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SECURITIES AND EXCHANGE BOARD OF INDIA
NOTIFICATION
Mumbai, the 26th of June, 2018

SECURITIES AND EXCHANGE BOARD OF INDIA (PUBLIC OFFER AND
LISTING OF SECURITISED DEBT INSTRUMENTS) (AMENDMENT)
REGULATIONS, 2018

No. **SEBI/LAD-NRO/GN/2018/26**.- In exercise of the powers conferred by section 31 read with section 17A of the Securities Contracts (Regulation) Act, 1956 (42 of 1956) and section 30 read with sections 11 and 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992), the Board hereby makes the following Regulations to further amend the Securities and Exchange Board of India (Public Offer and Listing of Securitised Debt Instruments) Regulations, 2008, namely:-

1. These Regulations may be called the Securities and Exchange Board of India (Public Offer and Listing of Securitised Debt Instruments) (Amendment) Regulations, 2018.
2. They shall come into force on the date of their publication in the Official Gazette.
3. In the Securities and Exchange Board of India (Public Offer and Listing of Securitised Debt Instruments) Regulations, 2008,
 - i. the title “Securities and Exchange Board of India (Public Offer and Listing of Securitised Debt Instruments) Regulations, 2008”, shall be substituted with the following title, namely.-

“Securities and Exchange Board of India (Issue and Listing of Securitised Debt Instruments and Security Receipts) Regulations, 2008”

ii. in regulation 2, in sub-regulation (1), -

a. after clause (b), the following new clause shall be inserted, namely,-

“(ba) “asset reconstruction company” shall have the meaning assigned to it under clause (ba) of sub-section (1) of section 2 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002;”

b. the clause (h) shall be substituted with the following, namely, -

“(h) “investor” -

(i) with respect to “securities debt instrument” means any person holding any securitised debt instrument which acknowledges the interest of such person in the debt or receivables assigned to the special purpose distinct entity; and

(ii) with respect to “security receipts” means a qualified buyer holding security receipts which acknowledges the interest in the financial asset assigned to the issuer;”

c. the clause (i) shall be substituted with the following, namely,-

“(i) “issue” means an -

(i) offer of securitised debt instruments by a special purpose distinct entity or under any scheme of such entity to the public or to any person(s), which is proposed to be listed on a recognised stock exchange; or

(ii) offer of security receipts by a trust set up by an asset reconstruction company or under any scheme of such trust to the qualified buyers, which are proposed to be listed on a recognised stock exchange;”

d. after clause (i), the following new clause shall be inserted, namely,-

“(ia) “issuer” in context of security receipts, shall be a trust set up by the asset reconstruction company in terms of guidelines/regulations as provided by the Reserve Bank of India, and have issued or proposes to issue security receipts;”

e. the clause (l) shall be substituted with the following, namely,-

“(l) “offer document” means any –

- (i) document including an electronic document described or issued as an offer document or prospectus and includes any notice, circular, advertisement or other document inviting subscription from the public or purchase of any securitised debt instruments of a scheme formulated under these regulations; or
- (ii) a document including an electronic document, inviting subscription for the security receipts from the qualified buyers on private placement basis;

f. after clause (l), the following new clause shall be inserted, namely,-

“(la) “offer for sale” in context of security receipt, shall mean an offer of security receipts by the existing holders of security receipts to other qualified buyers;”

g. after clause (m), the following new clause shall be inserted, namely,-

“(ma) “private placement offer” in context of security receipts, shall mean an offer of security receipts by a trust setup by an asset reconstruction company to a qualified buyer(s) for subscription and includes an offer for sale of security receipts by an existing investor(s) of such security receipts to other qualified buyers;

h. after clause (ma), the following clause shall be inserted, namely,-

“(mb) “qualified buyer” shall have the same meaning assigned to it in clause (u) of sub-section (1) of section 2 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002;”

i. the clause (p) shall be substituted with the following, namely,-

“(p) “scheme” means a scheme for issue of securitised debt instruments in accordance with these regulations or for issue of security receipts under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 and/or regulations/guidelines as provided by the Reserve Bank of India and are proposed to be listed on a recognised stock exchange under these regulations;”

