

THE GAZETTE OF INDIA
EXTRAORDINARY
PART – III – SECTION 4
PUBLISHED BY AUTHORITY
NEW DELHI APRIL 9, 2015
SECURITIES AND EXCHANGE BOARD OF INDIA
NOTIFICATION
Mumbai, the 9th April, 2015
SECURITIES AND EXCHANGE BOARD OF INDIA (PUBLIC OFFER AND
LISTING OF SECURITISED DEBT INSTRUMENTS) (AMENDMENT)
REGULATIONS, 2015

No. SEBI-NRO/OIAE/GN/2015-16/001.-In exercise of the powers conferred by section 30 of the Securities and Exchange Board of India Act, 1992 (15 of 1992), the Board hereby makes the following Regulations to further amend the Securities and Exchange Board of India (Public Offer and Listing of Securitised Debt Instruments) Regulations, 2008, namely:—

1. These Regulations may be called the Securities and Exchange Board of India (Public Offer and Listing of Securitised Debt Instruments) (Amendment) Regulations, 2015.
2. They shall come into force on the date of their publication in the Official Gazette.
3. In the Securities and Exchange Board of India (Public Offer and Listing of Securitised Debt Instruments) Regulations, 2008, —
 - (i) in regulation 4,-
 - (a) in sub-regulation (2), after clause (d), the following shall be inserted, namely:-

“(e) any scheduled commercial bank other than a regional rural bank;
(f) any public financial Institution as defined under clause (72) of section 2 of the Companies Act, 2013; and
(g) any other person as may be specified by Board.”

(b) after sub-regulation (2), following sub-regulation shall be inserted, namely:-

"(2A) An applicant seeking registration to act as a trustee shall,-

(a) have a networth of not less than two crore rupees.

Explanation.— For the purposes of this regulation, "networth" means the aggregate value of paid up share capital plus free reserves (excluding reserves created out of revaluation) reduced by the aggregate value of accumulated losses and deferred expenditure not written off;

(b) have in its employment a minimum of two persons who, between them, have atleast five years experience in activities related to securitisation and atleast one among them shall have a professional qualification in law from any university or institution recognised by the Central Government or any State Government or a foreign university:

Provided that the above-said requirements are not applicable on the National Housing Bank established by the National Housing Bank Act, 1987 and National Bank for Agriculture and Rural Development established by the National Bank for Agriculture and Rural Development Act, 1981 (61 of 1981)."

(ii) in regulation 11, after sub-regulation (2), the following sub-regulation shall be inserted, namely:-

"(3) A trustee shall,-

(a) supervise the implementation of the covenants regarding creation of security for the securitised debt instruments;

(b) do such acts as are necessary in the event the security becomes enforceable and supervise the enforcement of the security in the interest of the investors;

(c) carry out such acts as are necessary for resolving the grievances of the investors and for the protection of interest of the investors;

- (d) ensure on a continuous basis that the trust property of a particular scheme/tranche is available at all times to pay the securitised debt instruments holders of that particular scheme/tranche;
- (e) exercise due diligence to ensure compliance by the originators, with the listing agreements (if applicable), the trust deed or any other transaction document and if the originator is a banking company or non-banking financial company as defined in the Reserve Bank of India Act, 1934, trustee shall ensure that it has complied with the guidelines prescribed for securitisation by Reserve Bank of India;
- (f) take appropriate measures for protecting the interest of the investors including informing the board about any action, legal proceeding, etc., initiated against it in respect of any material breach or non-compliance by it, of any law, rules, regulations, directions of the Board or of any other regulatory body;
- (g) ensure that the securitised debt instruments have been repaid or redeemed in accordance with the provisions and conditions under which they were offered to the investors;
- (h) call for periodic reports from the originator regarding the performance of the underlying asset pool, atleast on quarterly basis;
- (i) communicate to the investors regarding the compliance by the servicer with its obligations and the actions taken thereof, atleast on quarterly basis;
- (j) obtain a certificate from the auditor(s) of originator regarding the disclosures of underlying asset pool assigned to the securitisation trust, as made by the originator, on quarterly basis;
- (k) share such reports and auditors certificate as received from the originator or the auditor(s) of originator, with the credit rating agency which is rating the securitised debt instrument;
- (l) call a meeting of all the investors on a requisition, in writing signed by at least one-tenth of investors in value for the time being outstanding or at the occurrence of an event, which constitutes a

- servicer default or which in the opinion of the trustees affects the interest of the investors;
- (m) maintain the net worth as per the requirements specified in these regulations on a continuous basis and inform the Board immediately in respect of any shortfall in the net worth and take necessary corrective action to restore the net worth within a period of six months;
 - (n) ensure that any change in registration status or any administrative , civil or penal action taken by Board or any material change in financial position which may adversely affect the interests of investors is promptly informed to the investors;
 - (o) not relinquish responsibility as trustee in respect of the issue, unless and until another trustee is appointed in its place;
 - (p) have necessary infrastructure to discharge its duties including the following:
 - (i) collecting information and reports from servicers/originator;
 - (ii) generating cash flow reports, payment reports and meet all reporting requirements required under the Board's or Reserve Bank of India's guidelines/circulars;
 - (iii) recording investor information;
 - (iv) entering and maintaining data for the special purpose distinct entity, including cash flows, audited financials, taxation aspects etc.;
 - (v) issuing cheques/demand drafts or generating RTGS/NEFT requests etc., for interest and principal payments;
 - (vi) sufficient access controls to ensure confidentiality of data;
 - (vii) sufficient systems for backup and disaster recovery.
 - (q) appoint a compliance officer for performing duties including:
 - (i) monitoring the compliance of the acts, rules and regulations, notifications, guidelines, instructions, etc., issued by the Board, Central Government and State Government(s);

(ii) redressal of investors grievances.

