



भारतीय प्रतिभूति और विनिमय बोर्ड  
Securities and Exchange Board of India

CONSULTATION PAPER  
DDHS – POD 1

**Consultation paper on review of provisions of NCS Regulations and LODR Regulations for ease of doing business and introduction of fast track public issuance of debt securities**

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**Timeline to Respond:**

We are asking for comments on the Consultation paper (CP) by December 30, 2023.

**December 2023**

## 1. Introduction:

- 1.1. One of the Budget Announcements in the Union Budget for FY 2023-24, was:  
*“To simplify, ease and reduce cost of compliance, financial sector regulators will be requested to carry out a comprehensive review of existing regulations. For this, they will consider suggestions from public and regulated entities.....”*
- 1.2. Pursuant to the Budget Announcement, a working group<sup>1</sup> was formed to suggest measures to promote the ease of doing business for listed debt issuers and review the applicability of provisions under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021. Further, vide Press Release dated October 4, 2023, to promote the ease of doing business and reduce the compliance burden, SEBI had also sought comments on various Regulations including the following, till November 06, 2023:
  - a. *SEBI (Issue and Listing of Non-Convertible Securities), 2021 (‘NCS Regulations’)*
  - b. *SEBI (Listing Obligations and Disclosure Requirements) 2015 (‘LODR Regulations’)*
  - c. *SEBI (Debenture Trustees) Regulations, 1993*
- 1.3. The comments received from the public were forwarded to the EODB working group for consideration in its final report.
- 1.4. With a view of promoting ease of doing business, this consultation paper details the following:
  - a. the proposed changes to LODR regulations and NCS Regulations,
  - b. introduction of concept of Fast Track public issuance and listing of debt securities and proposed norms of the same.

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<sup>1</sup>The working group comprised the following persons: i. Ms. Savithri Parekh (CS and Compliance officer, Reliance Industries Ltd), ii. Mr. Narayan Shankar (Vice president and CS, Mahindra and Mahindra Limited), iii. Ms. Geetika Anand (Joint President, CS and Compliance Officer, Hindalco Industries limited), iv. Ms. Rakhi Dua (CS, IRFC Limited), v. Ms. Savita Kodain (Deputy CS, L&T Finance Limited), vi. Ms. Vallari Gupte, CS, CEAT Limited, vii. Mr. Vinod Chandrasekhar, CS, NABARD, viii. Ms. Anchal Dhir, Partner, Amarchand Mangaldas, representing FICCI

## 2. Ease of Doing Business – proposed relaxations from provisions of NCS and LODR Regulations

### 2.1. Reduction in denomination for privately placed debt securities (NCDs) and non-convertible redeemable preference shares (NCRPS) issued under the NCS Regulations to face value of Rs 10,000/- for issues with appointment of merchant banker; specifying the requirement of appointment of merchant banker in case of issuance of SDIs at a face value of Rs 10,000/- :

2.1.1. **Background (present regulatory provisions):** SEBI vide circular dated October 28, 2022, specified provisions pertaining to denomination of issuance and trading of Non-convertible Securities (now incorporated in Chapter V of the Operational Circular no. SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021). The said chapter, *inter-alia*, mandates that the face value of each debt security or non-convertible redeemable preference share issued on private placement basis shall be Rs. One lakh and the trading lot shall be equal to the face value. Prior to such change in October 2022, the face value and the trading lot were Rs. 10 lakhs per debt security. The said chapter is not applicable for public issue of debt securities and non-convertible redeemable preference shares. Further, it is also observed that there has been increasing prevalence in issuance of securitized debt instruments (SDIs) having, *inter alia*, the corporate bonds as underlying assets.

#### 2.1.2. Need for change:

2.1.2.1. Public comments suggested the need to review the denomination. The rationale provided has been that non-institutional investors consider the high ticket size as a deterrent which restricts their ability to access the market and acts as an entry barrier for such non-institutional investors to participate in the corporate bonds market.

2.1.2.2. Moreover, pursuant to the introduction of the regulatory framework for online bond platforms, a large part of the investor base comprises of non-institutional investors. Consequently, to increase further participation (especially non-institutional investors), a reduction in the minimum face value of debt securities and NCRPS issued on private placement basis has been suggested. This should be coupled with necessary risk mitigation measures.

