

**CIRCULAR**

**SEBI/HO/DDHS/DDHS\_Div1/P/CIR/2022/158**

**November 24, 2022**

To,

**All Issuers who have listed/ propose to list municipal debt securities;  
All Recognized Stock Exchanges;  
All Registered Depositories;  
Registered Credit Rating Agencies, Debenture Trustees, Merchant Bankers**

Madam/ Sir,

**Sub: Disclosures and compliance requirements for Issuance and Listing of Municipal Debt Securities under SEBI (Issue and Listing of Municipal Debt Securities) Regulations, 2015, which fall within the definition of “green debt security”**

1. SEBI (Issue and Listing of Municipal Debt Securities) Regulations, 2015 (ILMDS Regulations) and circulars issued thereunder, provide the framework for issuance and listing of municipal debt securities. SEBI has also specified the continuous disclosure and compliance requirements to be complied with by issuers of Municipal Debt Securities<sup>1</sup>.
2. The ILMDS Regulations do not define ‘green debt security’.
3. It is pertinent to mention that Regulation 2(1)(q) of the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (NCS Regulations), defines “green debt security”. Further, Chapter IX of the Operational Circular dated August 10, 2021<sup>2</sup>, *inter alia*, provides the initial and continuous disclosure requirements for entities issuing/proposing to issue green debt securities.
4. SEBI has received representations from market participants on the compliances an issuer under the ILMDS Regulations would have to undertake in case it is desirous of issuing a green debt security, in the absence of similar provisions in the ILMDS Regulations.
5. Accordingly, an issuer under the ILMDS Regulations may issue a green debt security if it falls within the definition of “green debt security”, as per Regulation 2(1)(q) of the NCS Regulations.
6. Such issuer, shall, in addition to the requirements prescribed under the ILMDS Regulations and circulars issued thereunder, comply with the provisions for ‘green debt security’, as specified under the NCS Regulations and circulars issued thereunder.
7. The Stock Exchanges and Depositories are advised to:
  - a. make amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision, as may be applicable/ necessary;
  - b. carry out system changes, if any, to implement the above;
  - c. disseminate the provisions of this circular on their website;

<sup>1</sup> CIR/IMD/DF1/60/2017 dated June 19, 2017 and SEBI/HO/DDHS/CIR/P/134/2019 dated November 13, 2019;

<sup>2</sup> Circular no. SEBI/HO/DDHS/P/CIR/2021/613, “Operational Circular for issue and listing of Non-convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper”;

- d. communicate to SEBI, the status of implementation of the provisions of this circular;  
and
  - e. monitor the compliance of such issuances in terms of relevant provisions under NCS regulations including circular issued thereunder.
8. This circular shall come into force with immediate effect.
9. 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 Regulation 29 of the SEBI (Issue and Listing of Municipal Debt Securities) Regulations, 2015, to protect the interest of investors in securities and to promote the development of, and to regulate the securities market.
10. This Circular is available at [www.sebi.gov.in](http://www.sebi.gov.in) under the link "Legal→Circulars".

Yours faithfully,

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