

ARTICLE ON SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) (FIFTH AMENDMENT) REGULATIONS, 2018

Securities Exchange Board of India (SEBI) vide its Notification No. SEBI/LAD-NRO/GN/2018/30 dated September 06, 2018 amended the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI (LODR) Regulations, 2015”).

1. Regulation 2 on Definition under LODR 2015 is amended as below:

a. Clause (h) – Definition of **Designated Securities altered as below:**

The words and symbols “**security receipts**” has been **inserted** after the words “Securitized debt instruments” and before the words “units”.

Now Clause (h) reads as follows:

“Designated securities” means specified securities, non-convertible debt securities, non-convertible redeemable preference shares, perpetual debt instrument, perpetual non-cumulative preference shares, Indian depository receipts, securitised debt instrument, **security receipts**, units issued by mutual funds and any other securities as may be specified by the Board.

b. Clause (v)- Definition of **Offer Document is altered as below:**

The words and symbols “Securities Exchange Board of India (Public Offer and Listing of Securitized Debt Instruments) Regulations, 2008” has been **substituted** with the Securities Exchange Board of India (Issue and listing of Securitized Debt Instruments and Security Receipts) Regulations, 2008.

c. Clause (zg)- Definition of **Securitized debt instruments is altered as below:**

The words and symbols of this clause has been **substituted** with “Securitized debt instruments shall have the meaning assigned to it under the Securities Exchange Board of India (Issue and listing of Securitized Debt Instruments and Security Receipts) Regulations, 2008”.

d. Clause (zga)- Definition of **Security Receipts: This new clause has been **inserted** after the Clause (zg) and before the clause (zh). It reads as under:**

“security receipts” shall have the meaning assigned to it under the Securities Exchange Board of India (Issue and listing of Securitized debt Instruments and Security Receipts) Regulation, 2008”.

e. **Clause (zh)**- Definition of **Servicer** is altered as below:

The words and symbols “Securities Exchange Board of India (Public Offer and Listing of Securitised Debt Instruments) Regulations, 2008” has been **substituted** with the Securities Exchange Board of India (Issue and listing of Securitised Debt Instruments and Security Receipts) Regulations, 2008.

2. **Regulation 3 (Applicability of the regulations)**: SEBI (LODR) Regulations, 2015 is applicable to listed entity who has listed its securities on Stock Exchange as mentioned in this regulation where new clause (da) namely **Security Receipt** has been **inserted** after clause (d) and before clause (e).
3. Under Chapter VIII which is on obligation of listed entity which has listed its Securitised Debt Instruments, in **sub-regulation (2) of regulation 81**, the words and symbols “Securities Exchange Board of India (Public Offer and Listing of Securitised Debt Instruments) Regulations, 2008” has been **substituted** with the Securities Exchange Board of India (Issue and listing of Securitised Debt Instruments and Security Receipts) Regulations, 2008.
4. **Chapter VIII A** has been **inserted** specifying the “**Obligations of listed entity which has listed its Security Receipts (SRs)**” after Chapter VIII and before Chapter IX **along with Part E of Schedule III** which specifies all the events or information related to Security Receipts which needs to be disclosed with Stock Exchange.

HIGHLIGHTS OF REGULATIONS OF CHAPTER VIII A- OBLIGATIONS OF LISTED ENTITY WHICH HAS LISTED ITS SECURITY RECEIPTS:

The **highlight of regulations of Chapter VIII A** includes the following:

➤ **87A- Applicability:**

- The provisions of this chapter will be applicable to the issuer of security receipts which has listed its **security receipts** and the issuer and its sponsor shall ensure compliance with each of the provisions of these Regulations. [Sub-regulation (1)]

➤ **87B- Intimations and Disclosure of events or information to Stock Exchanges :**

- All events or information, as specified in newly inserted Part -E to be disclosed as soon as reasonable possible but **not later than 24 hours** from occurrence of event/ information. Upon failure of the same, listed entity shall provide an explanation for the delay along with such disclosure

