

CIRCULAR

SEBI/HO/DDHS/DDHS-RACPOD1/CIR/P/2023/028

February 09, 2023

To,

**Issuers who propose to list Non-Convertible Securities, Securitised
Debt Instruments, Security Receipts, Municipal Debt Securities or Commercial Paper;
All Recognized Stock Exchanges;
All Debenture Trustees registered with SEBI;**

Dear Sir/ Madam,

Sub: Clarification in respect of the compliance by the first-time issuers of debt securities under SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 with Regulation 23(6)

1. Regulation 23(6) read along with Regulation 2(1)(r) of Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 ("**NCS Regulations**") requires the Articles of Association ("**AoA**") of an issuer that is a company to include provisions with respect to the requirement for the board of directors to appoint such person nominated by the debenture trustee in terms of clause(e) of sub-regulation(1) of regulation 15 of the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993. The regulation also provides a time period upto September 30, 2023 for existing debt listed issuers to amend their AoA.
2. SEBI is in receipt of representations from certain first time issuers who are in the process of preparing for their first listed privately placed Non-Convertible Debentures ("**NCDs**") or public issue of NCDs. They have requested that they may also be provided a time frame, as already provided to listed issuers, to amend their AoA to give effect to the above amendments since it requires formalities like approval from shareholders and conducting board and general meetings. The representations also state that due to the imminent financial year end, there is a spree of borrowing/ fund raising activities and the above provision will dissuade many issuers from approaching the market.

3. In view of the above and the difficulties posed to first time issuers, the Stock Exchanges are advised to take an undertaking from such first-time issuers that they will ensure that their AoA are amended within a period of six months from the date of the listing of the debt securities. This undertaking may be obtained at the time of granting the in-principle approval. The issuer shall, within such time, comply and report compliance to Stock Exchanges, which shall periodically monitor/ remind such issuers on doing the needful.
4. The circular shall come into force with immediate effect.
5. The Circular is issued in exercise of the powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 read with Regulations 55 (1) and 56 of the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021, to protect the interest of investors in securities and to promote the development of, and to regulate the securities market.
6. This Circular is available at www.sebi.gov.in under the link “Legal→Circulars”.

Yours faithfully,

Pradeep Ramakrishnan
General Manager
Department of Debt and Hybrid Securities
+91-22-26449246
pradeepr@sebi.gov.in