#### 2.1.3. Proposal:

2.1.3.1. SEBI, in the agenda 'Introduction of Regulatory framework for Online Bond Platforms' placed before the Board in the meeting held on September 30, 2023 approved the proposal to reduce the face value from 10 lakh to 1 lakh after considering the following rationale:

*“The argument against the current high ticket size highlights the inaccessibility of the bond market as an avenue for investment to non-institutional investors. It is pertinent to note that a few individual investors, in their comments, have suggested to reduce the ticket size of listed privately placed debt securities, as at the current level of face value of Rs. 10 lakh, they are not able to invest that much amount to one single financial asset. If the face value and trading lot is reduced, to say Rs. 10,000/-, non-institutional investors for whom the online bond platform is intended, can participate directly in the bond market through the bond platforms, which will enhance liquidity.”*

- 2.1.3.2. During the period from July to September 2023, it was observed that non-institutional investors subscribed to 4% of the total amount raised as compared with the general average of less than 1%. The said increase in non-institutional investor participation may be attributed to the reduction in face value from 10 Lakh to 1 lakh made in October 2022 and the mainstreaming of Online Bond Platforms (OBPs). During the period from July to September 2023, the total volume of trades undertaken on the OBPs aggregates to around INR 333 crores by 1974 users (investors).
- 2.1.3.3. It is pertinent to note that irrespective whether the NCDs are issued by way of public issuance or private placement, once they are listed, they are freely transferable in the secondary market. In case of issuance of NCDs on private placement basis, the offer is made only to investors mapped by the Issuers on EBP platform. Further, the requirement of appointing merchant banker is not mandatory in private placement mode as in case of NCDs issued through public issuance.
- 2.1.3.4. Thus, in order to further enhance participation of the non-institutional investors in the corporate bond market coupled with mitigation and management of risk to safeguard and protect the interest of such non-institutional investors, it is proposed to permit issuer to issue NCDs or NCRPS with the face value of Rs. 10,000/-. However, in such cases, the issuer shall appoint merchant banker who shall carry out due diligence for issuance of such privately placed NCDs or NCRPS and disclosures in the private placement memorandum. Further, such NCDs and NCRPS shall be plain vanilla, interest/ dividend bearing instruments with a simple structure (i.e. without any credit enhancements or structured obligations).
- 2.1.3.5. Further, under SEBI (Issue and Listing of Securitised Debt Instruments and Security Receipts) Regulations, 2008 ('SDI Regulations'), issuers can offer SDIs to investors by acquisition of such privately placed debt instruments), which are duly rated. The current SDI Regulations neither prescribe a minimum face value nor mandate appointment of merchant bankers in case of private placements. Thus, in order to ensure that similar risk mitigation and risk management measures are applicable, SDIs that are issued vide private placement and listed, can either have a face value

of Rs 1 lac or be issued as SDIs with face value of Rs 10,000. Further it is proposed that for all issuances of SDI, such issuer appoint a merchant banker who shall carry out due diligence for issuance of such privately placed SDIs and disclosures in the private placement Memorandum.

**Consultation proposal 1.1:** Please provide comments on the following:

1. Do you agree with the proposed reduction in the denomination of face value of privately placed NCDs or NCRPS along with appointment of merchant banker?
2. Do you agree with the proposed requirement of appointment of merchant banker in case of issuance of SDIs at a face value of Rs. 10,000?

2.2. **Amendment to Schedule I (Disclosures for Issue of Securities) of the NCS Regulations – Rationalisation of disclosures by inserting web-link and QR code for the audited financials for the last 3 financial years and stub period in the Offer Document:**

2.2.1. **Background (present regulatory provisions):** Clause 3.3.10 of the Schedule 1 of the NCS Regulations *inter-alia* states that:

*“The audited financial statements (i.e. profit and loss statement, balance sheet and cash flow statement) both on a standalone and consolidated basis for a period of three completed years, which shall not be more than six months old from the date of the issue document or issue opening date, as applicable. Such financial statements shall be should be audited and certified by the statutory auditor(s) who holds a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India (“ICAI”).*

*Listed issuers (whose debt securities or specified securities are listed on recognised stock exchange(s)) in compliance with the listing regulations, may disclose unaudited financial information for the interim period in the format as specified therein with limited review report in the issue document, as filed with the stock exchanges, instead of audited financial statements for the interim period, subject to making necessary disclosures in this regard in issue document including risk factors.”*

2.2.2. **Need for Change:**

The following comments have been received:

- a. *The size of an Offer Document becomes heavier due to inclusion of audited standalone and consolidated financial statements for the last three financial years and stub period financials - these audited financials are already disclosed in the annual report.*
- b. *The same is leading to technical difficulties at the timing of filing of offer documents with Registrar of Companies and uploading on websites.*
- c. *Multiple Service Request Numbers (SRNs) need to be generated and some SRNs take time to approve. In order to reduce the file size, the legibility of the document is also impacted. Inserting link as in case of Equity Issuances would reduce the file size.*
- d. *Further, pursuant to the facility to create QR Codes, audited financial statements may be made available on same QR code instead on including as part of the Offer Document.*

In view of the above reasons, comments have suggested that instead of inserting the Audited Financials for last three Financial Years and Stub period financials in the Offer Document, the same may be allowed to be provided as a QR code scanning of which opens the web-link to the Financials on Issuer's Website.

