



SEBI Issues Circular for Clarification of Guidelines for Debenture Trustees and Listed Issuer Companies on Security Creation and Initial Due Diligence

On 19th December 2022, the Securities Exchange Board of India (SEBI) issued a Circular in regard to a previously issued Circular No. - [SEBI/HO/DDHS/DDHS Div1/P/CIR/2022/106](#) on "Enhanced Guidelines for Debenture Trustees and Listed Issuer Companies on Security Creation and Initial Due Diligence", issued on 04th August 2022.

The Circular states that SEBI has received Representations from Depositories and market participants seeking clarifications in regard to para A.3 and para A.4.6 of the previously issued Circular, particularly if the new ISIN is to be allocated under -

- a change in the underlying security,
- creation of additional security, or
- creation of security in case of unsecured debt securities.

SEBI has clarified that none of the above cases can constitute any change in the structure of the non-convertible debt securities, provided that there are no other changes to the terms or the nature of the issue of the non-convertible debt securities, such as coupon rate, maturity date, redemption schedule, face value, nature of the non-convertible debt securities (secured/unsecured), etc. In accordance, the Depository is not permitted to assign a new ISIN for such cases. Although, in case of change in any underlying security, the debenture trustee is to ensure compliance measures are being maintained in accordance with Regulation 15(1)(i) of the SEBI (Debenture Trustees) Regulations, 1993.

This particular Circular was issued through the exercise of powers as conferred under Section 11 (1) of the SEBI Act, 1992, to be read with Regulation 2A of SEBI (Debenture Trustees) Regulations, 1993, Regulations 55 of SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 and Regulation 101(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to serve the purpose of protecting the investor's interests in securities and for protecting the development and regulation over the securities market.

Official Notification Attached [here](#)



Sushree Dash
Legal Researcher