and specified under Third Schedule of CRA Regulations;
- 2.7 Clause 13 of Code of Conduct prescribed under Regulation 13 and specified under Third Schedule of CRA Regulations; and
- 2.8 Regulation 19(2) of CRA Regulations.

3. Thereafter the Designated Authority, based on the findings and observations so recorded in the Enquiry Report dated November 17, 2023, recommended a suspension of the certificate of registration of the Applicant for a period of three (3) months.

4. Pursuant to the submission of the aforesaid Enquiry Report in the matter, a post-enquiry Show Cause Notice dated December 22, 2023 enclosing therewith the Enquiry Report of the Designated Authority was issued to the Applicant under regulation 27(1) of the Intermediaries Regulations calling upon the Applicant to show cause as to why action as recommended by the Designated Authority or any other action including passing of directions, as deemed appropriate, should not be taken against it.

APPLICATIONS FOR SETTLEMENT OF PROCEEDINGS

5. Subsequent to the service of the post-enquiry Show Cause Notice dated December 22, 2023, the Applicant filed a Settlement Application bearing registration no.7616/2024 in terms of SEBI (Settlement Proceedings) Regulations, 2018 (hereinafter referred to as '**Settlement Regulations**') wherein, the Applicant proposed to settle the instant proceedings, without admitting or denying the findings of fact and conclusions of law, through a settlement order.

6. Pursuant to receipt of the Application, the authorized representatives of the Applicant had a meeting with the Internal Committee of SEBI on August 6, 2024. The Internal Committee deliberated on the aspect of the violation and recommended Rs. 1,54,70,325/- (One Crore Fifty-Four Lakhs Seventy Thousand Three Hundred and Twenty-Five Rupees only) as the indicative amount computed in terms of Regulation 10 and Schedule II of the Settlement Regulations. Thereafter, vide email dated August 28, 2024 the Applicant submitted the revised settlement terms, which was in line with the settlement terms formulated as per the Settlement Regulations.

7. The Application was placed before the High Powered Advisory Committee (hereinafter referred to as 'HPAC') in its meeting held on September 6, 2024. Accordingly, the HPAC considered the settlement terms proposed by the Applicant and recommended the case for settlement upon payment of Rs. 1,54,70,325/- (One Crore Fifty-Four Lakhs Seventy Thousand Three Hundred and Twenty-Five Rupees only). The recommendations of HPAC was thereafter placed before the Panel of Whole Time Members of SEBI in terms of Regulation 15 of the Settlement Regulations, which was duly accepted by the Panel of Whole Time Members on November 6, 2024.

8. Accordingly, the notice of demand was issued to the Applicant on November 8, 2024 and the Applicant has vide letter dated November 29, 2024 informed SEBI about the remittance of the settlement amount. The concerned department of SEBI has confirmed the credit of the settlement amount.

ORDER

9. On the basis of the aforesaid, in exercise of the powers conferred under Section 15JB read with Section 19 of the SEBI Act and in terms of Regulations 23 read with Regulation 28 of the Settlement Regulations, the proceeding initiated against the Applicant vide Show Cause Notice dated December 22, 2023, is disposed of as per the following terms:

9.1 SEBI shall not initiate any other enforcement action against the Applicant for the said violation; and

9.2 the passing of this Settlement Order is, however, without prejudice to the right of SEBI under Regulations 28 and 31 of the Settlement Regulations to initiate any enforcement action against the Applicant, if:

9.2.1 any representation made by the Applicant in the present settlement proceedings is subsequently found to be untrue;

9.2.2 the Applicant has breached any of the clauses/ conditions of undertakings/ waivers filed during the present settlement proceedings; and

9.2.3 there was a discrepancy while arriving at the settlement terms.

10. This Settlement Order shall come into force with immediate effect.

11. In terms of Regulation 25 of the Settlement Regulations, a copy of this order shall be sent to the Applicant, Brickwork Ratings India Private Limited and shall also be published on the website of SEBI.

Sd/-

G RAMAR

CHIEF GENERAL MANAGER

SECURITIES AND EXCHANGE BOARD OF INDIA

Date: December 04, 2024

Place: Mumbai