- 2.2.3. **Proposal:** Issuers that have listed outstanding NCDs as on the date of the issue document or issue opening date, as applicable, may insert a QR code, the scanning of which opens a web-link for the Audited Financials for last three Financial Years and Stub period financials in the Offer Document (as applicable). Such link shall direct the user to the Stock Exchange's website where such data is hosted.

**Consultation proposal 1.2:** Please provide comments on the following:

3. *Do you agree with the proposal mentioned at para 2.2.3?*

- 2.3. **Amendment to Schedule I (Disclosures for Issue of Securities) of the NCS Regulations - Details of certain information required for the current year such as Related Party Transactions, Remuneration of directors etc. to be specified as required upto the latest quarter:**

- 2.3.1. **Background (present regulatory provisions):** The following information as per Schedule I requires providing information for preceding three financial years and Current financial year:
- Clause 3.3.11 (b) Changes in its capital structure;
  - Clause 3.3.11 (c) Details of the equity share capital;
  - Clause 3.3.12 (b) Details of change in directors;
  - Clause 3.3.14 (b) Details of change in auditor;
  - Clause 3.3.18 (b) Details of all default/s and/or delay in payments of interest and principal of any kind of term loans, debt securities, commercial paper (including technical delay) and other financial indebtedness including corporate guarantee or letters of comfort issued by the company;
  - Clause 3.3.21 Details of default and non-payment of statutory dues;
  - Clause 3.3.23 Details of acts of material frauds committed against the issuer, if any, and if so, the action taken by the issuer;
  - Clause 3.3.25 Related party transactions entered with regard to loans made or, guarantees given or securities provided;
  - Clause 3.3.36 (b) (iii) Refusal of listing of any security of the issuer by any of the stock exchanges in India or abroad; and
  - Clause 3.3.41 (k) The details of acts of material frauds committed against the issuer, if any, and actions taken by the issuer.
- 2.3.2. **Need for change:** Comments have suggested that the above details should be specified for up-to the latest quarter, since issuers need to close books of account to finalise certain information such as Related Party Transactions, Borrowings etc. This eases the procedure involved in preparation of disclosures for an issuer.
- 2.3.3. **Proposal:** Issuers, instead of providing the information for the current financial year (i.e. as on date), the information for the aforesaid clauses may be provided till up-to the latest quarter of the current financial year.

**Consultation proposal 1.3:** Please provide comments on the following:

4. Do you agree with the proposal mentioned at para 2.3.3?

## 2.4. Standardization of shut period/ 'Record Date':

### 2.4.1. Background (present regulatory provisions) and need for change:

- 2.4.1.1. At present, as per Schedule I of the NCS Regulations, disclosures w.r.t record date is to be made as part of the summary sheet in the offer document. Record date is the date on which the investor must be the owner of the debt securities for corporate

actions. In the market parlance, shut period refers to the number of days between the Record Date and interest payment date/ redemption date.

2.4.1.2. Comments have been received on the inconsistency in terms of the duration of the shut period, which is said to vary from 1 to 45 days across issuers/ issuances. On average, it was observed to be around 15 days before the due date of payment. It was suggested that there should be uniformity and standardization in terms of market practice for treatment of record dates.

2.4.2. **Proposal:** The record dates be standardized at 15 days before the due date of payment of interest/ redemption.

**Consultation proposal 1.4:** Please provide comments on the following:

5. *Do you agree with the proposal to standardize the record date/ shut period at 15 days before the due date of payment of interest/ redemption?*

## 2.5. **Due Diligence Certificate by the Debenture Trustee (DT):**

### 2.5.1. **Background (present regulatory provisions) and need for change:**

2.5.1.1. As per Regulation 40 of NCS Regulations, the issuer is required to obtain a due diligence certificate from the debenture trustee at the time of filing of draft offer document as well as at the time of listing of securities. NCS Regulations specify the format of the due diligence certificate as well. Additionally, Chapter II of 'Master Circular for Debenture Trustees' ('DT Master Circular') specifies the format of due diligence certificate to be submitted by the debenture trustees at the time of filing of draft offer document and at the time of filing of listing application by the issuer. The format specified in the master circular is different for both requirements.

2.5.1.2. Comments received have suggested harmonizing the formats specified vide the provisions below and align the format specified under NCS Regulations in line with that of DT Master Circular.



- 2.5.2. **Proposal:** The format of the due diligence certificate under Regulation 40 and 44 of NCS Regulations may be modified as specified in **Annex-I**.

**Consultation proposal 1.5:** Please provide comments on the following:

6. *Do you agree with the proposed formats of the due diligence certificates under Regulation 40 and 44 of NCS Regulations?*

## 2.6. Publishing Financial Results in newspapers as per LODR regulations

- 2.6.1. **Background (Present regulatory provisions):** Regulation 52(8) of LODR Regulations *inter-alia* specifies the following:

*“The listed entity shall, within two working days of the conclusion of the meeting of the board of directors, publish the financial results, in at least one English national daily newspaper circulating in the whole or substantially the whole of India”*

### 2.6.2. Need for Change:

- 2.6.2.1. Comments received note that LODR Regulations already require that financial results have to be sent to the stock exchanges within thirty minutes of the closure of the board meeting (as per clause 16, Part B, Schedule III). The financial results are published on entity’s website in addition to the website of stock exchange immediately on approval by the board; thus the same is already accessible to debenture holders.

