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SECURITIES AND EXCHANGE BOARD OF INDIA

NOTIFICATION

Mumbai, the 15th of July, 2015

SECURITIES AND EXCHANGE BOARD OF INDIA ([1][ISSUE AND LISTING OF MUNICIPAL DEBT SECURITIES]) REGULATIONS, 2015

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No. SEBI/ LAD-NRO/GN/2015-16/006.- In exercise of the powers conferred by Section 30 of the Securities and Exchange Board of India Act, 1992 (15 of 1992), to put in place a framework for public issue of [2][municipal debt securities], listing and trading of such securities and matters incidental thereto, the Board hereby makes the following regulations, namely, —

CHAPTER I
PRELIMINARY

Short title and commencement.

1. (1) These regulations may be called the Securities and Exchange Board of India ([3][Issue and Listing of Municipal Debt Securities]) Regulations, 2015.

(2) These regulations shall come into force on the date of their publication in the Official Gazette.

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[1] The words "ISSUE AND LISTING OF DEBT SECURITIES BY MUNICIPALITIES" substituted by the Securities and Exchange Board of India (Issue and Listing of Debt Securities by Municipalities) (Amendment) Regulations, 2019 w.e.f. 27.09.2019.

[2] The words "debt securities by municipalities" substituted by the Securities and Exchange Board of India (Issue and Listing of Debt Securities by Municipalities) (Amendment) Regulations, 2019 w.e.f. 27.09.2019.

[3] The words "Issue and Listing of Debt Securities by Municipalities" substituted by the Securities and Exchange Board of India (Issue and Listing of Debt Securities by Municipalities) (Amendment) Regulations, 2019 w.e.f. 27.09.2019.

Definitions.

2. (1) In these regulations, unless the context otherwise requires, the terms defined shall bear the meanings assigned to them below, and their cognate expressions shall be construed accordingly,–

(a) "Act" means the Securities and Exchange Board of India Act, 1992 (15 of 1992);

(b) "advertisement" includes all forms of communication including notices, brochures, pamphlets, show cards, catalogues, hoardings, placards, posters, insertions in newspaper, cover pages of offer documents, pictures, films, etc., in any print media or electronic media or social media, radio, television programme;

(c) "Board" means the Securities and Exchange Board of India established under section 3 of the Act;

[4][(d) "constitution document" shall mean the Central or State Act, Rules, Regulations or charter under which the issuer has been established or incorporated or notified;

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[4] Clauses (d) to (q) substituted by the Securities and Exchange Board of India (Issue and Listing of Debt Securities by Municipalities) (Amendment) Regulations, 2019 w.e.f. 27.09.2019. Prior to their substitutions, the clauses (d) to (q) read as follows,-

"(d) "corporate municipal entity" means a company as defined under Companies Act, 2013, which is a subsidiary of a municipality and which is set up for the purpose of raising funds for a specific municipality or group of municipalities;

(e) "debt securities" means a non-convertible debt securities which create or acknowledge indebtedness, and include debenture, bonds and such other securities of a municipality, or a corporate municipal entity, whether constituting a charge on the assets of such body or not;

(f) "designated stock exchange" means a recognised stock exchange in which securities of an issuer are listed or proposed to be listed and which is chosen by the issuer as a designated stock exchange for the purpose of a particular issue of debt securities under these regulations;

(g) "general obligation bonds" means debt securities where principal and interest are serviced through tax proceeds of the municipality.

(h) "issuer" means any municipality or a corporate municipal entity, which makes or proposes to make an issue of debt securities in accordance with these regulations or which has its securities listed on a recognised stock exchange or which seeks to list its debt securities on a recognised stock exchange;

(i) "municipality" means an institution of self-government constituted under Article 243Q of the Constitution of India;

(j) "national municipal accounts manual" means the municipal accounting manual formulated by the Ministry of Urban Development;

(k) "offer document" means prospectus or shelf prospectus and includes any such document or advertisement whereby the subscription to debt securities are invited by the issuer from public;

(l) "private placement" means any offer of debt securities or invitation to subscribe to debt securities to a select group of persons by a municipality through issue of a private placement offer letter to not more than two hundred persons, which shall not intend to result in, directly or indirectly, the debt securities becoming available for subscription or purchase by persons other than those receiving the offer or invitation:

(e) "credit enhancement" shall mean any arrangement including subordination, insurance, letter of credit, over-collateralization, undertakings, guarantees, letter of comfort etc.;

(f) "designated stock exchange" shall mean a recognized stock exchange in which securities of an issuer are listed or proposed to be listed and which is chosen by the issuer as a designated stock exchange for the purpose of a particular issue of municipal debt securities under these regulations;

(g) "draft offer document" shall mean the draft offer document filed with the Board in relation to a public issue under these regulations;

(h) "fugitive economic offender" shall mean an individual who is declared a fugitive economic offender under section 12 of the Fugitive Economic Offenders Act, 2018 (17 of 2018);

(i) "general purposes" include such identified purposes for which no specific amount is allocated or any amount so specified towards general purpose or any such purpose by whatever name called, in the draft offer document or the offer document;

(j) "interest payment account" shall mean the account wherein the interest amount due to be paid by the borrower/issuer is deposited.

(k) "institutional investor" shall have the same meaning as assigned to it under Securities and Exchange Board of India (Issue of Capital And Disclosure Requirements) Regulations, 2018;

(l) "issuer" shall mean any municipality or any Statutory Body or Board or corporation, Authority, Trust or Agency established or notified by any Central

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Provided that for a corporate municipal entity, it shall mean an offer or invitation made in terms of section 42 of the Companies Act, 2013 and the rules made thereunder, through issue of a private placement offer letter;

(m) "public issue" means an offer or invitation by an issuer to public to subscribe to the debt securities, which is not in the nature of a private placement;

(n) "revenue bonds" means debt securities which are serviced by revenues from one or more projects;

(o) "schedule" means a schedule annexed to these regulations;

(p) "shelf prospectus" means a prospectus in respect of which the securities or class of securities included therein are issued for subscription in one or more issues over a certain period without the issue of a further prospectus:

Provided that for a corporate municipal entity, it shall have the same meaning as assigned to it in section 31 of Companies Act, 2013;

(q) "specified" means specified by a general or special order or circular issued under the Act or these regulations."

or State Act or any Special Purpose Vehicle notified by the State Government or Central Government subject to the condition that it undertakes one or more functions that may be entrusted under Article 243W of the Constitution of India:

Provided that any structure set up under the Pooled Finance Development Fund Scheme of the Government of India or a body corporate to whom the Companies Act, 2013 applies, which offers or proposes to offer municipal debt securities in accordance with these regulations shall also be deemed to be an issuer subject to condition that it is set up by the State Government(s) or Central Government for the purpose of raising funds for a person performing one or more functions entrusted under Article 243W of the Constitution of India.

(m) "municipal debt securities" shall mean non-convertible debt securities which create or acknowledge indebtedness, and include debenture, bonds and such other securities of an issuer;

(n) "municipality" shall mean an institution of self-government constituted under Article 243Q of the Constitution of India;

(o) "national municipal accounts manual" shall mean the municipal accounting manual formulated by the Central Government from time to time;

(p) "no lien escrow account" shall mean the account created for the specific purpose of receiving and disbursing funds towards discharge of contractual obligations;

(q) "offer document" shall mean any document including an electronic document described or issued as an offer document or prospectus or shelf offer document and include any document or advertisement, whereby the subscription to municipal debt securities are invited by the issuer from public;

(r) "placement memorandum" shall mean any document including an electronic document which is serially numbered and copies of which are circulated only to select investors and is related to an issue made on private placement basis;

(s) "private placement" shall mean any offer of municipal debt securities or invitation to subscribe to municipal debt securities to a select group of persons by an issuer through issue of a placement memorandum to not more than two hundred persons in a financial year, which shall not intend to result in, directly

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or indirectly, the municipal debt securities becoming available for subscription or purchase by persons other than those receiving the offer or invitation:

Provided that,-

i. for a body corporate to which the Companies Act, 2013 applies, it shall mean an offer or invitation made in terms of section 42 of the Companies Act, 2013 and the rules made thereunder, through issue of a placement memorandum;

ii. any offer or invitation made to qualified institutional buyers shall not be considered while calculating the limit of two hundred persons;

(t) "preliminary placement memorandum" shall mean the placement memorandum filed with the Board and the stock exchange(s) in relation to a private placement under these regulations;

(u) "public issue" shall mean an offer or invitation by an issuer to public to subscribe to the municipal debt securities, which is not in the nature of a private placement;

(v) "qualified institutional buyer" shall have the same meaning as assigned to it under Securities and Exchange Board of India (Issue of Capital And Disclosure Requirements) Regulations), 2018;

(w) "schedule" shall mean a schedule annexed to these regulations;

(x) "shelf offer document" shall mean an offer document in respect of which the municipal debt securities included therein are offered for subscription to the public in one or more offers over a period not exceeding one year from the date of opening of the first offer of securities under that offer document, without the issue of a further offer document:

Provided that for a body corporate to whom the Companies Act, 2013 applies, it shall have the same meaning as assigned to "shelf prospectus" in section 31 of Companies Act, 2013;

(y) "sinking fund account" shall mean the account that is created specifically for repayment of municipal debt securities;

(z) "specified" includes specified by regulations or by a general or special order or circular issued by the Board;

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(za) "wilful defaulter" shall mean a person or an issuer who or which is categorized as a wilful defaulter by any bank or financial institution (as defined under the Companies Act, 2013) or a consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India.]

(2) All other words and expressions used but not defined in these regulations, shall have the same meanings respectively assigned to them in the Act [5][***] or Securities Contracts (Regulation) Act, 1956 or the Depositories Act, 1996 or the Rules and the Regulations made thereunder or any statutory modification or re-enactment thereto.

Applicability.

3. These regulations shall apply to –

[6][(a) issuance and listing of municipal debt securities by an issuer by way of public issuance; and

(b) issuance and listing of municipal debt securities by an issuer on private placement basis which are intended/disclosed to be listed on a recognised stock exchange.]

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CHAPTER II

ELIGIBILITY [7][AND CONDITIONS]

[8][Reference date

[5] The words, symbols and numbers, "or the Companies Act, 2013" omitted by the Securities and Exchange Board of India (Issue and Listing of Debt Securities by Municipalities) (Amendment) Regulations, 2019 w.e.f. 27.09.2019.

[6] Clauses (a) and (b) substituted by the Securities and Exchange Board of India (Issue and Listing of Debt Securities by Municipalities) (Amendment) Regulations, 2019 w.e.f. 27.09.2019. Prior to their substitutions, the clauses (a) and (b) read as follows,-

"(a) public issue of debt securities; and

(b) listing of debt securities issued through public issue or on private placement basis on a recognised stock exchange."

[7] Inserted by the Securities and Exchange Board of India (Issue and Listing of Debt Securities by Municipalities) (Amendment) Regulations, 2019 w.e.f. 27.09.2019.

[8] Inserted by the Securities and Exchange Board of India (Issue and Listing of Debt Securities by Municipalities) (Amendment) Regulations, 2019 w.e.f. 27.09.2019.

