

Name of the person/entity proposing comments	Indian Association of Investment Professionals (CFA Society India) Key Contributors : Mohan Kumar Prabhu, CFA ; Satish Shinde, CFA; Labanya Prakash, CFA; Kshitiz Jain, CFA
Category (Listed Entity / MII / Market Intermediary / Professional / Investor / Academician / General Public etc.)	Association of Investment Professionals
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Sr. No.	Proposal	Confirmity to Proposal	Comments	Rationale
1	Whether ERPs following a subscriber-pays model should share their report with the subscribers and the rated issuer at the same time?	Partially Agree	<p>We appreciate SEBI's effort to enhance the credibility and independence of the ESG rating agencies in the subscriber pay model. We believe that sharing the rating report with the subscriber and rated issuer at the same time is a step in the right direction. However, it still does not fully resolve the concerns around independence.</p> <p>However, we would suggest that instead of sharing the ESG rating report with the issuer, the ESG rating agencies should be sharing the information and data which forms the basis of of rating with the issuer and then take a representation from the issuer on the correctness of data. Once the data has been validated by the rated issuer, considering the rating methodology is robust, transparent and is publicly available, the ESG rating agency should be independent to issue the rating and the issuer should not have a say in that.</p>	The subscriber pay model is adopted to ensure that the independence and credibility of the ESG rating agencies is maintained. Also, this will help in avoiding any conflict of interest.
2	Whether there should be a restriction on the rated entity/ issuer itself and its group companies or associates to be a subscriber to ESG rating and/ or rating of securities of the rated entity/ issuer?	Disagree	<p>We believe that this doesn't help, as the rated issuer will in any case receive the rating. We believe that this doesn't impact the independence of ESG rating agencies. We believe that information is difficult to restrict. The subscribers is not allowed to challenge the rating, so influence will be limited. The ESG rating agencies need to ensure that independence of the rating team and business team is maintained internally.</p>	
3	Whether ERPs following a subscriber-pays model should grant an opportunity of representation to the rated issuer?	Partially Agree	<p>We agree that there should be an opportunity of representation to the rated issuer. However, we believe the opportunity of representation should be there on the data stage to check the veracity of data and once the data has been validated, the issuer should not have an opportunity to influence the ESG rating provider. We believe that validation is needed as the BRSR data though available in public domain is not an audited data so the issuer should have an opportunity to validate the data. This will still allow the rating to be an independent activity. This is important to maintain the independence and credibility of the ESG rating.</p>	<p>The subscriber pay model is adopted to ensure that the independence and credibility of the ESG rating agencies is maintained. Also, this will help in avoiding any conflict of interest.</p> <p>Our suggestion to not have issuer involvement post the data stage, will ensure that the rated issuer does not have a way to influence both directly or indirectly through other business arrangements.</p>
4	Whether the process specified in the proposal at Para 3.3 of the Consultation Paper for dealing with comments/ clarifications received from the rated entity is appropriate and adequate? Should a rated entity/ issuer seeking clarification be provided a facility in some specific form and manner?		No comments	

5	Whether ERPs following a subscriber-pays model may dispense with the disclosure of the ESG ratings to the stock exchange(s) where the issuer or the security is listed?	Agree	We believe that since the ESG rating is available on the website, we do not need the duplication of the activity. The ESG rating agencies have to ensure that the updation on the website and sharing with subscribers should not be a lag in timeline, as this is a price sensitive data. We would suggest that SEBI should mandate ESG rating agencies to ensure that there is no lag between sharing rating with subscriber and updation of website.	We believe that this step is acceptable as it avoids duplication.
6	Whether the proposed amendments for instituting Activity Based Regulation for ERPs are appropriate and adequate?	Partially Agree	<p>We agree that allowing ESG rating agencies to expand the scope to unlisted securities. This would be helpful for investors.</p> <p>We believe that credit rating of unlisted companies is still under the purview of SEBI so maybe ESG rating agencies for unlisted companies may still be under the purview of SEBI to make sure that proper regulations are being followed and no misselling is being done by the agency. Otherwise, those agencies should not be allowed to name their services as ESG rating.</p>	