- 2.6.2.2. Hence, it has been submitted that publishing the same in a newspaper after a period of two working days may not add value since the information is already made public on the internet; it only increases the cost for the listed entities. Therefore, to facilitate cost reduction, promote usage of digital media and keeping in mind the impact on the environment, the requirement of publishing the financial results in the newspaper may be made optional.

- 2.6.3. **Proposal:** Accordingly, it is proposed to modify Regulation 52(8) to provide the listed entity, discretion to publish the financial results in a newspaper within the specified time period.

**Consultation proposal 1.6:** Please provide comments on the following:

7. Do you agree with the proposed discretion to the listed entities to publish the financial results in the newspapers?

### 3. Introduction of concept of Fast Track public issuance and listing of debt securities:

#### 3.1. Background and need for change:

3.1.1. Presently, eligible issuers as per regulation 5 of NCS Regulations can raise funds through a public issuance of debt securities<sup>2</sup> or by way of a private placement of non-convertible securities<sup>3</sup>.

3.1.2. In India, as is the case with the rest of the world, the corporate bond market is largely a private placement market. A large quantum of corporate bond issuances in India are made through private placements. A snapshot of the issuance data for the last two financial years is as under:

FY	Private Placement			Public issue			Total Amount raised	% of amount raised through public issuances to total amount raised
	No. of issues	No. of issuers	Amount raised (in Rs. Cr)	No. of issues	No. of issuers	Amount raised (in Rs. Cr)		
FY 2022	1405	313	588037	28	17	11589	599626	1.9%
FY 2023	1524	306	754467	34	22	9211	763678	1.2%

3.1.3. The following can be seen from the above data:

- 3.1.3.1. approximately 98% of the funds raised through issuance of debt securities are on a private placement basis.

<sup>2</sup> As per Regulation 2(1)(k) of NCS Regulations "debt securities" means non-convertible debt securities with a fixed maturity period which create or acknowledge indebtedness and includes debentures, bonds or any other security whether constituting a charge on the assets/properties or not, but excludes security receipts, securitized debt instruments, money market instruments regulated by the Reserve Bank of India, and bonds issued by the Government or such other bodies as may be specified by the Board;

<sup>3</sup>As per Regulation 2(1)(x) of NCS Regulations "non-convertible securities" means debt securities, non-convertible redeemable preference shares, perpetual non-cumulative preference shares, perpetual debt instruments and any other securities as specified by the Board;

- 3.1.3.2. nearly 95% of the issuers (majority of them are NBFCs/HFCs) utilise the private placement route to meet their debt fund requirements.
- 3.1.4. It is observed that issuers in the corporate debt market raise funds through multiple issuances throughout the year. A snapshot of top issuers tapping the market is placed as **Annex - II**.
- 3.1.5. Another statistic of significance is that the non-institutional participation in the Corporate Debt Market has remained at less than 2%, though there has been a small increase in the same recently. One important factor for this is the dominance of private placements and fewer public issues in the primary market. A snapshot of the investor mix in the debt market is placed at **Annex - III**.
- 3.1.6. Thus, there is scope in the corporate debt market to explore avenues to encourage public issuances of debt securities to boost participation of non-institutional investors, consequently broadening the investor base.
- 3.1.7. In view of the above, it is proposed to consider, like equity issuances, an avenue to debt issuers to make issuances of public issues on a 'fast track' basis.

3.2. **Proposed Fast Track Public Issue Process:**

The modalities for the fast track public issuance are proposed as under:

3.2.1. **Requirement of prospectus or GID-KID for fast track public issuance:**

It is proposed to extend the applicability of the GID and KID concepts for introduction of a common document for both fast track public issues and private placements. While the GID will be common for all issues made by the issuer for the year (public or private), the KID for the private placement will be sent only to a select group of persons for subscription, whereas the KID for a fast track public issue will be made available to the public. As opposed to a KID for a private placement, which contains only material information and financial results, the KID for the fast track public issue shall contain disclosures as specified in para 3.2.4 below.

### 3.2.2. Eligibility of the issuers for fast track public issuance:

The main intention of a fast track public issuance of debt securities is to facilitate frequent issuers with a consistent track record, to make public issues of debt securities with reduced time, cost and effort.