(iii) in Schedule III, after para 11, following shall be inserted, namely:-

- " 12. A special purpose distinct entity and its trustee shall fulfill its obligations in a prompt, ethical and professional manner.
13. A special purpose distinct entity and its trustee shall not divulge to anybody either orally or in writing, directly or indirectly, any confidential information about its investors which has come to its knowledge, without taking prior permission of its investors, except where such disclosures are required to be made in compliance with any law for the time being in force.
14. A special purpose distinct entity and its trustee or any of its directors, partners or managers, shall not either through its account or through associates or family members, relatives or friends indulge in any insider trading.
15. A special purpose distinct entity and its trustee shall have internal control procedures and financial and operational capabilities which can be reasonably expected to protect its operations, its investors and other registered entities from financial loss arising from theft, fraud, and other dishonest acts, professional misconduct or omissions.
16. A special purpose distinct entity and its trustee shall ensure that good corporate policies and corporate governance is in place and shall develop internal code of conduct for governing its internal operations and laying down standards of appropriate conduct for its employees for carrying out their duties.
17. A special purpose distinct entity and its trustee shall not be party to—
- i. creation of false market;
 - ii. price rigging or manipulation."

(iv) in Schedule V, after para 4.2, following shall be inserted, namely:-
 "4.3 Summary term sheet including at least following information (wherever relevant) pertaining to the securitised debt instrument:-

Originators	_____, _____ (each referred to as an “ Originator ” and collectively referred to as the “ Originators ”)
Trustee	[name of trustee]
Issuer	[name of special purpose distinct entity(SPDE)]
Trust Property	
Initial Contribution to the SPDE	INR []
Transaction Size	INR []
Pool Principal on Settlement Date	INR []
Pool Cut Off Date	[date] [Specify future cut offs (if revolving in nature) or purchase of future receivables]
Settlement Date	[date]
Payout Dates	[date]
Transaction Structure	Each Originator proposes to sell the following assets to the Issuer on the Settlement Date: [nature of assets] [description of assets] [amount] The aggregate of the assets shall be referred to as the “ Total ”

	<p>Pool”.</p> <p>[specify if par / premium / discount deal]</p> <p>The Issuer intends to issue [] securitised debt instruments representing an undivided beneficial interest in the Issuer's property including the Pool.</p> <p>[specify if there are future sales]</p>
Receivables	<p>[detailed description of the receivables]</p> <p>[Aggregate of all the receivables]</p>
Disclosure on key pool features and composition	LTV-based, tenure-based, ticket size based distribution etc
Collection Period	_____
Servicer	<p>_____, _____ (individually referred to as a “Servicer” and collectively referred to as the “Servicers”)</p> <ul style="list-style-type: none"> • Obligations of the Servicer(s) (including reporting obligations) • Events of default of the Servicer(s) • Right to change the Servicer(s)
Servicer Fee and Incentives	[]
Legal Counsel	<p>_____</p> <p>[specify whom the Counsel represents]</p>
Credit Enhancement for the Transaction	<ul style="list-style-type: none"> • Internal credit enhancement available for each class of securitised debt instruments, expressed in absolute amounts and as a proportion of the Pool Principal

	<ul style="list-style-type: none"> • External credit enhancement available for each class of securitised debt instruments, expressed in absolute amounts and as a proportion of the Pool Principal • Annexure that indicates how the above credit enhancement has been calculated, along with assumptions • Provider of credit enhancement
Utilisation process and conditions for utilization of Credit Enhancement	[]
Name of Designated bank (with which Cash Collateral and / or Collection and payment Account is maintained)	
Swap	<p>Nature of the swap</p> <p>Swap counterparty, rating of the swap counterparty</p>
Refund / top up of Credit Enhancement	[]
Clean-Up Call Option	[]
Details of Listing	<ul style="list-style-type: none"> - Timing for listing - Conditions for remaining listed - Consequence of de-listing
Rating Agency(ies)	[]
Series of securitised debt instruments	[specify seniority and subordination]

Day count convention	[]					
	Series	A1	Series	A2	Series	A3
	Securitized	Debt	Securitized	Debt	Securitized	Debt
	Instruments		Instruments		Instruments	
Seniority						
Face Value						
Initial rating						
Final Maturity Date						
Expected Maturity Date						
Expected Yield						
Payment Schedule						
Expected payment schedule						
Promised payment schedule						
First Payout Date						
Portfolio Audit						
Eligibility Criteria for the Receivables	Regulatory requirements Investor requirements (concentration etc.)					
Minimum Holding Period, if any	Minimum Holding Period, if any, during which the receivables are held by the Originator					
Minimum Retention	Continuing stake, if any, of Originator, if any, on the					

Requirement, if any	receivables
Details of Transaction Documents	
Applicable Law and Jurisdiction	
Waterfall Mechanism	Rules for cash flow to each investor and swap counterparty, and treatment of excess interest / residual cash flows and treatment , in case of prepayment of underlying loans or change in interest rate on loan

"

U.K. SINHA
CHAIRMAN
SECURITIES AND EXCHANGE BOARD OF INDIA

Footnote:

1. The SEBI((Public Offer and Listing of Securitised Debt Instruments)) Regulations, 2008 were published in the Gazette of India on 26th May, 2008 vide No. LAD-NRO/GN/2008/12/126567.