



CIRCULAR

CIR/IMD/DF-1/ 25 /2017

March 22, 2017

To

All Issuers

All Recognized Stock Exchanges

All Depositories

All Registered Merchant Bankers

Dear Sir / Madam,

Sub.: Submission of accounts for debt securities issued under the SEBI (Issue and Listing of Debt Securities by Municipalities) Regulations, 2015

1. Regulation 15 (1) (b) of the SEBI (Issue and Listing of Debt Securities by Municipalities) Regulations, 2015 (**SEBI ILDM regulations**) requires that an issuer making issue of debt securities under these regulations, on a private placement basis, shall submit its accounts prepared in accordance with National Municipal Accounts Manual or in accordance with similar Municipal Accounts Manual adopted by the respective State Government for at least three immediately preceding financial years.
2. SEBI is in receipt of feedback that as per the processes followed by municipalities/ municipal corporations, the audited accounts for a financial year would be available by the end of the next financial year due to late approval of accounts. The accounts of a financial year, along with the budget for the next financial year, gets approved by the standing committee and governing body only in the next financial year. This leads to time lag of over one financial year.

For example, as informed by municipalities, if the issue is made in the current financial year (FY) i.e. FY 2016-17, the accounts would be required to be submitted for the FY 2013-14, 2014-15 and 2015-16. In such a case, the municipalities would be able to submit the audited accounts only for the FY 2013-14 and 2014-15. However, for the FY 2015-16, the audited accounts would not be available before the month of June/July 2017.



भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

In view of the above operational procedures followed by municipalities, it would be difficult for them to submit the audited accounts for the immediately preceding financial year, in the information memorandum submitted to the stock exchanges, for the private placement issue of debt securities.

3. In order to kick-start and provide an impetus to the municipal bond market in India, it has been decided to provide following dispensation to the municipalities with respect to submission of accounts for private placement issues of debt securities under the SEBI ILDM regulations:-

*“Any issuer proposing to issue debt securities under these regulations, in the **FY 2017-18**, shall submit the following documents:*

- a) Audited accounts for the financial years 2013-14, 2014-15 and 2015-16 in the information memorandum to the stock exchanges.*
- b) For the immediately preceding FY i.e. FY 2016-17, the issuers shall submit the half yearly financial statements, as available (audited or unaudited) as on September 2016.*

However, the audited accounts for the said FY i.e 2016-17 shall be submitted within one year from the end of that FY (i.e. by March 31, 2018) to the recognized stock exchanges, where the debt securities have been listed. Such audited accounts shall be displayed on the website of the recognized stock exchanges and the issuer. The issuers shall also be required to provide on request, a copy (physical or electronic) of such audited accounts to its investors.”

4. The provisions of this circular shall be applicable for the debt securities issued, in accordance with SEBI (Issue and Listing of Debt Securities by Municipalities) Regulations, 2015 on or after April 01, 2017.
5. This circular is issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 read with regulation 29 of the SEBI ILDM Regulations, to protect the interests of investors in securities and to promote the development of, and to regulate the securities markets.
6. This Circular is available on SEBI website at www.sebi.gov.in under the categories “Legal Framework”.

Yours faithfully,

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