3A. Unless otherwise provided in these Regulations, an issuer making an offer of municipal debt securities shall satisfy the conditions of these Regulations as on the date of filing of the draft offer document or preliminary placement memorandum with the Board and also as on the date of filing the offer document or placement memorandum with the Board or upon registering the offer document or placement memorandum with the Registrar of Companies, as the case may be.**]**

[9][Eligible issuers.

4. No issuer shall be eligible to issue municipal debt securities under these regulations, unless the following criteria are complied with:

(a) the issuer, proposing to issue municipal debt securities is eligible to raise funds under its constitution document;

(b) the accounts of issuer shall be prepared in accordance with any of the following:

i. National Municipal Accounts Manual or;

ii. Municipal Accounts Manual as adopted by the respective State Governments; or

iii. Accounting standards, applicable to issuers, as prescribed under the Companies Act or;

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[9] Regulation 4 substituted by the Securities and Exchange Board of India (Issue and Listing of Debt Securities by Municipalities) (Amendment) Regulations, 2019 w.e.f. 27.09.2019. Prior to its substitution, regulation 4 as amended by the Securities and Exchange Board of India (Issue and Listing of Debt Securities by Municipalities) (Amendment) Regulations, 2017 read as follows,-

"**Eligible municipalities.**

4. No issuer shall be eligible to issue debt securities to public under these regulations, unless the following criteria are complied with:

(a) municipality, whether proposing to issue debt securities itself or through corporate municipal entity, should be eligible to raise funds under its constitution;

(b) accounts of municipality shall be 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;

(c) municipality shall have surplus income as per its Income and Expenditure Statement, in any of the immediately preceding three financial years or any other financial criteria as may be specified by the Board from time to time.

Provided that a corporate municipal entity shall not have negative net worth in any of immediately preceding three financial years;

(d) municipality shall not have defaulted in repayment of debt securities or loans obtained from banks or financial institutions, during the last three hundred and sixty five days: Provided that where the issuer is a corporate municipal entity, the requirements at clauses (b) and (d) shall be complied by the municipality which is being financed;]

(e) no order or direction of restraint, prohibition or debarment by Board against the corporate municipal entity or its directors is in force;

(f) the corporate municipal entity, its promoter, group company or director(s), should not have been named in the list of the wilful defaulters published by the Reserve Bank of India or should not have defaulted of payment of interest or repayment of principal amount in respect of debt instruments issued by it to the public, if any."

iv. Accounting standards/policies, applicable to issuers, as specified in their constitution document.

(c) the issuer has not defaulted in repayment of debt securities or loans obtained from banks or financial institutions, during the preceding three hundred and sixty five days;

(d) no order or direction of restraint, prohibition or debarment by the Board is in force against the issuer or its promoters or its directors from accessing the securities market;

(e) an issuer or its promoter, group company or director(s) thereof, should not have been named in the list of the wilful defaulters;

(f) any of its promoter or director(s) has not been declared as a fugitive economic offender(s):

Provided that where the issuer is a body corporate to which the Companies Act, 2013 applies or is a Special Purpose Vehicle, which is set up for the purpose of raising funds for an person for performing one or more functions entrusted under Article 243W of the Constitution of India, the requirements at clauses (b) and (c) above shall be complied by the person being financed.**]**

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[10][In-principle approval

4A. The issuer shall make an application to one or more recognized stock exchange for listing of such securities therein:

Provided that where the application is made to more than one recognised stock exchanges, the issuer shall choose one of them as the designated stock exchange:

Explanation.-For any subsequent issue, the issuer may choose a different stock exchange as a designated stock exchange subject to the requirements of this regulation.

Credit Rating

4B. The issuer shall obtain credit rating from at least one credit rating agency registered with the Board, which shall be disclosed in the offer document or placement memorandum, as applicable:

[10] Inserted by the Securities and Exchange Board of India (Issue and Listing of Debt Securities by Municipalities) (Amendment) Regulations, 2019 w.e.f. 27.09.2019.

Provided that where credit ratings are obtained from more than one credit rating agency, all the ratings, including the unaccepted ratings, shall be disclosed in the offer document or placement memorandum, as applicable.

Dematerialisation

4C. The issuer shall enter into an arrangement with a depository registered with the Board for dematerialisation of the municipal debt securities that are proposed to be issued, in accordance with the Depositories Act, 1996, rules and regulations made thereunder.

Debenture trustee

4D. The issuer shall appoint a debenture trustee registered with the Board in accordance with the provisions of the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993.

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Mandatory Listing

4E. (1) The issuer shall make an application for listing to one or more recognised stock exchanges in the manner specified by the Board.

(2) In case the issuer fails to obtain listing or trading permission from any of the recognized stock exchanges where the municipal debt securities were proposed to be listed, it shall refund the entire monies received within seven days of receipt of intimation from stock exchange or in case of multiple stock exchange(s) within seven days from the earliest intimation rejecting the application for listing of municipal debt securities, and if any such money is not repaid after the issuer becomes liable to repay it, the issuer shall be liable to repay that money with interest at the rate of fifteen percent per annum till such refund is made:

Provided that where the issuer is a body corporate to which the Companies Act, 2013, applies every director of the company who is an officer in default shall also be jointly and severally liable to repay that money with interest.]

CHAPTER III

REQUIREMENTS FOR PUBLIC ISSUE

[11][Eligibility Conditions for public issue

5. No issuer shall make a public issue of municipal debt securities unless the following conditions are complied with:

(a) the issuer has surplus income as per its Income and Expenditure Statement in any of the immediately preceding three financial years or as per any other financial criteria as may be specified by the Board from time to time:

[11] Regulation 5 substituted by the Securities and Exchange Board of India (Issue and Listing of Debt Securities by Municipalities) (Amendment) Regulations, 2019 w.e.f. 27.09.2019. Prior to its substitution, regulation 5 read as follows,-

"**General conditions.**

5. (1) An issuer making public issue of debt securities shall only issue revenue bonds.

(2) No issuer shall make a public issue of revenue bonds unless following conditions are complied with:

(a) it has made an application to one or more recognised stock exchanges for listing of such securities therein:
Provided that where the application is made to more than one recognised stock exchanges, the issuer shall choose one of them as the designated stock exchange:
Provided further that where any of such stock exchanges have nationwide trading terminals, the issuer shall choose one of them as the designated stock exchange;
Explanation.-For any subsequent public issue, the issuer may choose a different stock exchange as a designated stock exchange subject to the requirements of this regulation;

(b) it has obtained in-principle approval for listing of its revenue bonds on the recognised stock exchanges where the application for listing has been made;

(c) credit rating has been obtained from at least one credit rating agency registered with the Board and is disclosed in the offer document:
Provided that the revenue bonds intended to be issued shall have a minimum investment grade rating:
Provided further that where credit ratings are obtained from more than one credit rating agencies, all the ratings, including the unaccepted ratings, shall be disclosed in the offer document;

(d) it has entered into an arrangement with a depository registered with the Board for dematerialisation of the revenue bonds that are proposed to be issued to the public, in accordance with the Depositories Act, 1996 and regulations made there under.

(3) The revenue bonds shall have a minimum tenure of three years or such period as specified by the Board from time to time.

(4) The revenue bonds shall have a maximum tenure of thirty years or such period as specified by the Board from time to time.

(5) The issuer shall appoint one or more merchant bankers registered with the Board at least one of whom shall be a lead merchant banker.

(6) The issuer shall create a separate escrow account for servicing of revenue bonds with earmarked revenue.

(7) The issuer shall appoint a monitoring agency such as public financial institution or a scheduled commercial bank to monitor the earmarked revenue in the escrow account under sub-regulation (6):
Provided that where the issuer is corporate municipal entity, it shall appoint a debenture trustee registered with the Board in accordance with the provisions of the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993 and Companies Act, 2013."

Provided that where the issuer is a body corporate to which the Companies Act, 2013 applies, it shall not have negative net worth in any of immediately preceding three financial years;

Provided that where the issuer is a body corporate to which the Companies Act, 2013 applies or is a Special Purpose Vehicle, which is set up for the purpose of raising funds for an person for performing one or more functions entrusted under Article 243W of the Constitution of India, the requirements at clause (a) shall be complied by the person being financed;

(b) Any other conditions as may be specified by the Board from time to time.**]**

[12][Disclosures in the draft offer document and offer document.

6. (1) The draft offer document and offer document shall contain true, fair and material disclosures, which are necessary for the subscribers of the municipal debt securities to take an informed investment decision.

(2) Without prejudice to the generality of sub-regulation (1), the issuer and the lead manager shall ensure that the draft offer document contains the following:

(a) disclosures specified in Schedule I and Schedule IA of these regulations;

(b) additional disclosures as may be specified by the Board:

Provided that in case the issuer is a body corporate to which the Companies Act, 2013 applies, the issuer and the lead manager shall ensure that the draft offer document and the offer document also contain the disclosures as mandated by the Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rules, 2014.

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[12] Regulation 6 substituted by the Securities and Exchange Board of India (Issue and Listing of Debt Securities by Municipalities) (Amendment) Regulations, 2019 w.e.f. 27.09.2019. Prior to its substitution, regulation 6 read as follows,-

"**Disclosures in the offer document.**

6. (1) The offer document shall contain true, fair and material disclosures, which are necessary for the subscribers of the revenue bonds to take an informed investment decision.

(2) Without prejudice to the generality of sub-regulation (1), the issuer, which is a municipality, and the lead merchant banker shall ensure that the offer document contains the following:

(a) disclosures specified in Schedule Iof these regulations;

(b) disclosures with respect to compliance with regulation 12;

(c) additional disclosures as may be specified by the Board:

Provided that in case of issuer being a corporate municipal entity, the issuer and the lead merchant banker shall ensure that the offer document contains the following:

(i) disclosures as specified in Companies Act, 2013 and Companies (Prospectus and Allotment of Securities) Rules, 2014;

(ii) disclosures specified in Schedule Iof these regulations;

(iii) disclosures with respect to compliance with regulation 12;

(iv) additional disclosures as may be specified by the Board."

(3) The lead manager(s) shall exercise due diligence and satisfy themselves about all aspects of the issue including the veracity and adequacy of disclosures in the draft offer document and the offer document.**]**

[13][Appointment of Merchant Banker and other intermediaries

6A. (1)The issuer shall appoint one or more merchant bankers, which are registered with the Board, as lead manager(s) to the issue.

(2) Where the issue is managed by more than one lead manager, the rights, obligations and responsibilities, relating to disclosures, allotment, refund and underwriting obligations among other things, if any, of each lead manager shall be predetermined and be disclosed in the draft offer document and the offer document.

(3) The issuer shall, in consultation with the lead manager(s), appoint other registered intermediaries after the lead manager(s) have independently assessed their capability to carry out their obligations.

(4) Where there is only one lead manager he shall not be an associate (as defined under the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992) of the issuer.

(5) In case there are multiple lead managers, at least one lead manager to the issue shall not be an associate (as defined under the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992) of the issuer

(6) If the lead manager is an associate of the issuer, it shall disclose itself as an associate of the issuer and its role shall be limited to marketing of the issue.**]**

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[13] Inserted by the Securities and Exchange Board of India (Issue and Listing of Debt Securities by Municipalities) (Amendment) Regulations, 2019 w.e.f. 27.09.2019.