Considering the same, issuers fulfilling the following criteria may be considered to be eligible for fast track public issuance:

- i. The issuer should be eligible as per regulation 5<sup>4</sup> of the NCS Regulations
- ii. The Issuer's non-convertible securities or specified securities or units of REITs or InvITs are listed on a stock exchange for a minimum period of three consecutive years;
- iii. The issuer, at the time of the making the fast track public issue, is in compliance with the LODR Regulations, SEBI (Infrastructure Investment Trusts) Regulations, 2014 and SEBI (Real Estate Investment Trusts) Regulations, 2014, as applicable,
- iv. The debt securities being issued as part of the fast track public issue have been assigned a rating of not less than "AA-" or equivalent by atleast one credit rating agency registered with the Board;

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<sup>4</sup> Regulation 5 of NCS Regulations reads as under:

**"Eligible issuers**

5.(1) No issuer shall make an issue of non-convertible securities if as on the date of filing of draft offer document or offer document:

- (a) the issuer, any of its promoters, promoter group or directors are debarred from accessing the securities market or dealing in securities by the Board;
- (b) any of the promoters or directors of the issuer is a promoter or director of another company which is debarred from accessing the securities market or dealing in securities by the Board;
- (c) the issuer or any of its promoters or directors is a wilful defaulter;
- (d) any of the promoters or whole-time directors of the issuer is a promoter or whole-time director of another company which is a wilful defaulter;
- (e) any of its promoters or directors is a fugitive economic offender; or
- (f) any fine or penalties levied by the Board/Stock Exchanges is pending to be paid by the issuer at the time of filing the offer document:

Provided that the:

- (i) restrictions mentioned at (b) and (d) above shall not be applicable in case of a person who was appointed as a director only by virtue of nomination by a debenture trustee in other company.
- (ii) restrictions mentioned in (a) and (b) above shall not be applicable if the period of debarment is over as on date of filing of the draft offer document with the Board.
- (iii) restrictions mentioned at (c) and (d) shall not be applicable in case of private placement of non-convertible securities.

(2) No issuer shall make a public issue of non-convertible securities if as on the date of filing of draft offer document or offer document, the issuer is in default of payment of interest or repayment of principal amount in respect of non-convertible securities, if any, for a period of more than six months."

- v. There has been no downgrade in the rating of the Issuer, by two notches or more in the last 2 financial years preceding the date of filing of GID/ KID. (*E.g. From AAA to AA*)
- vi. No regulatory action under such regulations, as specified from time to time, is pending against the issuer or its promoters or directors, sponsors or investment managers, as applicable, before the Board. Further, the issuer shall be subject to such requirements as may be specified by its own principal or other financial regulator viz. RBI, IRDAI or PFRDA;
- vii. the issuer is not in default of:
  - a. the repayment of deposits or interest payable thereon; or
  - b. redemption of preference shares; or
  - c. redemption of debt securities and interest payable thereon; or
  - d. payment of dividend to any shareholder; or
  - e. repayment of any term loan or interest payable thereon.

### 3.2.3. Filing time for draft GID

The need to seek comments from the public on a draft offer document for a fast track public issue may be reduced to two working days in view of:

- i. The stringent eligibility norms proposed for a fast track public issue including appointment of a merchant banker (who carries out due diligence) would mean that the eligible issuers will possess a consistent track record of reporting and disclosure history and thus would have established a level of transparency and credibility with investors;
- ii. The initial as well as continuous disclosures of these issuers are already available on the public domain for three years or more;
- iii. The GID filed with the stock exchange consists of all the disclosures including the material events/developments as mentioned under Schedule I of SEBI NCS Regulations; the KID shall also contain disclosures that are relevant for the purpose of the public issue;
- iv. The draft offer document for public issue of NCDs placed on the stock exchanges' website have not received public comments historically;

- v. Reducing the requirement for seeking public comments to two working days will save five working days in the issuance process, which would in turn contribute to a faster public issuance.

#### 3.2.4. Disclosures in GID and KID:

The GID filed for fast track public issuance of debt securities shall consist of all the disclosures as specified under Schedule I of NCS Regulations.

The KID for a fast track public issue of debt securities shall contain the following information:

- (a) **Part A** – all disclosures that are relevant for a public issue but not in the GID e.g. Material changes from the GID, Material Developments, Risk Factors if any, not disclosed in the GID;
- (b) **Part B** – details of the offer of debt securities in respect of which the KID is being issued;

#### 3.2.5. Digital statutory advertisement for fast track public issuance:

The issuers opting for fast track public issue route may be allowed to utilise the electronic modes including advertisement on issuer's website, stock exchange's website, and debenture trustee's website etc. to advertise the public issue and the requirement of advertising in newspapers may be done away with. This will save time and costs for the issuer.

#### 3.2.6. Period of subscription:

The fast track public issue of debt securities may be kept open for minimum of one working day and a maximum of 10 working days. Further, in case of revision in the price band or yield, the extant bidding period may be extended by one more working day instead of three working days for a normal public issue.

#### 3.2.7. Minimum Subscription:

- i. It may be noted that during the last few years, more than 90% of the issuers tapping the public issue market are entities in the financial sector such as NBFCs/HFCs.

