

CIRCULAR

SEBI/ HO/ MIRSD/ DOS3/CIR/P/2019/68

May 27, 2019

To,

All Issuers of debt securities

All registered Debenture Trustees,

All registered RTAs/STAs acting on behalf of listed issuers

All recognized Stock Exchange(s)

Dear Sir/Madam,

Subject: Enhanced disclosure in case of listed debt securities

With a view to further secure the interests of investors in listed debt securities, enhance transparency and to enable Debenture Trustees (DTs) to perform their duties effectively and promptly, pursuant to public consultation, amendments to the existing regulatory framework for governing Debenture Trustees (DTs), vide Gazette notifications no. [150](#), [151](#), [152](#) dated May 7, 2019 were carried out.

Taking into consideration the comments received from the public, the following guidelines are being issued:

1. Disclosure of compensation arrangement with clients by DTs on their websites.

- a. DTs shall disclose the nature of compensation arrangement with its clients on their websites, including the minimum fee to be charged (in absolute terms or as a percentage of the issue size) and factors determining the same.

2. Calendar of interest/ redemptions, due and paid, to be displayed on the website of DT(s) for the financial year.

- a. DTs shall display on their website the ISIN wise details of interest/ redemption due to the debenture holders in respect of all issues during a financial year within 5 working days of start of financial year. DTs shall also update such details for any new issues handled during the financial year within 5 days of closure of the Issue.
- b. DTs shall also update the status of payment ISIN-wise against such issuers not later than 1 day from the due date. In case the payment is made with a delay by the issuer, DTs shall update the calendar specifying the date of such payment, with a remark '*delayed payment*'.

3. Furnishing of updated list of debenture holders to the DTs by Issuers/ Registrars to an Issue and Share Transfer Agent (RTA).

- a. RTA / Issuers shall henceforth forward the details of debenture holders to the DT at the time of allotment and thereafter by the seventh working day of every next month in order to enable DTs to keep their records updated and to communicate effectively with the debenture holders, especially in situations where events of default are triggered.

4. Additional covenants in case of privately placed issues

- a. In privately placed issues, additional Covenants as under, shall be included as part of the Issue Details in the summary term sheet, as per the agreement between the issuer and investor:
 - i. Default in Payment: In case of default in payment of Interest and/or principal redemption on the due dates, additional interest of atleast @ 2% p.a. over the coupon rate shall be payable by the Company for the defaulting period

- ii. Delay in Listing: In case of delay in listing of the debt securities beyond 20 days from the deemed date of allotment, the Company shall pay penal interest of atleast @ 1 % p.a. over the coupon rate from the expiry of 30 days from the deemed date of allotment till the listing of such debt securities to the investor.
- b. It is clarified that amendments may be made, to incorporate the aforesaid additional covenants in the summary term sheet issued and/or agreement executed on or after May 7, 2019.

This circular is issued in exercise of the powers conferred by Section 11 (1) of Securities and Exchange Board of India Act, 1992 read with Regulation 31 (1) of SEBI (Issue and Listing of Debt Securities) Regulations, 2008 to protect the interest of investors in securities market, to promote the development of and to regulate the securities market.

Yours faithfully,

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