[14][Filing of draft offer document

7. (1) No issuer shall make a public issue of municipal debt securities unless a draft offer document has been filed with the Board and designated stock exchange through the lead manager:

Provided that where an issuer has filed a shelf offer document, not more than four public issuances shall be made through a single shelf offer document.

[14] Regulation 7 substituted by the Securities and Exchange Board of India (Issue and Listing of Debt Securities by Municipalities) (Amendment) Regulations, 2019 w.e.f. 27.09.2019. Prior to its substitution, regulation 7 read as follows,-

"**Filing of draft offer document**

7. (1) No issuer shall make a public issue of revenue bonds unless a draft offer document has been filed with the designated stock exchange through the lead merchant banker:

Provided that where an issuer has filed a shelf prospectus, not more than four public issuances shall be made through a single shelf prospectus during a financial year.

(2) The draft offer document filed with the designated stock exchange shall be made public by posting the same on the website of the designated stock exchange for seeking public comments for a period of seven working days from the date of filing the draft offer document with such exchange.

(3) The draft offer document may also be displayed on the website of the issuer, merchant bankers and the stock exchanges where the revenue bonds are proposed to be listed.

(4) The lead merchant banker shall ensure that the draft offer document specifies the names and contact details of the compliance officer of the lead merchant banker, the officer concerned and the project officer, wherever applicable, of the issuer including their postal and email address, telephone and fax numbers.

(5) The lead merchant banker shall ensure that all comments received on the draft offer document are suitably addressed:

Provided that where the issuer is a corporate municipal entity, the lead merchant banker shall ensure that all comments received on the draft offer document are suitably addressed prior to the filing of the final offer document with the Registrar of Companies.

(6) The issuer shall, before filing of draft offer documents with Board, obtain a "Viability Certificate" or Detailed Project Appraisal Report (DPR) from a scheduled commercial bank or public financial institution stating that the project is financially viable, based on the estimates/assumptions available at that time.

(7) A copy of draft and final offer document shall also be forwarded to the Board for its records, simultaneously with filing of these documents with designated stock exchange.

(8) The issuer filing a shelf prospectus shall file a copy of an information memorandum with the recognised stock exchanges and the Board and in case of a corporate municipal entity, file the same with the Registrar of Companies.

(9) Where the issuer is a corporate municipal entity, the information memorandum shall contain the disclosures specified in Companies Act, 2013 and rules made thereunder and shall include disclosures regarding summary term sheet, material updations including revision in ratings, if any, along with the rating rationale and financial ratios specified in Schedule I.

(10) The lead merchant banker shall, prior to opening of the public issue, furnish to the Board a due diligence certificate as per Schedule II of these regulations:

Provided that where the issuer is a corporate municipal entity, the lead merchant banker shall, prior to filing of the final offer document with the Registrar of Companies, furnish to the Board a due diligence certificate as per Schedule II of these regulations.

(11) The debenture trustee, wherever appointed under proviso to sub-regulation (7) of Regulation 5 shall, prior to the opening of the public issue, furnish to the Board a due diligence certificate as per Schedule III of these regulations."

(2) The lead manager shall submit the following to the Board along with the draft offer document, -

(a) certificate confirming that a written agreement has been entered into between the issuer and the lead manger;

(b) a due diligence certificate as per Form A of Schedule II.

(3) The Board may specify changes or issue observations, if any, on the draft offer document within twenty one days from the later of the following dates:

a) the date of receipt of the draft offer document under sub-regulation (1); or

b) the date of receipt of satisfactory reply from the lead manager(s), where the Board has sought any clarification or additional information from them; or

c) the date of receipt of clarification or information from any regulator or agency, where the Board has sought any clarification or information from such regulator or agency; or

d) the date of receipt of a copy of in-principle approval letter issued by the stock exchange(s).

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(4) The draft offer document filed with the designated stock exchange shall be made public by posting the same on the website of the designated stock exchange for seeking public comments for a period of fifteen days from the date of filing the draft offer document with such exchange and shall be available for download in PDF / HTML formats.

(5) The draft offer document shall also be displayed on the website of the issuer, lead manager(s) and the stock exchanges where the municipal debt securities are proposed to be listed.

(6) The lead manager shall ensure that the draft offer document specifies the names and contact details of the compliance officer of the lead manager, the officer concerned and the project officer, wherever applicable, of the issuer including their postal and email address, telephone and fax numbers.

(7) The lead manager shall after expiry of the period stipulated in sub-regulation (4) file with the Board the details of the comments received by them or the issuer from the public in respect of the draft offer document, during the period stipulated in sub-regulation (4), alongwith the consequential changes, if any, that are required to be made in the draft offer document.

(8) If the Board specifies any changes or issues observations, the issuer and lead manager(s) shall carry out such changes in the draft offer document and shall submit to the Board the updated draft offer document complying with the observations issued by the Board and highlighting all changes made in the draft offer document and before filing the offer document with the stock exchange or Registrar of Companies, as the case may be.

(9) The lead manager(s) shall submit the following documents to the Board after issuance of observations by the Board or after expiry of the period stipulated in sub-regulation (3) of this regulation if the Board has not issued observations:

a) a statement certifying that all changes, suggestions and observations made by the Board have been incorporated in the offer document or the placement memorandum;

b) a due diligence certificate as per Form B and Form C of Schedule II.

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(10) A copy of draft and final offer document along-with a soft copy shall also be forwarded to the Board, simultaneously with filing of these documents with the designated stock exchange.

(11) The issuer filing a shelf offer document shall also file a copy of an information memorandum, containing all material facts including changes in the financial position as have occurred between the previous offer or first offer or subsequent offer of municipal debt securities, with the recognised stock exchanges and the Board and in case the issuer is a body corporate to whom the Companies Act, 2013 applies such issuer shall also file the same with the Registrar of Companies.

(12) The lead manager shall, furnish to the Board a due diligence certificate as per Schedule II of these regulations with the offer document prior to opening of the public issue:

Provided that where the issuer is a body corporate to which the Companies Act, 2013 applies, the lead manager shall, prior to filing of the final offer document with the Registrar of Companies, furnish to the Board a due diligence certificate as per Schedule II of these regulations.

(13) The debenture trustee, shall, prior to the opening of the public issue, furnish to the Board a due diligence certificate as per Schedule III of these regulations.

(14) The issuer and the lead manager(s) shall ensure that the offer documents are hosted on the websites as required under these regulations and its contents are the same as the versions as filed with the Registrar of Companies, Board and the stock exchanges, as applicable.

(15) The lead manager(s) and the stock exchanges shall provide copies of the offer document to the public as and when requested and may charge a reasonable sum for providing a copy of the same.**]**

[15][**Period of subscription**

8. (1) Except as otherwise provided in these regulations, public issue of municipal debt securities shall be kept open for at least three working days.

(2) The issuer may extend the bidding period disclosed in the offer document, in case of force majeure, banking strike or similar circumstances, for a minimum period of three working days.]

IndiaCode

Advertisements for public issues.

9. (1)The issuer may make an advertisement in a national daily with wide circulation, on or before the issue opening date and such advertisement shall, amongst other things, contain the disclosures as per Schedule IV.

(2) No issuer shall issue an advertisement which is misleading in material particular or which contain any information in a distorted manner or which is manipulative or deceptive.

(3) The advertisement shall be truthful, fair and clear and shall not contain a statement, promise or forecast which is untrue or misleading.

(4) Any advertisement issued by the issuer shall not contain any matters which are extraneous to the contents of the offer document.

[16][***]

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[15] Regulation 8 substituted by the Securities and Exchange Board of India (Issue and Listing of Debt Securities by Municipalities) (Amendment) Regulations, 2019 w.e.f. 27.09.2019. Prior to its substitution, regulation 8 read as follows,-

"**Mode of disclosure of offer document.**

8. (1) The draft and final offer document shall be displayed on the websites of stock exchanges and shall be available for download in PDF / HTML formats.

(2) The draft offer document shall be filed with the designated stock exchange, for dissemination on its website prior to the opening of the issue:

Provided that where the issuer is a Corporate Municipal Entity, the final offer document shall be filed with the designated stock exchange, simultaneously with filing thereof with the Registrar of Companies, for dissemination on its website prior to the opening of the issue.

(3) Where any person makes a request for a physical copy of the offer document, the same shall be provided to him by the issuer or lead merchant banker."

(6) Any promotional or educative advertisement issued by the issuer during the subscription period shall not make any reference to the issue of [17][municipal debt securities] or be used for solicitation.

[18][term sheet] and application forms.

10. (1) The issuer and [19][lead manager] shall ensure that:

(a) every application form issued by the issuer is accompanied by a copy of the [20][term sheet];

(b) the [21][term sheet] shall not contain matters which are extraneous to the contents of the [22][offer document];

(c) adequate space shall be provided in the application form to enable the investors to fill in various details like name, address, etc:

[23][Provided that where the issuer is a body corporate to which the Companies Act, 2013 applies, the term sheet may be read as abridged prospectus]

(2) The issuer may provide the facility for subscription of application in electronic mode.

IndiaCode

Minimum subscription.

11. (1) The issuer may decide the amount of minimum subscription which it seeks to raise by issue of [24][municipal] debt securities and disclose the same in the offer document:

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[16] Sub-regulation (5) omitted by the Securities and Exchange Board of India (Issue and Listing of Debt Securities by Municipalities) (Amendment) Regulations, 2019 w.e.f. 27.09.2019. Prior to its omission sub-regulation (5) read as follows,-

"(5) The advertisement shall urge the investors to invest only on the basis of information contained in the offer document."

[17] The words "revenue bonds" substituted by the Securities and Exchange Board of India (Issue and Listing of Debt Securities by Municipalities) (Amendment) Regulations, 2019 w.e.f. 27.09.2019.

[18] The words "abridged prospectus" substituted by the Securities and Exchange Board of India (Issue and Listing of Debt Securities by Municipalities) (Amendment) Regulations, 2019 w.e.f. 27.09.2019.

[19] The words "lead merchant banker" substituted by the Securities and Exchange Board of India (Issue and Listing of Debt Securities by Municipalities) (Amendment) Regulations, 2019 w.e.f. 27.09.2019.

[20] The words "abridged prospectus" substituted by the Securities and Exchange Board of India (Issue and Listing of Debt Securities by Municipalities) (Amendment) Regulations, 2019 w.e.f. 27.09.2019.

[21] The words "abridged prospectus" substituted by the Securities and Exchange Board of India (Issue and Listing of Debt Securities by Municipalities) (Amendment) Regulations, 2019 w.e.f. 27.09.2019.

[22] The word "prospectus" substituted by the Securities and Exchange Board of India (Issue and Listing of Debt Securities by Municipalities) (Amendment) Regulations, 2019 w.e.f. 27.09.2019.

[23] Inserted by the Securities and Exchange Board of India (Issue and Listing of Debt Securities by Municipalities) (Amendment) Regulations, 2019 w.e.f. 27.09.2019.

[24] Inserted by the Securities and Exchange Board of India (Issue and Listing of Debt Securities by Municipalities) (Amendment) Regulations, 2019 w.e.f. 27.09.2019.

Provided such minimum subscription limit shall not be less than seventy five per cent of the issue size.

(2) In the event of non-receipt of minimum subscription as specified above, all application moneys received in the public issue shall be refunded forthwith to the applicants, within twelve days from the date of the closure of the issue.