- ii. Unlike manufacturing companies, entities in the financial sector do not have capex based fund requirements as they need finance mainly for capital adequacy, onward lending and repayment of existing debt.
- iii. Therefore, removing the minimum subscription requirement for financing entities would ensure a consistent and economical influx of funds to support their operations.

Accordingly, it is proposed that requirement for minimum subscription for banks and entities in the financial sector, when undertaking fast track public issue of debt securities, may be done away with.

### 3.2.8. Retention of Over Subscription:

It is proposed that in case of fast track public issue of debt securities the retention limit may be fixed at a maximum of five times of base issue size to provide more flexibility to the issuers in terms of fund raising.

It is pertinent to mention that presently in case of public issue of debt securities, issuers are allowed to retain over subscription up to a maximum of hundred percent of base issue size. Further, in case of private placements, issuers are allowed a retention limit of 5 times of the base issue size.

### 3.2.9. Listing timelines

It is proposed that the timeline for listing of fast track public issue of debt securities may be specified at 'T+3', as opposed to 'T+6' for a regular public issue.

**All other provisions/ requirements applicable in case of public issue shall apply in case of fast track public issuance of debt securities.**

- 3.3. The proposed fast track issue will considerably bring down the timelines for raising funds via debt securities. An illustration in terms of difference between the timelines involved for a regular public issue and a fast track public issue is as under:

Sr.no	Steps involved in the issuance and listing of securities	Timelines for a regular public issue	Timelines for a fast track public issue
1	Seeking public comments on draft offer document	Seven working days	Two working days

Sr.no	Steps involved in the issuance and listing of securities	Timelines for a regular public issue	Timelines for a fast track public issue
2	Period of subscription, viz. no. of days the issue remains open	Three to ten working days (extension of three days in case of revision in yield)	One to ten working days (extension of one day in case of revision in yield)
3	Listing timelines	Six days from the date of closure of issue	Three days from the date of closure of issue
4	Preparation of offer document including due diligence by merchant banker	Generally, it takes around 45-60 days to prepare the same.	In view of acceptance of GID- KID as offer document in this case, it shall bring down the timeline considerably by 2-3 weeks.

**Consultation proposal 2:** Please provide comments on the following:

1. *Do you agree with the proposed framework of fast track public issue of debt securities?*
2. *Are the proposed eligibility norms delineated at para 3.2.2 adequate?*
3. *Do you agree with the proposed reduction in the number of days for seeking public comments to two working days as opposed to seven working days in case of public issue?*
4. *Whether the disclosures proposed in GID-KID as per para 3.2.4 adequate?*
5. *Do you agree with the proposal that a fast track public issue should be kept open for a minimum of 1 working day as opposed to that of minimum 3 working days in case of a regular public issue?*
6. *Do you agree with the proposal to remove the requirement of minimum subscription in case of banks and entities in the financial sector?*
7. *Do you agree with the proposal of retention of over subscription at five times of the base issue size?*
8. *Do you agree with the proposed listing timelines of T+3 in case of fast track public issue?*
9. *Any other specific comments pertaining to the proposal.*



#### 4. Public Comments:

4.1. Considering the implications of the aforementioned matters on the market participants, public comments are invited on the above-detailed proposals. The comments/suggestions should be submitted by any of the following modes latest by December 30, 2023 :-

##### 4.1.1. Preferably through Online web-based form

4.1.1.1. The comments may be submitted through the web based public comments form provided beside the consultation paper available in the following web link:

<https://www.sebi.gov.in/sebiweb/home/HomeAction.do?doListing=yes&sid=4&ssid=38&smid=35>

4.1.1.2. The instructions to submit comments on the consultation paper are as under:

1. *Before initiating the process, please read the instructions given on top left of the web form as "Instructions".*
2. *Select the consultation paper you want to comment upon from the dropdown under the tab – "Consultation Paper" after entering the requisite information in the form.*
3. *All fields in the form are mandatory;*
4. *Email Id and phone number cannot be used more than once for providing comments on a particular consultation paper.*
5. *If you represent any organization other than the types mentioned under dropdown in "Organization Type", please select "Others" and mention the type, which suits you best. Similarly, if you do not represent any organization, you may select "Others" and mention "Not Applicable" in the text box.*
6. *There will be a dropdown of Proposals in the form. Please select the proposals one- by-one and for each of the proposal, please record your level of agreement with the selected proposal. Please note that submission of agreement level is mandatory.*
7. *If you want to provide your comments for the selected proposal, please select "Yes" from the dropdown under "Do you want to comment on the proposal" and use the text boxes provided for the same.*
8. *After recording your response to the proposal, click on "Submit" button. System will record your response to the selected proposal and prompt you to record your response for the next proposal. Please follow the same procedure for all the proposals given in the dropdown.*

