



**DEPUTY GENERAL MANAGER**

Department of Debt & Hybrid Securities (DDHS)

PoD-3

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SEBI/HO/DDHS/PoD-3/P/OW/2024/29617/1  
September 16, 2024

**Mr. Sunil Kumar Naik**  
**Managing Director**  
**Centbank Financial Services Limited,**  
(Wholly Owned Subsidiary of Central Bank of India)  
Central Bank of India – MMO Building,  
3<sup>rd</sup> Floor (East Wing), No. 55, M.G. Road, Fort,  
Mumbai – 400001

Dear Sir,

**Sub: Request for an interpretative letter in terms of SEBI (Informal Guidance) Scheme, 2003, received from Centbank Financial Services Limited (CFSL), SEBI Registered Debenture Trustee (DT).**

1. This has reference to your letter dated June 10, 2024, seeking an interpretative letter under the SEBI (Informal Guidance) Scheme, 2003.
2. As per your submissions, you have represented Centbank Financial Services Limited (CFSL) as a SEBI registered Debenture Trustee with registration number IND000000502.
3. In this context, you have sought an interpretative letter under SEBI (Informal Guidance) Scheme, 2003 on the following:

*Whether CFSL, which is registered with SEBI as a Debenture Trustee, can act as a DSA by starting a fresh business vertical for Marketing & Mobilization of CASA Deposits, Retail Loans such as Home loans, Vehicle loans, Education loan, etc. and "Engagement of DSAs" through CFSL for its parent company - Central Bank of India and all its subsidiaries?*

### Comments of SEBI

4. The submissions made in your letter have been considered and without necessarily agreeing with your analysis, our view on the issue raised in your letter are as under:

#### 4.1 Regulation 13A of SEBI (Debenture Trustees) Regulations, 1993

It provides for scenarios in which a SEBI-registered Debenture Trustees (DT) cannot be appointed as a DT to the issuances. However, the SEBI (Debenture Trustee) Regulations, 1993, explicitly do not provide restrictions for carrying out any other activities/ services by the DTs.

- 4.2 Further, Schedule III read along with Regulation 16 specifies Code of Conduct (31) for the debenture trustees, which *inter-alia* reads as under:

*Clause 4: A Debenture Trustee shall at all times exercise due diligence, ensure proper care and exercise independent professional judgment.*

*Clause 7: A Debenture Trustee shall avoid conflict of interest and make adequate disclosure of its interest.*

*Clause 9: A Debenture Trustee shall put in place a mechanism to resolve any conflict-of-interest situation that may arise in the conduct of its business or where any conflict of interest arises, shall take reasonable steps to resolve the same in an equitable manner.*

*Clause 10: A Debenture Trustee shall make appropriate disclosure to the client of its possible source or potential areas of conflict of duties and interest while acting as debenture trustee which would impair its ability to render fair, objective and unbiased services."*

- 4.3 Chapter XIII of the Master Circular SEBI/HO/DDHS-PoD3/P/CIR/2024/46 dated May 16, 2024 *inter-alia* specifies as under:

*"1. The Debenture Trustee shall furnish periodical reports to SEBI in the following manner:*





Report	Periodicity	Format
Half yearly compliance report	Half-yearly basis within 75 days of the end of each half-year	Annex-XIIIA
Details of other activities carried out by Debenture Trustee(s) including type of activity, description of activity etc.		-
Risk-Based Supervision report		-

4.4 Annex-XIIIA of Master Circular dated May 16, 2024 specifies the format for the half-yearly compliance report, that *inter-alia* requires the DTs to certify the following:

***“Compliance Certificate for the Half Year ended September/ March..***

***a) No conflict of interests with other activities***

*The activities other than debenture trusteeship performed by Debenture Trustee are not in conflict with Debenture Trustee activities and appropriate systems and policies have been put in place to protect the interests of debenture holders.”*

5. Thus, in terms of the aforesaid provisions, Regulation 13A of SEBI (Debenture Trustees) Regulations, 1993 provides for scenarios in which a SEBI-registered Debenture Trustees (DT) cannot be appointed as a DT to the issuances. Further, SEBI reaffirms that the SEBI (Debenture Trustee) Regulations, 1993, explicitly do not provide restrictions for carrying out any other activities/ services by the DTs, however, Regulation 16 of SEBI (DT) Regulations, 1993, specifically advises the DTs to comply with 31 compliances in order to comply with the Code of Conduct, available in Schedule III.
6. Additionally, as per Chapter XIII of the Master Circular dated May 16, 2024, DTs are required to report to SEBI on half yearly basis within 75 days of the end of each half-year, the details of other activities carried out by DTs including type of activity, description of activity, etc. and have to ensure that the activities other than debenture trusteeship performed by them, are not in conflict with Debenture Trustee activities and appropriate



systems and policies have been put in place to protect the interests of debenture holders. Further, you are advised to obtain NOC/ consent of respective regulator (i.e. RBI) for carrying out such intended activities as mentioned by you and furnish the same to SEBI prior to commencing the intended activities.

7. This above position is based on the information furnished in your letter under reference. Different facts or conditions might lead to different interpretation. Further this letter does not express decision of the Board on the questions referred.
8. You may note that the above views are expressed only with respect to the clarification sought in your letters under reference with respect to the SEBI (Debenture Trustee) Regulations, 1993 and do not affect the applicability of any other law and requirements of any other SEBI Regulations, guidelines and circulars administered by SEBI or of the laws administered by any other authority.

Regards,

**Sarika Kataria**

16/09/2024