(3) In the event, there is a delay by the issuer in making the aforesaid refund, then the issuer shall refund the subscription amount along with interest at the rate of ten per cent. per annum for the delayed period.

[25]**[Over subscription**

11A. (1) Issuers shall be allowed to retain the over-subscription money up to 100% of the Base Issue size but not exceeding the rated size or any lower limit as specified in the offer document, if any.

(2) For the issuers filing a shelf offer document, oversubscription may be retained up to the total size of the shelf offer document.**]**

[26]**[Allotment**

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[25] Inserted by the Securities and Exchange Board of India (Issue and Listing of Debt Securities by Municipalities) (Amendment) Regulations, 2019 w.e.f. 27.09.2019.

[26] Regulation 12 substituted by the Securities and Exchange Board of India (Issue and Listing of Debt Securities by Municipalities) (Amendment) Regulations, 2019 w.e.f. 27.09.2019. Prior to its substitution, regulation 12 read as follows,-

"**Utilization of issue proceeds.**

12. (1) The funds raised from public issue of debt securities shall be used only for projects that are specified under objects in the offer document.

(2) The proceeds of the issue shall be clearly earmarked for a defined project or a set of projects for which requisite approvals have been obtained from concerned authorities.

(3) The issuers shall maintain a bank account in which the amount raised from the issue shall be transferred immediately after the closure of the issue and such amount shall only be utilised for specified project(s):

Provided that where the issuer is a Corporate Municipal Entity, the issue proceeds, net of issue expenses, shall be used only for onward lending to municipalities, as disclosed in the offer document:

Provided further that where the issuer is a corporate municipal entity, it shall maintain sufficient interest margin while onward lending to the municipalities, to meet its operating expenses and obligations.

(4) The issuer shall establish a separate project implementation cell and designate a project officer who shall not be below the rank of deputy commissioner, who shall monitor the progress of the project(s) and shall ensure that the funds raised are utilised only for the project(s) for which the debt securities were issued:

Provided that where the issuer is a corporate municipal entity, such requirement shall be complied by the Municipality which is being financed.

(5) Issuer's contribution for each project shall not be less than twenty per cent. of the project costs, which shall be contributed from their internal resources or grants:

12. (1) Allotment in the public issue of municipal debt securities should be made on the basis of date of upload of each application into the electronic book of the stock exchange:

Provided that on and after the date of oversubscription, the allotments may be made to the applicants on a proportionate basis upto the oversubscription limit.

(2) The issuer and lead manager(s) shall ensure that the municipal debt securities are allotted and/or application monies are refunded or unblocked within such period as may be specified by the Board.

(3) The lead manager(s) shall ensure that the allotment, credit of dematerialised securities and refund or unblocking of application monies, as may be applicable, are done electronically.

(4) Where the securities are not allotted and/or application monies are not refunded or unblocked within the period stipulated in sub-regulation (2) above, the issuer shall undertake to pay interest at the rate of fifteen per cent. per annum to the investors and within such time as disclosed in the offer document and the lead manager(s) shall ensure the same.**]**

IndiaCode

Underwriting.

13. A public issue of [27][municipal debt securities] may be underwritten by an underwriter registered with the Board and in such a case adequate disclosures regarding underwriting arrangements shall be disclosed in the offer document.

Provided that where the issuer is a corporate municipal entity, contribution of the concerned municipality, which is being financed by the corporate municipal entity, shall not be less than twenty per cent. of the project costs, which shall be contributed from its internal resources or grants.

(6) The issuer shall disclose the schedule of implementation of the project in the offer document in a tabular form and the funds raised by the issuer shall be utilized in accordance with the said schedule."

[27] The words "revenue bonds" substituted by the Securities and Exchange Board of India (Issue and Listing of Debt Securities by Municipalities) (Amendment) Regulations, 2019 w.e.f. 27.09.2019.

CHAPTER IV

[28][MUNICIPAL DEBT SECURITIES ISSUED ON PRIVATE PLACEMENT BASIS]

[29][Listing on private placement basis

14. An issuer may list its municipal debt securities issued on private placement basis through placement memorandum.**]**

[30][**Preliminary Placement Memorandum**

14A (1) Prior to making a private placement of municipal debt securities which are proposed to be listed, the issuer shall file the preliminary placement memorandum with the Board and stock exchange(s) through the merchant banker registered with the Board.

IndiaCode

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[28] The words "**LISTING OF DEBT SECURITIES**" substituted by the Securities and Exchange Board of India (Issue and Listing of Debt Securities by Municipalities) (Amendment) Regulations, 2019 w.e.f. 27.09.2019.

[29] Regulation 14 substituted by the Securities and Exchange Board of India (Issue and Listing of Debt Securities by Municipalities) (Amendment) Regulations, 2019 w.e.f. 27.09.2019. Prior to its substitution, regulation 14 read as follows,-

"**Mandatory listing.**

14. An issuer desirous of making an offer of debt securities to the public shall make an application for listing to one or more recognised stock exchanges:

Provided that in case of issuer being corporate municipal entity, such an application shall be made in terms of sub-section (1) of section 40 of the Companies Act, 2013."

[30] Regulation 15 substituted by the Securities and Exchange Board of India (Issue and Listing of Debt Securities by Municipalities) (Amendment) Regulations, 2019 w.e.f. 27.09.2019. Prior to its substitution, regulation 15 read as follows,-

"**Conditions for listing of debt securities issued on private placement basis.**

15. (1) An issuer may list its debt securities issued on private placement basis on a recognised stock exchange subject to the following conditions:

(a) an issuer may issue general obligation bonds or revenue bonds;

(b) accounts of municipality being the issuer, shall be 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;

(c) no order or direction of restraint, prohibition or debarment by Board against the corporate municipal entity or its directors is in force;

(d) the issuer, being a corporate municipal entity, has issued such debt securities in compliance with the provisions of Companies Act, 2013 and particularly section 42 of the Companies Act, 2013 and rules prescribed there under and other applicable laws;

(e) the issuer shall not solicit or collect funds by issue of debt securities, except by way of private placement;

(f) the minimum subscription amount per investor shall not be less than rupees twenty five lakh or such amount as may be specified by Board from time to time;

(g) credit rating has been obtained in respect of such debt securities from at least one credit rating agency registered with the Board;

(h) the debt securities proposed to be listed are in dematerialized form;

(i) the disclosures as provided in Schedule Iof these regulations have been made."

(2) The merchant banker to the issue shall submit the following to the Board along with the preliminary placement memorandum,-

(a) disclosures as specified in Schedule I and Schedule IA of these regulations; and

(b) a due diligence certificate as per Form A of Schedule II.

(3) The Board may issue observations, if any, on the preliminary placement memorandum within fifteen days from the later of the following dates:

a) the date of receipt of the preliminary placement memorandum under sub-regulation (1); or

b) the date of receipt of satisfactory reply from the issuer and/or merchant banker to the issue, where the Board has sought any clarification or additional information from them; or

c) the date of receipt of clarification or information from any regulator or agency, where the Board has sought any clarification or information from such regulator or agency; or

d) the date of receipt of a copy of in-principle approval letter issued by the stock exchange(s).

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(4) The merchant banker to the issue, as the case may be, shall ensure that all comments are suitably incorporated in the preliminary placement memorandum prior to filing the placement memorandum to the Stock Exchange(s); and the merchant banker to the issue shall provide the due diligence certificate as specified in Form B and Form C of Schedule II.

(5) The debenture trustee shall, prior to the opening of private placement, furnish to the Board a due diligence certificate as per Schedule III of these regulations.

Minimum subscription.

15. The minimum subscription amount per investor shall be Rupees ten lakh.]

CHAPTER V

REQUIREMENTS FOR BOTH PUBLIC ISSUES AND PRIVATE PLACEMENT

[31][Electronic issuance

16. An issuer proposing to issue municipal debt securities may make the same through the on-line system and shall comply with the relevant requirements as may be specified by the Board.**]**

Buy-back.

17. The issuers may provide an option to buy-back the debt-securities at a value which shall not be less than the face value of the debt securities, from the investors [32][in the manner as specified by the Board from time to time]:

Provided in such cases, appropriate disclosure shall be made in the offer document

IndiaCode

[33][Put or call option

17A. The issuer may recall municipal debt securities prior to maturity date at its option (call) or provide such right of redemption prior to maturity date (put) to all the investors at their option in the manner as may be specified by the Board from time to time:

Provided in all such cases, detailed disclosure shall be made in the offer document or placement memorandum.**]**

Prohibitions of mis-statements in the offer document [34][or placement memorandum].

18. (1) The offer document [35][or term sheet] [36][or placement memorandum] shall not omit disclosure of a material fact which may make the statements made therein misleading [37][***].

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[31] Regulation 16 substituted by the Securities and Exchange Board of India (Issue and Listing of Debt Securities by Municipalities) (Amendment) Regulations, 2019 w.e.f. 27.09.2019. Prior to its substitution, regulation 16 read as follows,-

"**Asset cover.**

16. An issuer, proposing to issue debt securities shall maintain 100% asset cover sufficient to discharge the principal amount at all times for the debt securities issued."

[32] Inserted by the Securities and Exchange Board of India (Issue and Listing of Debt Securities by Municipalities) (Amendment) Regulations, 2019 w.e.f. 27.09.2019.

[33] Inserted by the Securities and Exchange Board of India (Issue and Listing of Debt Securities by Municipalities) (Amendment) Regulations, 2019 w.e.f. 27.09.2019.

[34] Inserted by the Securities and Exchange Board of India (Issue and Listing of Debt Securities by Municipalities) (Amendment) Regulations, 2019 w.e.f. 27.09.2019.

[35] Inserted by the Securities and Exchange Board of India (Issue and Listing of Debt Securities by Municipalities) (Amendment) Regulations, 2019 w.e.f. 27.09.2019.

(2) The offer document or [38][term sheet] or any advertisement issued by an issuer in connection with a public issue of debt securities shall not contain any false or misleading statement.

[39][(3) The offer document or placement memorandum shall contain all material disclosures which are true, correct and adequate to enable the applicants to take an informed investment decision.]

[40][Utilization of issue proceeds.

18A. (1) The funds raised from issue of municipal debt securities shall be used only for the purposes indicated under the objects stipulated in the offer document or placement memorandum.

(2) Where the proceeds of the issue are earmarked for a defined project or a set of projects, prior requisite approvals, if applicable shall be obtained from the concerned authorities.

(3) The issuers shall maintain a bank account in which the amount raised from the issue shall be immediately transferred after the closure of the issue and such amount shall only be utilised for the indicated project(s):

Provided further that the merchant banker to the issue, in case of private placement, shall confirm to the bankers to the issue by way of copies of listing and trading approvals that all formalities in connection with the issue have been completed and that the banker is free to release the money to the issuer or release the money for refund in case of failure of the issue.

(4) The issuer shall disclose the schedule of implementation of the project in the offer document or placement memorandum in a tabular form and the funds raised by the issuer shall be utilized in accordance with the said Schedule.

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[36] Inserted by the Securities and Exchange Board of India (Issue and Listing of Debt Securities by Municipalities) (Amendment) Regulations, 2019 w.e.f. 27.09.2019.