9. *If you do not wish to react on any proposal, please select that proposal from the dropdown and select "Do not wish to react on this proposal" and move to the next proposal.*
10. *After recording your response to all the proposals, you may see your draft response to all of proposals by clicking on "Check your response before submitting" just before submitting response to the last proposal in the dropdown. A pdf copy of the response can also be downloaded from the link given in right bottom of the web page.*
11. *The final comments shall be submitted only after recording your response on all of the proposals in the consultation paper.*

4.1.1.3. In case of any technical issue in submitting your comment through web based public comments form, you may contact the following through email with a subject: "Issue in submitting comments on Consultation paper on review of provisions of NCS Regulations and LODR Regulations for ease of doing business and introduction of fast track public issuance"

- a) Pradeep Ramakrishnan, GM ([pradeepr@sebi.gov.in](mailto:pradeepr@sebi.gov.in))
- b) [ddhs-ncs@sebi.gov.in](mailto:ddhs-ncs@sebi.gov.in)
- c) [ddhs-lodr\\_debt@sebi.gov.in](mailto:ddhs-lodr_debt@sebi.gov.in)

#### 4.1.2. Through Post

4.1.2.1. Alternately, comments may be sent by post to:

**Pradeep Ramakrishnan,**  
General Manager,  
Department of Debt and Hybrid Securities  
Securities and Exchange Board of India,  
SEBI Bhavan, C4-A, G-Block,  
Bandra Kurla Complex, Bandra (East), Mumbai -400051

4.1.2.2. Kindly use the below format for sending comments by post:

Name of the person/ entity proposing comments:				
Name of the organization (if applicable):				
Contact details:				
Category: whether market intermediary/ participant (mention type/ category) or public (investor, academician etc.)				
Sr. No.	Particulars of Question	Issues	Proposals/ Suggestions	Rationale

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- 4.1.2.3. While sending the post, kindly mention the subject of the communication as, *“Comments on Consultation paper on review of provisions of NCS Regulations and LODR Regulations for ease of doing business and introduction of fast track public issuance of debt securities”*.

**Issued on: December 09, 2023**

**Annex - I**

**FORMAT OF DUE DILIGENCE CERTIFICATE TO BE GIVEN BY THE DEBENTURE TRUSTEE [Regulation 40(a)]**

**FORMAT OF DUE DILIGENCE CERTIFICATE TO BE GIVEN BY THE DEBENTURE TRUSTEE AT THE TIME OF FILING OF DRAFT OFFER DOCUMENT AND BEFORE OPENING OF THE ISSUE**

To,

Stock Exchange

Dear Sir / Madam,

SUB.: ISSUE OF \_\_\_\_\_ BY \_\_\_\_\_ LTD.

We, the Debenture Trustee (s) to the above mentioned forthcoming issue state as follows:

(1) We have examined documents pertaining to the said issue and other such relevant documents, reports and certifications.

(2) On the basis of such examination and of the discussions with the issuer, its directors and other officers, other agencies and of independent verification of the various relevant documents, reports and certifications, WE CONFIRM that:

- (a) The issuer has made adequate provisions for and/or has taken steps to provide for adequate security for the debt securities to be issued.
- (b) The issuer has obtained the permissions / consents necessary for creating security on the said property (ies).
- (c) The issuer has made all the relevant disclosures about the security and also its continued obligations towards the holders of debt securities.
- (d) Issuer has adequately disclosed all consents/ permissions required for creation of further charge on assets in offer document/ placement memorandum and all disclosures made in the offer document/ placement memorandum with respect to creation of security are in confirmation with the clauses of debenture trustee agreement.
- (e) Issuer has disclosed all covenants proposed to be included in debenture trust deed (including any side letter, accelerated payment clause etc.), offer document/ placement memorandum.

Issuer has given an undertaking that charge shall be created in favour of debenture trustee as per terms of issue before filing of listing application.

PLACE:

DATE:

DEBENTURE TRUSTEE TO THE ISSUE WITH HIS RUBBER STAMP

**FORMAT OF DUE DILIGENCE CERTIFICATE TO BE GIVEN BY THE DEBENTURE TRUSTEE [Regulation 40(b)]**

**FORMAT OF DUE DILIGENCE CERTIFICATE TO BE GIVEN BY THE DEBENTURE TRUSTEE AT THE TIME OF FILING OF DRAFT OFFER DOCUMENT AND BEFORE OPENING OF THE ISSUE**

To,

Stock Exchange

Dear Sir / Madam,

SUB.: ISSUE OF \_\_\_\_\_ BY \_\_\_\_\_ LTD.

We, the Debenture Trustee (s) to the above mentioned forthcoming issue state as follows:

- (1) We have examined documents pertaining to the said issue and other such relevant documents, reports and certifications.
- (2) On the basis of such examination and of the discussions with the issuer, its directors and other officers, other agencies and of independent verification of the various relevant documents, reports and certifications, WE CONFIRM that:
  - (a) All disclosures made in the offer document with respect to the debt securities are true, fair and adequate to enable the investors to make a well informed decision as to the investment in the proposed issue.
  - (b) Issuer has disclosed all covenants proposed to be included in debenture trust deed (including any side letter, accelerated payment clause etc.), offer document/ placement memorandum.
  - (c) Issuer has given an undertaking that he debenture trust deed shall be executed before the filing of listing application.