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- Disclosure of said material information on its website or on the website of sponsor, which shall be hosted on the website for **minimum period of 5 years** and thereafter as per the archival policy of the listed entity, as disclosed on its website.
- **87C- Valuation, Rating and Net Asset Value (NAV) disclosure:**
 - Valuation of Listed SRs is mandatorily to be done by **an independent valuer** at the end of each quarter.
 - **NAV** is to be calculated and the same to be declared by the asset reconstruction company (ARC) **within 15 days** from the end of quarter.
 - The issuer shall also comply with the requirement of RBI for obtaining **Credit rating** of SRs on half yearly basis and declaration of NAV.[Sub-regulation (2)]
- **87D- Terms of SRs:**
 - Any SRs issued would be transferable only in favour of **Qualified Buyers** in terms of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI). [Sub-regulation (1)]
- **87E - Record Date:**
 - The listed entity shall intimate the record date **at least seven working days** (excluding the date of intimation and the record date) in advance to the stock exchange (s).

PART E OF SCHEDULE III OF LODR IS ADDED AS BELOW:

Disclosure of Events or Information to Stock Exchange: Security Receipts

The following events or information to be disclosed to stock exchange **within maximum 24 hours** from the occurrence of events or information:

- **Events related to cash flows**
 - Delay or expected delay in cash flows
 - Change in value of cash flows
 - Receipt of cash flow or expected cash flow along with quantum so received
 - Proposal or action for forfeiture of unclaimed cash flow
- **Credit Rating**
 - periodic rating obtained from credit rating agency or revision in rating
 - Proposal to change in credit rating agency

➤ **Net Asset Value (NAV)**

- Periodic NAV
- Proposal to change of valuer

➤ **Underlying Assets**

- Change in profile of assets by way of accretion to or realization of assets from the existing pool
- Proposal for acquisition of assets including terms of acquisition
- Expected non-realisation or non-realisation of the financial assets and remedial measures proposed to be undertaken
- Change in nature of charge on the underlying assets
- Initiation or status update with respect to reference to National Company Law Tribunal (NCLT) under the Insolvency and Bankruptcy Code 2016

➤ **Terms relating to Security Receipts (SRs)**

- Proposal to change or any change in terms of SRs including rights or privileges or nature or form
- Proposal or action with respect to exercising call/ put option (right to redeem) or any similar option
- Breach of covenant(s) under the terms of SRs
- Proposal or action for forfeiture of SRs
- Any attachment or prohibitory orders restraining the listed entity from transferring SRs

➤ Change in resolution plan

➤ Change in credit enhancement measures

➤ Change in percentage holding of non-performing loans across other banks

➤ Any change in the general character or nature of business/ activities, disruption of operation due to natural calamity etc. of listed entity

➤ Advance intimation of the Board Meeting, at which the recommendation or declaration of issue of SRs or any other matter affecting the rights or interest of holders of SRs is proposed to be considered and also outcome of such meetings

➤ Fraud or defaults by sponsor or KMP or arrest of KMP or sponsor

➤ Change in Directors, KMP, Auditor and Compliance officer of the sponsor

➤ Any other disclosure prescribed by RBI

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- Any other adequate disclosure not provided above.

The link of SEBI (Listing Obligations And Disclosure Requirements) (Fifth Amendment) Regulations, 2018 is as under:

https://www.sebi.gov.in/legal/regulations/sep-2018/securities-and-exchange-board-of-india-listing-obligations-and-disclosure-requirements-fifth-amendment-regulations-2018_40329.html

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Amita Desai & Co.

Company Secretaries

Mumbai Off :

1005, Hubtown Solaris

Landline: + 91-22-2684-5920/21

Off Western Express Highway

Fax: + 91-22-6678-7499

East End of Andheri Flyover

Mobile : + 91-982-017-7691

Off: 1005, Solaris Hubtown, Andheri East End of Andheri Flyover, Andheri East, Mumbai-400 069

Tel : 91 22 26845919/20/21 Cell 09820177691

Website : www.amitadesai.com email : info@amitadesai.com