

SEBI Consultation Paper on proposed amendments in NCS Regs:

Changes in Offer Document | Mandatory Listing of Existing NCS | Disclosure of issue expenses | Widens scope of perpetual NCS

Introduction of General Information Document (GID)

- **Applicability:** Issue of NCS & Commercial Papers (CPs) on private placement basis.
- **When to file:** Issuers to file GID with the stock exchanges (SEs) at the time of **first issuance**.
- **Validity:** GID will have a validity of **1 year** from date of opening of first offer of NCS under the GID.
- **Contents:** Shall contain the following disclosures as specified:
 - In Annex-I of the Consultation Paper;
 - In CA, 2013;
 - Additional disclosures as maybe specified by SEBI.

Introduction of Key Information Document (KID)

- **Applicability:** Issue of NCS & CPs on private placement basis.
- **When to file:** Issuers to file KID with the SEs for subsequent private placement of NCS and CPs.
- **Frequency:** At the time of each issue
- **Disclosures in the KID:**
 - details of the offer made through the KID;
 - financial information as per Para 3.3.8 of Annex-I of the Consultation Paper(not more than 6 months old);
 - material changes and developments if any, not disclosed in GID.
 - In case of CPs - Additional disclosures specified in Annex II of the Consultation Paper.

Intent behind the proposals

- To bring parity between initial disclosures to be provided for public issuance of NCS and private placement of NCS.
- Dispensation from the filing of shelf placement memorandum - No limit of issuances during the year
- To align LODR Regulations with NCS Regulations and thereby mandating listing for further issuances.
- To ensure transparency in disclosure of issue related expenses.
- To include all issuers of perpetual instruments in the purview of NCS Regulations rather than limiting to RBI only.

Timeline to give comments

Comments may be submitted to SEBI by *February 24, 2023*.

Shelf placement memorandum - Done away with

- The shelf placement memorandum suffered the deficiency of shelf limit but the KID has no limit on the issue size to be raised during the validity period.
- Introduction of KID will dispense the requirement of filing numerous documents for subsequent issuances.

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Mandatory listing of NCS

- **Applicability:** Issuers having outstanding listed debt securities and proposing to make further issuances
- **Timeline for listing:**
 - **Prospective issuances:** To be listed as per provisions applicable to specified securities (Reg. 28 of LODR Regulations)
 - **Past issuances:**
 - O/s unlisted debt securities of maturity of **more than 5 yrs** - **Mandatory listing** within a specified time period
 - O/s unlisted debt securities of maturity of **less than 5 yrs** - **Optional listing** within a specified time period

Mandatory disclosure of issue related expenses

- Issuers to disclose various issue expenses incurred on issuance of NCS *irrespective of type of issuance*.
- **Manner of Disclosure:** Shall include break up for various heads and percentage of contribution to total issue expenses of respective categories.

Amendment to Reg. 50 relating to issue of Perpetual NCS

- For perpetual instruments issuance, the term **RBI** to be **replaced** with *other financial sector regulators*.
- This will require all the issuers of perpetual instruments to comply with Chapter V of NCS Regulations.