PLACE:

DATE:

DEBENTURE TRUSTEE TO THE ISSUE WITH HIS RUBBER STAMP

**FORMAT OF DUE DILIGENCE CERTIFICATE TO BE GIVEN BY THE DEBENTURE  
TRUSTEE [Regulation 44(3)(a)]**

**FORMAT OF DUE DILIGENCE CERTIFICATE TO BE GIVEN BY THE DEBENTURE TRUSTEE  
AT THE TIME OF FILING OF LISTING APPLICATION BY ISSUER**

To,

Stock Exchange

Dear Sir / Madam,

SUB.: ISSUE OF \_\_\_\_\_ BY \_\_\_\_\_ LTD.

We, the Debenture Trustee (s) to the above mentioned forthcoming issue state as follows:

- (1) We have examined documents pertaining to creation of charge over assets of Issuer.
- (2) On the basis of such examination and of the discussions with the issuer, its directors and other officers, other agencies and of independent verification of the various relevant documents, reports and certifications, WE CONFIRM that:
  - (a) The Issuer has created charge over its assets in favour of debenture trustee as per terms of offer document/ placement memorandum and debenture trustee agreement.
  - (b) Issuer has executed the debenture trust deed as per terms of offer document/ placement memorandum and debenture trustee agreement.
  - (c) The Issuer has given an undertaking that charge shall be registered with Sub-registrar, Registrar of Companies, Central Registry of Securitization Asset Reconstruction and Security Interest (CERSAI), Depository etc., as applicable, within 30 days of creation of charge. The issuer has made all the relevant disclosures, which are true, fair and adequate, including that about the security and also its continued obligations towards the holders of debt securities.

PLACE:

DATE:

DEBENTURE TRUSTEE TO THE ISSUE WITH HIS RUBBER STAMP

**FORMAT OF DUE DILIGENCE CERTIFICATE TO BE GIVEN BY THE DEBENTURE  
TRUSTEE [Regulation 44(3)(b)]**

**FORMAT OF DUE DILIGENCE CERTIFICATE TO BE GIVEN BY THE DEBENTURE TRUSTEE  
AT THE TIME OF FILING OF LISTING APPLICATION BY ISSUER**

To,

Stock Exchange

Dear Sir / Madam,

SUB.: ISSUE OF \_\_\_\_\_ BY \_\_\_\_\_ LTD.

We, the Debenture Trustee (s) to the above mentioned forthcoming issue state as follows:

- (1) On the basis of examination of documents pertaining to the issue and of the discussions with the issuer, its directors and other officers, other agencies and of independent verification of the various relevant documents, reports and certifications, WE CONFIRM that:
- (a) Issuer has executed the debenture trust deed as per terms of offer document/ placement memorandum and debenture trustee agreement.
  - (b) The issuer has made all the relevant disclosures, which are true, fair and adequate and also its continued obligations towards the holders of debt securities.

PLACE:

DATE:

DEBENTURE TRUSTEE TO THE ISSUE WITH HIS RUBBER STAMP

Top issuers tapping the corporate debt market

Sr.no	Name of the issuer	FY 2023		FY 2022	
		No. of issues	Amount raised (in Rs. Cr)	No. of issues	Amount raised (in Rs. Cr)
1	Housing Development Finance Corporation Ltd	11	78415	11	50000
2	National Bank For Agriculture And Rural Development	15	49507	14	44415
3	Power Finance Corporation Ltd.	23	42097	9	13232
4	State Bank Of India	6	38851	3	13974
5	Small Industries Development Bank Of India	9	35405	5	8700
6	LIC Housing Finance Limited	23	29556	28	23822
7	HDFC Bank Limited	3	23000	1	5000
8	Bajaj Finance Limited	16	19685	17	15535
9	Rec Limited	9	18287	4	9080
10	Indian Railway Finance Corporation Limited	7	16548	6	19848



**Investor categorization in the corporate debt market**

Investor Category	Apr 22 -Mar 23	Apr 21 -Mar 22
Banks	31%	36%
Mutual funds	13%	14%
Insurance	12%	8%
NBFC	0%	0%
Provident/Pension Funds	6%	3%
Corporates	27%	29%
AIFs	1%	1%
FPIs	1%	1%
Trusts	1%	2%
Brokers	6%	4%
Others	0.28%	0.21%
<b>Total institutional investors [sum of rows ]</b>	<b>98.28%</b>	<b>98.21%</b>
Non- institutional Investors	1.72%	1.79%
<b>Total</b>	<b>100%</b>	<b>100%</b>

(source: NSDL and CDSL)