[37] The words "in light of the circumstances under which they are made" omitted by the Securities and Exchange Board of India (Issue and Listing of Debt Securities by Municipalities) (Amendment) Regulations, 2019 w.e.f. 27.09.2019.

[38] The words "abridged prospectus" substituted by the Securities and Exchange Board of India (Issue and Listing of Debt Securities by Municipalities) (Amendment) Regulations, 2019 w.e.f. 27.09.2019.

[39] Inserted by the Securities and Exchange Board of India (Issue and Listing of Debt Securities by Municipalities) (Amendment) Regulations, 2019 w.e.f. 27.09.2019.

[40] Inserted by the Securities and Exchange Board of India (Issue and Listing of Debt Securities by Municipalities) (Amendment) Regulations, 2019 w.e.f. 27.09.2019.

Issuer contribution

18B. The contribution of the issuer for each issuance of municipal debt securities shall not be less than twenty per cent. of the project costs, which shall be contributed from their internal resources or grants that may be in cash or kind.**]**

[41][Creation of Escrow Accounts

19. The issuer shall create a structured payment mechanism and maintain specific escrow accounts for the purpose of debt servicing of the municipal debt securities as specified by the Board from time to time.**]**

IndiaCode

[41] Regulation 19 substituted by the Securities and Exchange Board of India (Issue and Listing of Debt Securities by Municipalities) (Amendment) Regulations, 2019 w.e.f. 27.09.2019. Prior to its substitution, regulation 19 read as follows,-

"**Creation of security for secured debentures.**

19. (1) The debentures shall be secured by the creation of a charge, on the properties or assets or the receivables of the issuer, having a value which is sufficient for the due repayment of the amount of debentures and interest thereon:

Provided that in case unsecured debentures are intended to be listed on stock exchange(s), then such debt securities shall either be backed by guarantee from State Government or Central Government or shall have a structured payment mechanism whereby the issuer shall deposit debt servicing amounts in the designated bank account at least 10 working days before due date of payment.

(2) The total value of secured debentures issued shall not exceed the market value of immovable property/other assets or receivables of the issuer, for which a charge shall be created.

(3) The issuer shall give an undertaking in the offer document that the assets on which charge is created are free from any encumbrances and if the assets are already charged to secure a debt, the permissions or consent to create second or *pari pasu* charge on the assets of the issuer have been obtained from the earlier creditor.

(4) The issue proceeds shall not be utilised until the documents for creation of security are executed."

[42]**[Trust deed.**

20. (1) A trust deed for securing the issue of municipal debt securities shall be executed by the issuer in favour of the debenture trustee.

(2) The trust deed shall contain such clauses as may be specified in Schedule IV of the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993:

Provided that in case of private placement by a body corporate to which the Companies Act, 2013 applies, the trust deed shall, in-addition contain such clauses as required under section 71 of the Companies Act, 2013 and the Companies (Share Capital and Debentures) Rules 2014.

(3) The trust deed shall not contain a clause which has the effect of:

(a) limiting or extinguishing the obligations and liabilities of the debenture trustees or the issuer in relation to any rights or interests of the investors;

(b) limiting or restricting or waiving the provisions of the Act, or Securities Contracts (Regulation) Act, 1956 or the Depositories Act, 1996, and the regulations and circulars or guidelines issued by the Board from time to time;

(c) indemnifying the debenture trustees or the issuer for loss or damage caused by their act of negligence or commission or omission.

(4) The issue proceeds shall not be utilised until the Trust deed is executed.**]**

IndiaCode

[42] Regulation 20 substituted by the Securities and Exchange Board of India (Issue and Listing of Debt Securities by Municipalities) (Amendment) Regulations, 2019 w.e.f. 27.09.2019. Prior to its substitution, regulation 20 read as follows,-

"**Trust deed.**

20. (1) A trust deed for securing the issue of debentures shall be executed by the issuer in favour of the independent trustee or debenture trustee, as applicable, within three months of the closure of the issue.

(2) The trust deed shall contain such clauses as may be prescribed in Schedule IV of the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993:

Provided that in case of private placement by a corporate municipal entity, the trust deed shall, in-addition, contain such clauses as prescribed under section 71 of the Companies Act, 2013 and Companies (Share Capital and Debentures) Rules 2014.

(3) The trust deed shall not contain a clause which has the effect of:

(a) limiting or extinguishing the obligations and liabilities of the debenture trustees or the issuer in relation to any rights or interests of the investors;

(b) limiting or restricting or waiving the provisions of the Act, these regulations and circulars or guidelines issued by the Board;

(c) indemnifying the debenture trustees or the issuer for loss or damage caused by their act of negligence or commission or omission."

[43][Redemption and roll-over.

21. (1) The issuer shall redeem the municipal debt securities in terms of the offer document or placement memorandum.

(2) Where the issuer desires to roll-over the municipal debt securities issued, it shall do so only upon passing of a special resolution to that effect and give twenty one days' notice of the proposed roll over to the holders of municipal debt securities:

Provided that, if the holders of municipal debt securities do not provide consent for the proposed roll over within the notice period, the issuer shall redeem the municipal debt securities of such holders.

(3) The notice referred to in sub- regulation (2) shall contain disclosures with regard to credit rating and the rationale for roll-over.

IndiaCode

[43] Regulation 21 substituted by the Securities and Exchange Board of India (Issue and Listing of Debt Securities by Municipalities) (Amendment) Regulations, 2019 w.e.f. 27.09.2019. Prior to its substitution, regulation 21 read as follows,-

"**Redemption and roll-over.**

21. (1) The issuer shall redeem the debt securities in terms of the offer document.

(2) Where the issuer being a corporate municipal entity, desires to roll-over the debt securities issued, it shall do so only upon passing of a special resolution to that effect and give twenty one days notice of the proposed roll over to the holders of debt securities:

Provided where the issuer is a municipality, the notice shall be given to the holders of debt securities and stock exchanges where the debt securities are listed, upon the said decision:

Provided further that in case the issuer is a municipality, if the holders of debt securities do not provide consent for the proposed roll over within the notice period, the issuer shall redeem the debt securities of such holders.

(3) The notice referred to in sub- regulation (2) shall contain disclosures with regard to credit rating and rationale for roll-over.

(4) The issuer being a corporate municipal entity shall, prior to sending the notice to holders of debt securities, file a copy of the notice and proposed resolution with the stock exchanges where such securities are listed, for dissemination of the same to public on their websites.

(5) The debt securities issued can be rolled over subject to the following conditions:

(a) The roll-over is approved by a special resolution passed by the holders of debt securities through postal ballot having the consent of not less than 75% of the holders by value of such debt securities:

Provided that this condition shall not be applicable to the issuer, which is a municipality:

Provided further that in case of issuer being a municipality, a period of seven days shall be granted to the holders of debt securities to provide their consent;

(b) atleast one rating is obtained from a credit rating agency within a period of six months prior to the due date of redemption and is disclosed in the notice referred to in sub-regulation (2);

(c) fresh trust deed shall be executed at the time of such roll over or the existing trust deed may be continued if the trust deed provides for such continuation ;

(d) adequate security shall be created or maintained in respect of such debt securities to be rolled–over.

(6) The issuer shall redeem the debt securities of all the holders, who have not given their positive consent to the roll-over."

(4) The issuer shall, prior to sending the notice to holders of municipal debt securities, file a copy of the notice and proposed resolution with the stock exchanges where such securities are listed, for dissemination of the same to the public on their websites.

(5) The municipal debt securities issued can be rolled over subject to the following conditions:

(a) the roll-over is approved by a special resolution passed by the holders of such municipal debt securities having the consent of not less than 75% of the holders by value of such municipal debt securities:

(b) at least one rating is obtained from a credit rating agency within a period of six months prior to the due date of redemption and is disclosed in the notice referred to in sub-regulation (2);

(c) fresh trust deed shall be executed at the time of such roll over or the existing trust deed may be continued if the trust deed provides for such continuation;

(6) The issuer shall redeem the municipal debt securities of all the holders, who have not given their positive consent to the roll-over.**]**

IndiaCode

[44][Face value of municipal debt securities

22. The face value of municipal debt securities shall be disclosed in offer document or placement memorandum in the manner as specified by the Board.

Day count convention

22A. The day count convention for calculation of interest payments for municipal debt securities shall be Actual/Actual and shall be calculated in manner as specified by the Board.

[44] Regulation 22 substituted by the Securities and Exchange Board of India (Issue and Listing of Debt Securities by Municipalities) (Amendment) Regulations, 2019 w.e.f. 27.09.2019. Prior to its substitution, regulation 22 read as follows,-

"**Debenture redemption reserve.**

22. (1) For the redemption of the debentures issued by a corporate municipal entity, the issuer shall create debenture redemption reserve in accordance with the provisions of the Companies Act, 2013 and the rules made thereunder.

(2) Where the issuer is a corporate municipal entity and the issuer has defaulted in payment of interest on debt securities or redemption thereof or in creation of security as per the terms of the issue of debt securities, any distribution of dividend shall require approval of the debenture trustees."

Prohibition on payment of incentives

22B. Any person connected with the issue shall not offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to any person for making an application in the issue, except for fees or commission for services rendered in relation to the issue.]

CHAPTER VI

CONDITIONS FOR CONTINUOUS LISTING AND TRADING OF [45][MUNICIPAL] DEBT SECURITIES

[46][Continuous listing conditions.

23. (1) The issuer making public issues of municipal debt securities or seeking listing of municipal debt securities issued on private placement basis, shall comply with the conditions of listing specified in Schedule V of these regulations including continuous disclosure and other requirements specified by the Board from time to time.

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[45] Inserted by the Securities and Exchange Board of India (Issue and Listing of Debt Securities by Municipalities) (Amendment) Regulations, 2019 w.e.f. 27.09.2019.

[46] Regulation 23 substituted by the Securities and Exchange Board of India (Issue and Listing of Debt Securities by Municipalities) (Amendment) Regulations, 2019 w.e.f. 27.09.2019. Prior to its substitution, regulation 23 read as follows,-

"**Continuous listing conditions.**

23. (1) All the issuers making public issues of debt securities or seeking listing of debt securities issued on private placement basis, shall comply with conditions of listing including continuous disclosure and other requirements specified by the Board in general and those specified in Schedule V to these regulations.

(2) Where the issuer is corporate municipal entity, one-third of its Board shall comprise of independent directors, as defined in section 149 of the Companies Act, 2013.

(3) Every rating obtained by an issuer shall be periodically reviewed by the registered credit rating agency and any revision in the rating shall be promptly disclosed by the issuer to the stock exchange(s) where the debt securities are listed.

(4) In the event of credit rating being downgraded by two or more notches below the rating assigned at the time of issue, the issuer shall present to all bondholders, the reasons for fall in rating and the steps, if any, it intends to take to recover the rating.

(5) Any change in rating shall be promptly disseminated in such manner as the stock exchange where such securities are listed may determine from time to time.

(6) The issuer, the respective debenture trustees, wherever appointed, and stock exchanges shall disseminate all information and reports regarding debt securities including compliance reports filed by the issuers and the debenture trustees, if appointed, to the investors and the general public by placing them on their websites.

(7) The information referred to in sub-regulation (5) shall also be placed on the websites, if any, of the debenture trustee, the issuer and the stock exchanges."

