



भारतीय प्रतिभूति  
और विनियम बोर्ड  
Securities and Exchange  
Board of India

DEPUTY GENERAL MANAGER  
DEPARTMENT OF DEBT AND HYBRID SECURITIES  
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SEBI/HO/DDHS/OW/P/34794/2019  
December 26, 2019

Venkatesh Prabhu  
Sr. Vice President  
Beacon Trusteeship Limited  
4C & D, Siddhivinayak Chambers, Gandhi Nagar,  
Opp MIG Cricket Club Bandra (E),  
Mumbai 400 051  
Dear Sir,

**Subject: Informal guidance by way of an interpretive letter under the SEBI (Informal Guidance) Scheme, 2003**

1. This has reference to your letter dated October 14, 2019 wherein you have sought informal guidance by way of an "Interpretive letter" from SEBI under paragraph 5(ii) of the SEBI (Informal Guidance) Scheme, 2003.
2. In your letter under reference, you have, *inter-alia*, represented the following:
  - a. Beacon Trusteeship Limited (the "Trustee" or "Beacon") is registered with the SEBI as a debenture trustee since April 11, 2016 bearing registration number IND000000569. Beacon was incorporated on December 23, 2015 with the main object of providing trusteeship services by a group of ex-bankers and professionals with vast experience in the trusteeship business.
  - b. Trust Investment Advisors Private Limited (the "Sponsor" and "Originator") is registered with SEBI as a Category 1 Merchant Banker since 29.03.2007 bearing registration number INM00001 1120 and as portfolio Manager since 01.10.2006 bearing registration number INP000001843.
  - c. Trust Investment Advisors Private Limited, incorporated in 2006, proposes to create Securitised Debt Instruments (SDI) under the SEBI (Issue and Listing of Securitised Debt Instruments and Security Receipts) Regulations, 2008 ("SDI Regulations"). The Sponsor and Originator is part of Trust Group, a leading financial services house in India which provides financial services to its clients

सेबी भवन, प्लॉट सं. सी 4-ए, "जी" ब्लॉक, बांद्रा कुर्ला कॉम्प्लेक्स, बांद्रा (पूर्व), मुंबई - 400 051.  
दूरभाष : 2644 9950 / 4045 9950 (आई.वी.आर. एस.), 2644 9000 / 4045 9000 फैक्स : 2644 9019 से 2644 9022 वेब : [www.sebi.gov.in](http://www.sebi.gov.in)



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such as investment banking, capital market services, asset management, wealth management and family office advisory.

d. The Proposed Structure envisaging the issuance of SDIs would comply with all the eligibility requirements and compliances under Regulation 3 of the SDI Regulations. The Proposed Structure is described below:

- Formation of a Special Purpose Distinct Entity (SPDE) which will be in the form of a trust where a trust deed would be executed between the Sponsor and Beacon as per the regulatory requirements
- The originator will originate fixed income securities and sell it down to the SPDE. The SPDE will raise funds which will be utilized for the acquisition of the asset pool from the originator
- The SPDE will purchase fixed income securities from an originator in due compliance with all the regulatory provisions. The asset pool of SPDE would therefore consist of fixed income securities issued by Indian companies
- The SPDE will issue SDI to identified investors on a private placement basis to less than 50 investors in compliance with all the relevant legal provisions
- The SDIs will be listed on the wholesale debt market segment of the BSE Limited ("BSE") / The National Stock Exchange of India Limited ("NSE")
- The sponsor/originator will be independent entities and will not have any common shareholders and/or directors with the SPDE/Trustees

### 3. Queries

In light of the above submissions, you have requested us to issue an "Interpretive letter" under paragraph 5 of the Informal Guidance Scheme, 2003, on the following:

- i. Whether the "Sponsor" and "Originator" of the SPDE in the Proposed Structure could be the same entity or different entities within the same group?
- ii. Whether the provisions of the SEBI Circular dated November 26, 2018 bearing ref: SEBI/HO/DDHS/CIR/P/2018/144 be applicable to the Proposed Structure immediately upon the issuance of the SDI(s)?



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iii. *The Sponsor/ Originator is not an NBFC. We presume that the proposed structure would require compliance of SDI Regulations. Are there any other specific guidelines outside of the SDI guidelines that we need to adhere to?*

**4. Our comments**

We have considered the submissions made by you in your letter under reference. Our views on the queries raised by you are as under:

- a. With reference to queries at para 3(i) above, it is to be noted that there is no specific provision in the regulations that bars a sponsor and originator from being the same entity. Regulation 2(1)(v) of SDI which defines Sponsor as
- (i) any person who established or promotes a special purpose distinct entity for the purposes of issuance of securitized debt instrument; or
  - (ii) an asset reconstruction company who has established/promoted a trust which has issued security receipts.

Further reference is also drawn to proviso to regulation 9(1) which states that originator or any of its associates shall not exercise control over the SPDE and its trustees.

From the perusal of above definition, it is to be noted that a sponsor is a person or an entity or asset management company who promotes a SPDE/trust for the purpose of issue of debt instruments or security receipts. It is stated by you that the originator and the sponsor is one entity which is part of a trust group and originator will originate fixed income securities and sell it down to SPDE. In the circumstances and the facts given by you, sponsor and originator can be one entity or different entities in the same group provided they comply with proviso to regulation 9(1) of SDI Regulations.

- b. With regard to queries at para 3(ii) and 3(iii) above, in the absence of complete facts/information, it may not be possible to provide an interpretive letter on the query raised by the applicant in terms of Clause 8(i) of the Informal Guidance Scheme.
- c. Vide your aforesaid letter, you have requested for confidentiality in respect of your application. Accordingly, it has been decided that the interpretive letter issued to



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you in this matter will not be made public for a period of 90 days from the date of issuance of this letter.

- d. The above position is based on the information furnished in your letter under reference. Different facts or conditions might lead to a different results. Further, this letter does not express a decision of the Board on the question referred.
- e. You may also note that the above position/view is expressed only with respect to the clarifications sought in your letter under reference with respect to the Circulars and Regulations as referred above and does not affect the applicability of any other law or requirements of any other SEBI Regulations, Guidelines and Circulars administered by SEBI or the laws administered by any other authority.

Yours faithfully,

Richa G. Agarwal