j. after clause (s), the following new clause shall be inserted, namely,-

“(sa) “security receipt” shall have the same meaning assigned to it in clause (zg) of sub-section (1) of section 2 of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002;”

k. the clause (v) shall be substituted with the following, namely,-

“(v) “sponsor” means –

- (i) any person who establishes or promotes a special purpose distinct entity for the purposes of issuance of Securitised debt instrument; or
- (ii) an asset reconstruction company who has established/promoted a trust which has issued security receipts;”

l. after clause (w), the following new clause shall be inserted, namely,-

“(wa) “valuer” means any person who is a "registered valuer" under section 247 of the Companies Act, 2013;”

iii. in regulation 2, the sub-regulation (2) shall be substituted with the following, namely, –

“(2) Words and expressions not defined in these Regulations, but defined in or under the Act or the Securities and Exchange Board of India Act, 1992 (15 of 1992) or the regulations made thereunder or the Companies Act, 2013 (18 of

2013) or the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (54 of 2002) or any applicable rules or regulations made by the Reserve Bank of India from time to time, or any statutory modification or re-enactment thereof, shall have the same meaning as have been assigned to them by or under those enactments, unless the context requires otherwise.”

- iv. in regulation 3,
 - a. in clause (a), the word “or” at the end of the sentence, shall be omitted.
 - b. in clause (b) the word “or” shall be inserted at the end of the sentence.
 - c. after clause (b), the following new clause shall be inserted, namely,-

“(c) to listing of security receipts issued to qualified buyer(s) on a recognized stock exchange in terms of Chapter VIIA, Chapter VIII and Chapter X.”

- v. after Chapter VII, and before Chapter VIII, the following new Chapter shall be inserted, namely, -

“CHAPTER VII A

ISSUANCE AND LISTING OF SECURITY RECEIPTS

ELIGIBILITY

38A. An issuer proposing to issue and list security receipts or only list its already issued security receipts shall comply with the provisions of this chapter.

38B. Security receipts proposed to be listed in terms of this chapter shall;

- i. be issued in compliance with the applicable rules and guidelines, as framed by the Reserve Bank of India, from time to time;
- ii. be issued on a private placement basis;

iii. comply with the provisions pertaining to issue of security receipts,;

Sale of security receipts by the existing holders

38C. (1) Any existing holder of security receipts, who proposes to sell, whole or part of, its holding of security receipts to the qualified buyers on private placement basis, where such security receipts are proposed to be listed, may do so, in accordance with the provisions of this Chapter.

Provided that such sale by any holder of security receipts shall be permitted only if the holding is not less than fifty percent of the outstanding security receipts.

(2) A sale of security receipts by any existing holder of such security receipts under these regulations, shall be subject to the issuer compulsorily listing the security receipts before complying with the provisions of this chapter.

Conditions for Listing of Security Receipts

38D. (1) An issuer may list its security receipts on a recognized stock exchange subject to the following conditions:

- (a) the security receipts have been issued on a private placement basis;
- (b) the issuer has issued such security receipts in compliance with the applicable laws;
- (c) the offer or invitation to subscribe to security receipts shall be made to such number of persons not exceeding two hundred or such other number, in a financial year, as may be prescribed from time to time.
- (d) the security receipts proposed to be listed are in dematerialized form;
- (e) the disclosures as provided in regulation 38E have been made in the offer document;
- (f) the minimum allotment made to the qualified buyers is Rs. 10 lakhs;
- (g) such security receipts have been valued prior to listing;

Provided that such valuation shall not be more than three months old from the date of listing and shall be done by an independent valuer;

(h) the security receipts have been rated by a credit rating agency registered with the Board.

Provided that such rating shall not be more than three months old from the date of listing.

(2) The issuer shall comply with the conditions of listing of such security receipts as specified in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Offer Document

38E. (1) An issuer seeking listing of security receipts on a recognized stock exchange shall make such disclosures in the offer document as specified by the Reserve Bank of India from time to time, and as specified in Schedule VA of these regulations.

Provided that the offer document shall not contain any false or misleading statement and shall disclose all material facts.

(2) The offer document as provided in sub-regulation (1) shall be made available for download on the web sites of stock exchanges where such securities are listed.

