

SEBI amends NCS Regulations:

Widens scope of Green Debt Securities | Mandates amendment of DTD & AOA of issuer for appt. of directors nominated by DT | Specifies offer period for public issue

Intent of the amendments

- To align extant framework with updated Green Bond Principles by ICMA which are recognized by IOSCO.
- To address the inefficiencies and delays due to lack of regulatory mandate in public issue of NCS.
- To facilitate appointment of nominee directors by DTs & better protect the interest of debenture holders.

Change in definition of 'green debt securities' amplified: To include yellow, blue and transition bonds

- **Blue Bonds** - Bonds issued for financing sustainable water management.
- **Yellow Bonds** - Bonds issued for financing solar energy and upstream as well as downstream industries associated.
- **Transition Bonds** – Bonds issued for transitioning to a more sustainable form of operation.
- Included other areas of sustainable development in the definition of Green Debt Securities on the lines of the green bond principles of the ICMA.

Regulatory fees to be paid to the DSE at the time of listing of perpetual NCS

Regulatory fees to be collected by DSE at the time of listing of perpetual debt instruments (PDI), perpetual non-cumulative preference shares and similar instruments will be as per Schedule VI of NCS Regulations.

What will be the effective date?

Amendments are effective from February 02, 2023.

Amendment in the DTD to include clause w.r.t. appointment of nominee director by the Debenture Trustee (DT)

- Debenture Trust Deed (DTD) to contain a provision mandating the issuer to appoint the person nominated by the DT as a Director on the Board within **1 month** from the date of receipt of the nomination
- Listed debt securities as on the effective date - to amend their DTD to incorporate the above **on or before September 30, 2023.**

Amendment in the AOA to include clause w.r.t. appointment of director nominated by DT

- AOA to contain a provision mandating the issuer to appoint the person nominated by the DT as a Director on the Board within **1 month** from the date of receipt of the nomination
- Listed debt securities as on the effective date - Issuers to amend their AOA to incorporate the above **on or before September 30, 2023.**
- Fresh issuers to submit an undertaking to comply within **six months** from the date of listing - w.e.f February 09, 2023

Timeline of offer period of public issue stipulated: Alignment with SEBI ICDR Regs, 2018

- Offer to be kept open for **minimum 3 working days** and up to **maximum 10 working days.**
- *In case of revision in price band or yield as disclosed in the offer document* - the issuer should extend the issue for minimum 3 working days.
- *In case of force majeure* - The issuer may extend the issue period by recording the reasons in writing.
- Overall issue period to not exceed maximum 10 working days.

Manner of serving the notice of recall/redemption prior to maturity of NCS

- Issuer to send the notice to eligible holders in the following manner:
- Soft copy via e-mail - in case email address registered with the Listed Entity (LE) or Depository;
 - Hard copy - in case email address is not registered
 - The issuer should **simultaneously** provide a copy of the such notice to Designated Stock Exchange (DSE).

Erstwhile requirement of publication of notice in the newspapers - done away with

In addition to intimation to the stock exchange earlier, the issuer was **also** required to provide newspaper advertisement in english daily national and regional daily newspaper having wide circulation at the place of registered office.

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