(2) Where the issuer is a body corporate to whom the Companies Act, 2013 applies, one-third of its Board shall comprise of independent directors, as defined in section 149 of the Companies Act, 2013.

(3) Any change in rating shall be promptly disseminated in such manner as the stock exchange where such securities are listed may determine from time to time.

(4) The issuer, the respective debenture trustees, and stock exchanges shall disseminate all information and reports regarding municipal debt securities including compliance reports filed by the issuers and the debenture trustees, to the investors and the general public by placing them on their websites.

(5) The information referred to in sub-regulation (3) shall also be placed on the websites of the debenture trustee, the issuer and the stock exchanges.**]**

[47][Accounting and audit.

24. (1) An issuer shall prepare accounts in any of the manner specified in clause (b) of regulation 4:

Provided that in case the Issuer is a body corporate to which the Companies Act, 2013 applies, the accounts shall be prepared in accordance with section 129 and 134 of the Companies Act, 2013 and the rules made thereunder.

(2) In case of the issuer being a municipality, the accounts of the issuer shall be audited by the persons appointed by the municipal corporations, as permissible under its constitution document:

IndiaCode

[47] Regulation 24 substituted by the Securities and Exchange Board of India (Issue and Listing of Debt Securities by Municipalities) (Amendment) Regulations, 2019 w.e.f. 27.09.2019. Prior to its substitution, regulation 24 read as follows,-

"**Accounting and audit.**

24. (1) An Issuer, being a municipality, shall prepare its accounts in accordance with the National Municipal Accounts Manual or in accordance with similar Municipal Accounts Manual adopted by the respective State Government:

Provided that in case of the Issuer being a corporate municipal entity, the accounts shall be prepared in accordance with section 129 and 134 of the Companies Act, 2013 and the rules made thereunder.

(2) In case of the issuer being a municipality, the accounts of the issuer shall be audited by the persons appointed by the municipal corporations, as permissible under its constitution/state legislation governing the municipality:

Provided that in case of an issuer being a corporate municipal entity, the accounts of the issuer shall be audited by an auditor, in terms of section 139 of the Companies Act, 2013 and the rules made thereunder:

(3) The bank account for issue proceeds and separate escrow account with earmarked revenues, shall be audited by persons so appointed by the municipality or the corporate municipal entity, within six months of the close of every financial year."

Provided that in case the issuer is a body corporate to which the Companies Act, 2013 applies, the accounts of the issuer shall be audited by an auditor, in terms of section 139 of the Companies Act, 2013 and the Rules made thereunder.**]**

[48][Trading and reporting of municipal debt securities.

25. (1) The trades of listed municipal debt securities shall be cleared and settled through a recognised clearing corporation in the manner specified by the Board.

(2) In case of trades in municipal debt securities which have been made over the counter, such trades shall be reported on a recognised stock exchange having a nationwide trading terminal or such other platform as may be specified by the Board from time to time.

(3) The information in respect of issues such as issuer details, instrument details, ratings, rating migration, coupon, buyback etc. shall be required to be reported to a common database as may be specified by the Board.**]**

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[48] Regulation 25 substituted by the Securities and Exchange Board of India (Issue and Listing of Debt Securities by Municipalities) (Amendment) Regulations, 2019 w.e.f. 27.09.2019. Prior to its substitution, regulation 25 read as follows,-

"**Trading and reporting of debt securities.**

25. (1) The debt securities issued to the public or on a private placement basis, which are listed in recognised stock exchanges, shall be traded and such trades shall be cleared and settled in recognised clearing corporation subject to conditions specified by the Board.

(2) The trading lot for privately placed debt securities shall be rupees one lakh or such amount as may be specified by the Board.

(3) In case of trades of debt securities which have been made over the counter, such trades shall be reported on a recognised stock exchange having a nationwide trading terminal or such other platform as may be specified by the Board from time to time.

(4) The information in respect of issues such as issuer details, instrument details, ratings, rating migration, coupon, buyback, redemption details, shall be required to be reported to a common database with depositories or any other platform as may be specified by the Board."

CHAPTER VII

OBLIGATIONS OF INTERMEDIARIES AND ISSUERS

[49][**Obligations of debenture trustee.**

26. (1) The debenture trustee shall be vested with the requisite powers for protecting the interest of holders of municipal debt securities:

Provided that, where the issuer is a body corporate to which the Companies Act, 2013 applies such powers shall include a right to appoint a nominee director on the Board of the issuer, in consultation with institutional holders of such securities.

(2) The debenture trustee shall carry out its duties and perform its functions in terms of these regulations, the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, the trust deed and the offer document/placement memorandum, with due care, diligence and loyalty.

(3) The debenture trustee shall monitor the separate escrow account maintained in respect of the earmarked revenue.

(4) The debenture trustee shall ensure disclosure of all material events on an ongoing basis.

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[49] Regulation 26 substituted by the Securities and Exchange Board of India (Issue and Listing of Debt Securities by Municipalities) (Amendment) Regulations, 2019 w.e.f. 27.09.2019. Prior to its substitution, regulation 26 read as follows,-

"**Obligations of monitoring agency and trustee.**

26. (1) The monitoring agency appointed under sub-regulation (7) of regulation 5 shall be vested with the requisite powers for protecting the interest of holders of debt securities.

(2) The monitoring agency shall inspect on half yearly basis, the utilization of issue proceeds in accordance with objects of the issue as specified in offer document and report, material deviation, if any, to the concerned stock exchange for public dissemination.

(3) The monitoring agency shall monitor earmarked revenue in the separate escrow account.

(4) The debenture trustee, wherever appointed, shall be vested with the requisite powers for protecting the interest of holders of debt securities:

Provided that , where the issuer is a corporate municipal entity, such powers shall include a right to appoint a nominee director on the Board of the issuer, in consultation with institutional holders of such securities.

(5) the debenture trustee, wherever appointed, shall disclose the information to the investors and the general public by issuing a press release in any of the following events:

(a) default by issuer to pay interest on debt securities or redemption amount;

(b) failure to create a charge on the assets;

(c) revision of rating assigned to the debt securities.

(6) The debenture trustee, wherever appointed, shall carry out its duties and perform its functions under these regulations, the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, the trust deed and offer document, with due care, diligence and loyalty.

(7) The debenture trustee, wherever appointed, shall ensure disclosure of all material events on an ongoing basis

(8) The debenture trustees, wherever appointed, shall supervise the implementation of the conditions regarding creation of security for the debt securities and debenture redemption reserve."

(5) The debenture trustee shall supervise the implementation of the obligations cast in terms of provisions of these regulations.]

[50][**Obligations of the issuer and merchant banker.**

27. (1) The issuer shall disclose all the material facts in the offer documents issued or distributed to the public and shall ensure that all the disclosures made in the offer document are true, fair and adequate and there is no mis-leading or untrue statements or mis-statement in the offer document.

(2) The merchant banker(s) shall verify and confirm that the disclosures made in the offer documents are true, fair and adequate and ensure that the issuer is in compliance with these regulations.

(3) The merchant banker(s) shall ensure that all transaction specific disclosures required in Schedule I of these regulations are complied with:

Provided that where the issuer is a body corporate to which the Companies Act, 2013 applies, the merchant banker(s) shall also ensure that the disclosures under Companies Act, 2013 and rules made thereunder are complied with.

(4) The issuer shall treat the applicants in a public issue of municipal debt securities in a fair and equitable manner as per the procedures as may be specified by the Board.

(5) The merchant bankers shall be responsible for the due diligence in respect of assignments undertaken by them in respect of issue, offer and distribution of securities to the public.

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[50] Regulation 27 substituted by the Securities and Exchange Board of India (Issue and Listing of Debt Securities by Municipalities) (Amendment) Regulations, 2019 w.e.f. 27.09.2019. Prior to its substitution, regulation 27 read as follows,-

"**Obligations of the issuer and merchant banker.**

27. (1) The issuer shall disclose all the material facts in the offer documents issued or distributed to the public and shall ensure that all the disclosures made in the offer document are true, fair and adequate and there is no mis-leading or untrue statements or mis-statement in the offer document.

(2) The merchant banker(s) shall verify and confirm that the disclosures made in the offer documents are true, fair and adequate and ensure that the issuer is in compliance with these regulations.

(3) The merchant banker(s) shall ensure that all transaction specific disclosures required in Schedule I of these regulations are complied with:

Provided where the issuer is a corporate municipal entity, merchant banker(s) shall also ensure that the disclosures under Companies Act, 2013 and rules made thereunder are complied with.

(4) The issuer shall treat the applicants in a public issue of debt securities in a fair and equitable manner as per the procedures as may be specified by the Board.

(5) The issuer and merchant bankers shall be responsible for the due diligence in respect of assignments undertaken by them in respect of issue, offer and distribution of securities to the public.

(6) No person shall employ any device, scheme or artifice to defraud in connection with issue or subscription or distribution of debt securities which are listed or proposed to be listed on a recognised stock exchange.

(7) The issuer and the merchant bankers shall ensure that the security created to secure the debt securities is adequate to ensure hundred per cent. asset cover for the debt securities."

(6) There shall be no conflict of interest between the lead manager(s) and the issuer or its group companies in accordance with the applicable regulations.]

[51][CHAPTER VIIA
PROCEDURE IN CASE OF VIOLATION OF REGULATIONS

Directions by the Board

27A. Without prejudice to the action under section 11, 11A, 11 B, 11D, sub- section (3) of section 12, Chapter VIA and section 24 of the Act or section 439 of the Companies Act, 2013, the Board may suo-*motu* or upon receipt of information or on completion or pendency of inspection or investigation, in the interests of the securities market, issue or pass such directions as it deems fit including any or all of the following:

(a) direct the issuer to refund the application monies to the applicants in a public issue;
(b) direct the persons concerned not to further deal in securities in any particular manner;
(c) direct the persons concerned not to access the securities market for a specified period;
(d) restrain the issuer or its promoters or directors from making further issues of securities;
(e) direct the person concerned to sell or divest the securities;
(f) direct the issuer or the depository not to give effect transfer or directing further freeze of transfer of securities;
(g) any other direction which Board may deem fit and proper in the circumstances of the case:

Provided that the Board shall, either before or after issuing such directions, give an opportunity of being heard to the persons against whom the directions are issued or proposed to be issued:

Provided further that if any ex-parte direction is required to be urgent issued, the Board may give post decisional hearing to the affected person:

[51] Inserted by the Securities and Exchange Board of India (Issue and Listing of Debt Securities by Municipalities) (Amendment) Regulations, 2019 w.e.f. 27.09.2019.

Provided also that where the issuer is a Municipality, the Board may communicate the instances of violation or non-compliance etc. if any, to the Central Government and the concerned State Government.**]**

CHAPTER VIII
MISCELLANEOUS

[52][***]

Power to remove difficulties.

29. In order to remove any difficulties in the interpretation or application of the provisions of these regulations, the Board shall have the power to issue directions through guidance notes or circulars:

Provided that where any direction is issued by the Board in a specific case relating to interpretation or application of any provision of these regulations, it shall be done only after affording a reasonable opportunity of being heard to the concerned persons and after recording reasons for the direction.