38F. In exercise of the powers conferred by sub-rule (7) of rule 19 of the Securities Contracts (Regulation) Rules, 1957, the Board shall waive the strict enforcement of sub-rules (1) to (3) of the said rule in relation to listing of security receipts issued in terms of these regulations, subject to compliance with these regulations

Valuation, rating and NAV disclosure

38G. (1) An issuer whose security receipts are listed on a recognized stock exchange shall ensure that:

- a) the listed security receipts are valued at the end of each quarter i.e. as on March 31, June 30, September 30 and December 31 of every year,
- b) valuation is conducted by an independent valuer; and
- c) the net asset value is calculated on the basis of such independent valuation and the same is declared by the asset reconstruction company within fifteen days of the end of the quarter.

(2) The issuer shall also comply with the extant Reserve Bank of India requirement of obtaining credit rating of security receipts at half yearly interval and declaration of the net asset value thereafter and/or any other requirement as prescribed by the Reserve Bank of India from time to time.

Provided that in those two quarters in a year, where both external valuation and credit rating are required, issuer shall disclose lower of the two calculated NAVs.

Trading of security receipts

38H. (1) The security receipts issued on a private placement basis, which are listed on recognised stock exchanges, shall be traded and such trades shall be cleared and settled in recognised stock exchanges subject to conditions specified by the Board.

(2) The trading lot of the security receipts shall not be less than Rs 10 lakh.

(3) The trades of security receipts which have been made over the counter, shall be reported on a recognized stock exchange having a nation-wide trading terminal or such other platform as may be specified by the Board.

(4) The Board may specify conditions for reporting of trades on the recognized stock exchange or other platform referred to in sub-regulation (3).”

- vi. in Schedules I, II, III, IV and V, the heading “Securities and Exchange Board of India (Public Offer and Listing of Securitised Debt Instruments) Regulations, 2008”, shall be substituted with the following heading, namely.-

“Securities and Exchange Board of India (Issue and Listing of Securitised Debt Instruments and Security Receipts) Regulations, 2008”

- vii. after Schedule V, the following Schedule shall be inserted, namely, -

“SCHEDULE VA

Securities and Exchange Board of India (Issue and Listing of Securitised Debt Instruments and Security Receipts) Regulations, 2008

(See regulation 38E)

DISCLOSURES TO BE MADE IN THE OFFER DOCUMENT

The offer document shall contain all material information which shall be true and adequate so as to enable the investors to make informed decision on the investment in the issue.

The disclosures shall be part of the objects of the issue in the offer document and shall include:

- A. Details of non-performing loans acquired by the issuer/ asset reconstruction company from various banks. Such details shall, inter-alia, include the following:
- (i) date of NPA classification;
 - (ii) details of assets;
 - (iii) facility-wise limits sanctioned;
 - (iv) nature of charge on the underlying assets i.e. 1st charge, 2nd charge, exclusive charge etc.;
 - (v) share in total debt;
 - (vi) details of guarantor(s), if any;

- (vii) details of custody of original title deeds;
- (viii) litigation, if any;
- (ix) willful defaulters, if any;
- (x) any valuation of collateral providing full details thereof;
- (xi) inspection report of collateral, if any;
- (xii) material findings in the due diligence report of Asset Reconstruction Company;
- (xiii) resolution plan formulated by Asset Reconstruction Company, if any;

B. Details of percentage holding of non-performing loans across other banks.”

sd/-

AJAY TYAGI
CHAIRMAN
SECURITIES AND EXCHANGE BOARD OF INDIA

Footnotes:

1. The SEBI (Public Offer and Listing of Securitised Debt Instruments) Regulations, 2008 were published in the Gazette of India on 26th May, 2008 vide No. LADNRO/GN/2008/12/126567.
2. SEBI (Public Offer and Listing of Securitised Debt Instruments) Regulations, 2008 were subsequently amended on-
 - (a) April 09, 2015 by the SEBI (Public Offer and Listing of Securitised Debt Instruments) (Amendment) Regulations, 2015 published in Official Gazette vide Notification No. SEBI-NRO/OIAE/GN/2015-16/001.
