



**KHAITAN
& CO** ADVOCATES
SINCE 1911



20 August 2024

SEBI NOTIFIES AMENDMENTS:

**MOVING TOWARDS A CONCISE AND DIGITISED
DISCLOSURE REGIME FOR INDIAN BOND MARKET**

INTRODUCTION

The Securities and Exchange Board of India (SEBI) in its board meeting dated 30 April 2024 (SEBI Board Meeting), approved various proposals to amend the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (SEBI NCS Regulations) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR Regulations) to ease investments in Indian bond market. The key takeaways from the SEBI Board Meeting can be accessed here in our [Ergo](#).

On 3 July 2024, SEBI issued a circular to notify one of the proposals of the SEBI Board Meeting in relation to reduction in denomination of listed debt securities and non-convertible redeemable preference shares (NCRPS). Our Ergo on the same can be accessed [here](#).

Pursuant to the SEBI (Issue and Listing of Non-Convertible Securities) (Amendment) Regulations, 2024 (NCS Amendment Regulations) and the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2024 (LODR Second Amendment Regulations, and together with NCS Amendment Regulations, Amendment Regulations), SEBI has amended the SEBI NCS Regulations and the SEBI LODR Regulations on 8 July 2024 to give effect to the remaining proposals approved by SEBI in the SEBI Board Meeting, which, *inter alia*, are: (i) disclosure of financials *via* web links and QR codes; (ii) fixation of record date; (iii) alignment of due diligence certificate; and (iv) publication of financials in newspaper for listed entities.

The Amendment Regulations have come into effect on and from 8 July 2024.

IMPACT ANALYSIS OF THE AMENDMENT REGULATIONS

Following is a tabular representation of the key amendments brought in by SEBI pursuant to the Amendment Regulations and their impact analysis:

Sr. No.	Particulars	Amendment	Impact	Applicability
1.	Disclosure of audited financials <i>via</i> web links and QR codes in disclosure documents	The issuers (having outstanding listed NCS on the date of disclosure document) are now permitted to disclose audited financials for the last three years by inserting in the disclosure document, a web link and QR code of the stock exchange website where such audited financials of the issuer are hosted. However, insertion of such web links or QR code in the disclosure document is permitted only if such listed issuers disclose comparative key operational and financial parameters (both on consolidated and standalone basis) for the last 3 completed years in the disclosure document, which is certified by a statutory auditor holding a	This amendment allows for digital presentation of financials and will substantially ease out the disclosure of the financial information by the issuer in the disclosure document. Pursuant to this amendment, size of the disclosure document will be substantially reduced and all the technical issues observed by the issuers at the time of uploading the disclosure documents on the stock exchange will be eliminated. In order to ensure that some financial information is captured in the disclosure document and to give comfort to the investor, the	Listed issuer (both debt and/or equity listed entities) for issuance of new debt listed securities

Sr. No.	Particulars	Amendment	Impact	Applicability
		<p>valid certificate from the Peer Review Board of the Institute of Chartered Accountants of India (ICAI).</p>	<p>comparative key operational and financial parameters on a consolidated and standalone basis (certified by statutory auditor), for the last 3 completed years will continue to be required to be disclosed by the issuers in the disclosure document.</p> <p>However, procuring the said certificate from a statutory auditor holding a valid certificate from the Peer Review Board of ICAI imposes an additional burden on the issuer and may delay the issuance timelines.</p>	
2.	<p>Standardisation of record date for identifying eligible holders of listed debt securities</p>	<p>The issuers are now required to fix the record date at 15 (fifteen) calendar days prior to date of payment of interest (or dividend), repayment of principal or any other corporate action.</p>	<p>This amendment will bring much needed uniformity in terms of fixation and standardisation of record date or shut period, across all issuances of listed debt securities in the Indian bond market. Pursuant to this amendment, it appears that the issuers which have payment due date on or after 8 July 2024 (in terms of interest or principal amount payable on the existing listed debt securities or debt securities to be listed in future) will have to ensure that the record date is 15 (fifteen) calendar days prior to such due date.</p>	<p>Both new debt listed securities and existing debt listed securities of all issuers</p>
3.	<p>Alignment of the requirement of due diligence certificate with the SEBI Master Circular for Debenture Trustees</p>	<p>Prior to the NCS Amendment Regulations, the debenture trustees were required under the SEBI NCS Regulations to issue the due diligence certificate before opening of the issue of secured or unsecured debt securities on public and private placement basis.</p> <p>Pursuant to the NCS Amendment Regulations: (a)</p>	<p>This amendment is brought in by SEBI to introduce separate formats of due diligence certificates required to be issued by the debenture trustee at the time of opening of the issue and at the time of listing of the issue, which was present under the SEBI Master Circular for Debenture Trustees bearing reference no. SEBI/HO/DDHS-PoD3/P/CIR/2024/46 dated 16 May 2024 (SEBI DT Master</p>	<p>New debt listed securities of all issuers</p>