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[53][Power to relax strict enforcement of Regulations

30. The Board may, in the interest of investors or for the development of the securities market, relax the strict enforcement of any requirement of these regulations, if the Board is satisfied that, -

(a) the requirement is procedural or technical in nature; or

(b) the requirement may cause undue hardship to investors; or

(c) the disclosure requirement is not relevant for a particular industry or class of issuers; or

(d) the non-compliance was caused due to factors beyond the control of the issuer ;or

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[52] Omitted by the Securities and Exchange Board of India (Issue and Listing of Debt Securities by Municipalities) (Amendment) Regulations, 2019 w.e.f. 27.09.2019. Prior to its omission, regulation 28 read as follows,-

"**Sanction for violations.**

28. Any contravention of these regulations shall be dealt with by the Board in accordance with the Act."

[53] Inserted by the Securities and Exchange Board of India (Issue and Listing of Debt Securities by Municipalities) (Amendment) Regulations, 2019 w.e.f. 27.09.2019.

(e) such relaxation will be in the interest of securities market.**]**

[54][SCHEDULE I

[54] Substituted by the Securities and Exchange Board of India (Issue and Listing of Debt Securities by Municipalities) (Amendment) Regulations, 2019 w.e.f. 27.09.2019. Prior to its substitution Schedule I read as follows,-

"**SCHEDULE I**

[*See Regulation 6(2)****]***

Disclosures

1. Where the issuer is a Corporate Municipal Entity, it shall make disclosures in accordance with Schedule I to SEBI (Issue and Listing of Debt Securities) Regulations, 2008 and shall also make below mentioned disclosures, whichever is relevant, pertaining the municipalities proposed to be financed by the issue;

2. Where the issuer is a municipality, it shall make below mentioned disclosures:

A. General Information

1. The relevant Act under which the issuer of such securities is incorporated and governed
2. Copy of the Committee Resolution/Municipal Corporation authorizing the borrowing and list of authorized signatories.
3. Copy of the necessary Resolution(s) for the allotment of debt securities
4. Copy of budget documents for last 3 years containing actual financial performance and/or revised estimates along with the details of related party transactions
5. An undertaking from the issuer stating that the necessary documents for the creation of the charge, where applicable, including the Trust Deed would be executed within the time frame prescribed in the relevant regulations/act/rules etc and the same would be uploaded on the website of the recognised Stock exchange where the debt securities have been listed, within five working days of execution of the same.
6. Any other particulars or documents that the recognised stock exchange, where the debt security have been listed, may call for as it deems fit.
7. An undertaking that permission / consent from the prior creditor for a second or paripassu charge being created, where applicable, in favor of the trustees to the proposed issue has been obtained.
8. Name and contact details of the monitoring agency.
9. Details of the separate escrow account opened for servicing of debt securities with earmarked revenue, wherever applicable.

Issuer shall submit the following disclosures to the Debenture Trustee in electronic form (soft copy) at the time of allotment of the debt securities:

1. The relevant Act under which the issuer of such securities is incorporated and governed.
2. Copy of the Resolution authorizing the borrowing and list of authorized signatories.
3. Copy of the necessary Resolution(s) for the allotment of debt securities
4. Copy of budget documents for last 3 years containing actual financial performance and/ or revised estimates.

B. An undertaking to the effect that the Issuer would, till the redemption of the debt securities, submit the details relating to the financials of the issuer to the Trustee within the timelines prescribed by SEBI for furnishing /publishing its half yearly/ annual result. Further, the Issuer shall, forthwith, submit a copy of the latest annual report to the Trustee and the Trustee shall be obliged to share the details submitted under this clause to debenture-holders within two working days of their specific request. The following disclosures shall be made in the offer document where relevant:

I. Name and address of the following:-
   a. Head office/quarters of the Issuer

b. Compliance officer of the Issuer
c. Complete Details of the Official In-charge of dealing with investor Grievances related to the Municipal Bonds, his/her address, phone number, email ID, etc.
d. Chief Accounts and Finance Officer or equivalent of the Issuer
e. Arrangers, if any, of the instrument
f. Trustee of the issue
g. Registrar to an issue
h. Credit Rating Agency (-ies) of the issue and
i. Auditors of the Issuer
j. The relevant Act under which the issuer is incorporated and governed

II. Comprehensive Disclosure regarding the Risk Factors, including project risks, operational risks, credit risks, liquidity risks, etc.

C. Organization details:

1. Details of Mayor / Deputy Mayor including date of appointment, etc.
2. Details of Commissioner/ Deputy Commissioner including date of appointment, etc
3. Details of any Reorganization or Reconstruction in the last 1 year:-

Type of Event	Date of Announcement	Date of Completion	Details

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4. Details of the members of the Committee approving the project/ various Standing Committees relating to Taxation / Finance /Accounts/ Audit/ Infrastructure

Name and Designation	Date of Appointment/ Resignation	Member of the Committee since (in case of resignation)	Remarks

5. Details of the Auditors

Name	Address	Auditor since

6. Details of trustee

Name	Address	Contact person

D. A brief summary of the business/ activities of the Issuer and its project for which funds are to be raised containing atleast following information

1. Overview of the issuer
2. Management Structure of the issuer and the relevant department issuing the bond
3. Details of all the project undertaken or proposed in terms of cost and means of financing
4. Complete details of the project/s for which finance is raised
   i. An investment plan for the project components indicating phasing as well as financing approved by the local authority or the agency as the case may be
   ii. Schedule of implementation of the project
   iii. Capital structure relating to projects for which funds are proposed to be mobilized
   iv. Capital grant for the proposed project and the amount received in this regard
   v. Details of State Finance Commission Grant on annual basis

vi. Benchmarks for commencement and completion of the project including milestone dates for all components of the project
vii. Details and status of the regulatory approval (if required)
viii. Financial viability of the project showing the stage wise cost and revenue flows for the project.
ix. Revenue generation/resources and sufficiency for timely servicing and redemption
x. Details of the independent trustee of the escrow account
xi. Latest Audit report of the escrow and project account by a firm of chartered accountants appointed by the concerned State Urban Development Departments from a panel CA's approved by the C& AG.

5. Performance with respect to key financial and operational parameters for the last 3 years
   I. Abridged Balance Sheet, Income and Expenditure and Receipts and Payments Accounts for the last three years with major heads;
   II. Link to the web page where the entire financials of the Municipal Body can be accessed should be given.
   III. Financial Parameters:

Key Financial Figures	FY	FY	FY
Revenue Income			
Revenue expenditure (Excl. Interest)			
Operating revenue Surplus			
Interest expense			
Principal repayment (outside sinking Fund)			
Contribution to Sinking fund			
Revenue Surplus			
Capital Income			
Capital Expense			
Capital Surplus			
Overall Surplus			
Deposits and Advances (net)			
Initial Cash / Bank balance			
Change in Cash / Bank balance			
Final Cash / Bank balance			
Loan repayment from sinking fund			
Initial Sinking fund balance			
Change in sinking fund			
Final sinking fund balance			
Total Debt			
Ratio of Total Expenditure /Total Revenue			
Cash Surplus / Total Revenue			
Ratio of Debt Service / Total Revenue			

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IV. Operational Parameters:

Details of top 5 revenue sources for last 3 years

Revenue Receipt type	Actual FY	Actual FY	Actual FY
XYZ 1			
XYZ 2			
XYZ 3			
XYZ 4			
XYZ 5			

V. Details of property tax collection

Particulars	Demand Raised			Collections			Overall Collection ratio	Current Collection ratio
	Arrears	Current	Total	Current	Arrear	Total		

VI. Status of reforms with respect to e-governance, cost recovery on water supply & Solid Waste Management (SWM), property tax, double entry accounting and others, as specified by MoUD and authorities concerned

E. E. Details of Issuer's outstanding borrowing

I. Details of borrowings of the Issuer, as on the latest quarter end:-

II. Details of Secured Loan Facilities:-

Lender's Name	Type of Facility	Amt Sanctioned	Principal Amt outstanding	Repayment Date / Schedule	Security

III. Details of Unsecured Loan Facilities:-

Lender's Name	Type of Facility	Amt Sanctioned	Principal Amt outstanding	Repayment Date Schedule

IV. Details of NCDs/Bonds: -

Debenture/Bond Series	Tenor / Period of Maturity	Coupon	Amount	Date of Allotment	Redemption Date/ Schedule	Credit Rating	Secured / Unsecured	Security

V. List of Top 10 Debenture Holders (as on ……)

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Sr. No.	Name of Debenture Holders	Amount

Note: Top 10 holders' (in value terms, on cumulative basis for all outstanding debentures issues) details should be provided.

VI. The amount of charge created along with name of the counterparty (like name of the project etc.)

VII. Details of Commercial Paper:- The total Face Value of Commercial Papers Outstanding as on the latest quarter end to be provided and its breakup in following table:-

Maturity Date	Amount Outstanding

VIII. Details of Rest of Borrowings

IX. Estimated Scenarios of Asset Liability Mis-matches, efforts intended to resolve the same

X. Details of all default/s and/or delay in payments of interest and principal of any kind of term loans, debt securities and other financial instrument issued by the Issuer, in the past 3 years .

XI. Details of change in terms and conditions of debt securities issued in past 5 years (i.e. change in coupon, maturity, call/put option etc.)

XII. An undertaking should be disclosed in the offer document that the issue has obtained Lenders consent for creating charge on assets (if the issue is of secured Bonds)

XIII. Details of any outstanding borrowings taken/ debt securities issued for consideration other than cash, whether in whole or part, at a premium or discount, or in pursuance of an option;

XIV. Any material event/ development or change having implications on the financials/credit quality (e.g. any material regulatory proceedings against the Issuer, resulting in material liabilities, restructuring event etc) at the time of the issue which may affect the issue or the investor's decision to invest/ continue to invest in the debt securities.

XV. The detailed rating rationale (s) adopted (not older than one year on the date of opening of the issue)/ credit rating letter issued (not older than one month on the date of opening of the issue) by the rating agencies shall be disclosed.

XVI. Credit Enhancement Mechanisms if any, with complete details, if any.

XVII. The security is backed by a guarantee or letter of comfort or any other document / letter with similar intent, a copy of the same shall be disclosed. In case such document does not contain detailed payment structure (procedure of invocation of guarantee and receipt of payment by the investor along with timelines), the same shall be disclosed in the offer document.

XVIII. In case there is an escrow mechanism for the repayment of the interest/principal, details of the same should be given.

XIX. The names of the debenture trustee(s) shall be mentioned with statement to the effect that debenture trustee(s) has given his consent to the Issuer for his appointment. This also needs to be mentioned in all subsequent communications sent to the holders of debt securities.

XX. Names of all the recognised stock exchanges where the debt securities are proposed to be listed clearly indicating the designated stock exchange.

XXI. Penal interest payable by the Municipal Corporation in case of delay in execution of Trust Deed and Charge documents

XXII. Additional interest to be paid, above the Coupon Rate, in case of default in payment of Interest and/or principal redemption on the due dates

XXIII. Penal interest payable by the Municipal Corporation in case of delay in listing of debt securities from the deemed date of allotment

XXIV. Other details

XXV. DRR/such other reserve creation - relevant regulations and applicability.

XXVI. Issue/instrument specific regulations - relevant details (Relevant Act, RBI guidelines, etc).

XXVII. Application process

XXVIII. Procedure for deciding and adjusting payment dates (in response to days when payment can't be made due to any reason like sudden bank holiday.