Sr. No.	Particulars	Amendment	Impact	Applicability
		<p>the formats of the due diligence certificates which are required to be issued by the debenture trustees at the time of filing of listing application for secured or unsecured issuance of debt securities on public and private placement basis are modified; and (b) the due diligence certificates are also required to be disclosed by the stock exchange on its website along with disclosure document.</p>	<p>Circular) and to align the requirement of issuance of due diligence certificates by the debenture trustees as per SEBI DT Master Circular and also to harmonise the format of due diligence certificates set out under the SEBI NCS Regulations and SEBI DT Master Circular.</p> <p>This amendment will provide much needed clarity, uniformity and transparency in the requirements and the formats of due diligence certificates to be issued by the debenture trustee, which were inconsistent under the SEBI NCS Regulations (prior to the NCS Amendment Regulations) and SEBI DT Master Circular.</p>	
4.	<p>Publication of financial results in newspaper by debt listed entities</p>	<p>The amendment introduces a new mechanism of providing financial results by debt listed entity in the newspaper in the form of a window advertisement through QR Code and link of its website and stock exchange website where the financials are uploaded, instead of disclosing full financial results. This option can be exercised for: (a) outstanding NCS in which case, such listed entity shall obtain prior approval of debenture trustee; and (b) future issuances in which case, such entity is required to either make a disclosure in the disclosure document or seek the debenture trustee's prior approval.</p>	<p>This amendment seeks to provide for modern and efficient digitised mechanism of disclosure of the financial results of debt listed entities. The requirement of obtaining prior approval from the debenture trustee on the disclosure requirement in disclosure documents aims to increase accountability of the debenture trustee, protect investors' interest, and increase transparency in the Indian bonds market.</p>	<p>Listed issuers (both debt and/or equity listed entities) which are issuing new debt listed securities or have outstanding debt listed securities</p>

COMMENT

With these amendments, SEBI aims to: (a) simplify the process of disclosures to be made by the issuers; (b) bring uniformity, clarity and transparency in the Indian bond market; (c) remove inconsistencies between various regulations and guidelines issued by it; (d) make the regulatory

framework more robust; and (e) implement efficient ways of providing continuous disclosures by the issuers in a very cost effective manner. These significant changes introduced by SEBI demonstrate its continued efforts to improve and develop the Indian bond market to make it more investor-friendly environment.

- *Manisha Shroff (Partner), Mohit Nad (Principal Associate), and Akshansh Sharma (Associate)*

For any queries please contact: editors@khaitanco.com

AMBITION STATEMENT

"Our ambition is to be a respectable law firm providing efficient and courteous service, to act with fairness, integrity and diligence, to be socially responsible and to enjoy life. We should put greater emphasis on working in consonance with our aforesaid values than on maximizing earnings. Earn we should but with dignity and pleasure."

Khaitan & Co is a premier full-service Indian law firm with 25+ practice areas, over 1,000 lawyers, including 200+ partners. To know more about us, please visit www.khaitanco.com