XXIX. List of documents which have been executed/ will be executed in relation to the issue

XXX. Investor grievances mechanisms

XXXI. Such other details necessary for the investors to make a well informed decision making regarding their investment in the proposed issue

XXXII. Declaration signed by the Mayor and Commissioner of the concerned Municipal Body stating that offer document contains true, fair and adequate information to enable investors to make a well informed decision making regarding their investment in the proposed issue.

XXXIII. Declaration signed by the Director(s) of the Corporate Municipal Entity stating that offer document contains true, fair and adequate information to enable investors to make a well informed decision making regarding their investment in the proposed issue.

F. F. Issue details

Summary term sheet shall be provided which shall include at least following information (where relevant) pertaining to the Secured / Unsecured Non-Convertible debt securities (or a series thereof):-

Security Name	Name of the bond which includes (Issuer Name, Coupon and maturity year) e.g. 8.70% XXX 2015.
Issuer	
Type of Instrument	Secured or Unsecured
Seniority	Senior or Subordinated.
Mode of Issue	Private placement/Public issue
Eligible Investors	
Listing (including name of stock Exchange(s) where it will be listed and timeline for listing)	
Rating of the Instrument	_____ by _____ Ltd.
Issue Size	
Option to retain oversubscription (Amount)	
Objects of the Issue	The proceeds of the proposed issue shall be clearly earmarked for a defined project or a set of projects; The project(s) shall be financially viable project(s), i.e., should be able to generate a stream of revenue which should be sufficient to finance Operational & Maintenance cost
Details of the utilization of the Proceeds	
Coupon Rate	
Taxable/Tax free	
Step Up/Step Down Coupon Rate	
Coupon Payment Frequency	
Coupon payment dates	Dates on which coupon will be paid
Coupon Type	Fixed, floating or other coupon structure

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Coupon Reset Process (including rates, spread, effective date, interest rate cap and floor etc).	
Day Count Basis	Actual/ Actual
Interest on Application Money	
Tenor	__ Months from the Deemed from the date of Allotment
Redemption Date	Dates on which Principal will be paid
Redemption Amount	
Redemption Premium /Discount	
Issue Price	The price at which bond is issued
Discount at which security is issued and the effective yield as a result of such discount.	
Put option Date	
Put option Price	
Call Option Date	
Call Option Price	
Put Notification Time	Timelines by which the investor need to intimate Issuer before exercising the put option.
Call Notification Time	Timelines by which the Issuer need to intimate investor before exercising the call option.
Face Value	
Minimum Application and in multiples of _Debt Securities thereafter	
Issue Timing 1. Issue Opening Date 2. Issue Closing date 3. Pay-in Date 4. Deemed Date of Allotment	
Issuance mode of the Instrument	Rs. 10 lakh per instrument for Demat only (for private placement)

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Trading mode of the Instrument	Demat only (for private placement)
Settlement mode of the Instrument	
Depository	
Business Day Convention	
Record Date	15 days prior to each Coupon Payment date / Redemption date.
Security (where applicable) (Including description, type of security, type of charge, likely date of creation of security, minimum security cover, revaluation, replacement of security).	
Transaction Documents	
Conditions Precedent to Disbursement	
Condition Subsequent to Disbursement	
Events of Default	
Provisions related to Cross Default Clause	
Role and Responsibilities of Debenture Trustee	

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[*See regulations 6 and 27***]**

DISCLOSURES IN THE OFFER DOCUMENT AND PLACEMENT MEMORANDUM

All disclosures specified under this schedule shall be made in the draft offer document or the preliminary placement memorandum or offer document or placement memorandum, as applicable.

1. **Instructions**:

(a) All information shall be relevant and updated. The source and basis of all statements and claims shall be disclosed.

(b) All blank spaces in the draft offer document/ preliminary placement memorandum shall be filled up with appropriate data before registering the offer document /placement memorandum, as applicable, with the Registrar of Companies or filing the same with the recognised stock exchanges.

(c) Plain English shall be used to enable easy understanding of the contents. Technical terms, if any, used in explaining the business of the issuer shall be clarified in simple terms.

(d) Wherever it is mentioned that details are given elsewhere in the document, the same shall be adequately cross-referenced by indicating the paragraph heading and page number.

(e) There shall be no forward-looking statements that cannot be substantiated.

(f) Consistency shall be ensured in the style of disclosures. If the first person is used, the same may be used throughout. All sentences that contain a combination of first and third persons may be avoided.

(g) For presentation currency, only one standard financial unit shall be used.

Governing Law and Jurisdiction	

Notes:
Any change in Coupon Rate, along with events which lead to the change if there is any change in Coupon Rate pursuant to any event including elapse of certain time period or downgrade in rating, then such new Coupon Rate and events which lead to such change should be disclosed."

2. **Applicability:**

An issuer making a public issue or private placement of municipal debt securities that are intended to be listed shall make the disclosures as specified in this Schedule.

3. **General information**:

(a) Name and address of the head office and other offices of the issuers

(b) Registered and corporate office of the issuer, if applicable

(c) Details of Mayor / Deputy Mayor including date of appointment, etc.

(d) Details of Commissioner/ Deputy Commissioner including date of appointment, etc.

(e) Details of the members of the Committee approving the project/ various Standing Committees relating to Taxation / Finance /Accounts/ Audit/ Infrastructure in the following format :-

Name and Designation	Date of Appointment or Resignation	Member of the Committee since (in case of resignation)	Remarks

(f) Name, designation, address and DIN of each member of the board of directors of the issuer if the issuer is a company.

(g) Name, address, telephone number and email address of the compliance officer of the issuer

(h) Complete Details of the Official In-charge of dealing with investor Grievances related to the Municipal Bonds, his/her address, phone number, email ID, etc.

(i) Chief Accounts and Finance Officer or equivalent of the Issuer

(j) Arrangers, if any, of the instrument

(k) Debenture trustee of the issue

(l) Registrar to an issue

(m) Credit Rating Agency (-ies) of the issue and

(n) Auditors of the Issuer

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(o) Names, addresses, telephone numbers, contact person, website addresses and e-mail addresses of the lead manager(s), registrars to the issue, bankers to the issue, brokers to the issue and syndicate member(s); alongwith URL of SEBI website listing out the details of self-certified syndicate banks, registrar to the issue and depository participants, etc., if applicable.

(p) Names, addresses, telephone numbers and e-mail addresses of the Company Secretary, legal advisor, underwriters and bankers to the issuer.

(q) Names of the debenture trustee(s) shall be mentioned with a statement to the effect that the debenture trustee(s) has given his consent to the Issuer for his appointment. This also needs to be mentioned in all subsequent communications sent to the holders of debt securities.

(r) Investor grievances redressal mechanisms

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4. **About the issuer and Capital structure of the issuer:**

(a) The constitution document

(b) Details of the capital structure of the issuer, if applicable.

(c) Details of the management structure of the issuer.

(d) Shareholding pattern of the issuer along with top 10 shareholders of the issuer, if applicable.

(e) Resolution authorizing the borrowing and list of authorized signatories.

(f) Details of necessary Resolution(s) for the allotment of municipal debt securities

(g) Memorandum and Articles of Association in case the issuer is a body corporate incorporated under Companies Act, 2013, if applicable

(h) Details of any Reorganization or Reconstruction of management in the last 1 year of the issuer.

(i) Details of all the project undertaken or proposed in terms of cost and means of financing

(j) Capital structure relating to projects for which funds are proposed to be mobilized

(k) Capital grant for the proposed project and the amount received in this regard

(l) Details of State Finance Commission Grant on annual basis

5. Objects of the issue:

(a) The proceeds of the proposed issue shall be clearly earmarked for a defined project or a set of projects along with the location of the project and plant and machinery, technology, process, etc.;

(b) Where the issuer proposes to undertake more than one activity or project, such as diversification, modernization, or expansion, etc., the total project cost activity-wise or project wise, as the case may be.

(c) Where the issuer is implementing the project in a phased manner, the cost of each phase, including the phase, if any, which has already been implemented, shall be separately given.

(d) An investment plan for the project components as well as phases thereof as well as financing thereof as approved by the local authority or the agency as the case may be

(e) Schedule of implementation of the project

(f) Benchmarks for commencement and completion of the project including milestone dates for all components of the project

(g) Details and status of the regulatory approval (if required)

(h) Expenses of the Issue:

Expenses of the issue along with a break up for each item of expense, including details of the fees payable to/for separately as under (in terms of amount, as a percentage of total issue expenses and as a percentage of total issue size):

(a) Lead manager(s) fees including underwriting commission

(b) Brokerage, selling commission and upload fees

(c) Registrars to the issue

(d) Legal Advisors

(e) Advertising and marketing expenses

(f) Regulators including stock exchanges

(g) Printing and distribution of issue stationary

(h) Others, if any (to be specified).

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6. **Tax Benefits:**

Any special tax benefits (under direct and indirect tax laws) for the issuer and its investors

7. Issue specific Information:

(a) Issue/instrument specific regulations - relevant details (Relevant Act, RBI guidelines, etc.).

(b) The detailed rating rationale (s) adopted (not older than one year on the date of opening of the issue)/ credit rating letter issued (not older than one month on the date of opening of the issue) by the rating agencies shall be disclosed. Names of all the credit rating agencies from which credit rating including unaccepted rating has been obtained.

(c) Credit Enhancement Mechanisms if any, with complete details, if any.

(d) Names of all the recognised stock exchanges where the debt securities are proposed to be listed clearly indicating the designated stock exchange.

(e) Additional interest to be paid, above the Coupon Rate, in case of default in payment of Interest and/or principal redemption on the due dates

(f) Penal interest payable by the issuer in case of delay in listing of debt securities from the deemed date of allotment

(g) Debenture Redemption Reserve and such other reserve creation - relevant regulations as applicable.

(h) Application process

(i) Procedure for deciding and adjusting payment dates (in response to days when payment cannot be made due to any reason such as sudden bank holiday.

(j) 'Terms of payments' and procedure and time schedule for allotment and issue certificates/demat credit

(k) How to apply, availability of application forms and letter of offer and mode of payment.

(l) Change in terms and conditions of municipal debt securities issued in past 5 years (i.e. change in coupon, maturity, call/put option etc.)

(m) Procedure and time schedule for allotment and issue of municipal debt securities.

(n) Details of escrow payment mechanism for the repayment of the interest/principal.

8. Financial Information:

I. Following details as per the financial statements for past 3 years in tabular format:

(a) Abridged Balance Sheet, Income and Expenditure and Receipts and Payments Accounts for the last three financial years with major heads

(b) Link to the web page where the entire financials of the Municipal Body can be accessed should be given.

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(c) Copy of budget documents for the previous three years containing actual financial performance and/or revised estimates along with the details of related party transactions

(d) Financial Parameters:

Key Financial Figures	FY	FY	FY
Revenue income			
Revenue expenditure (Excl. Interest)			
Operating revenue Surplus			
Interest expense			
Principal repayment (outside sinking Fund)			
Contribution to Sinking fund			
Revenue surplus			
Capital income			
Capital expense			
Capital surplus			
Overall surplus			
Deposits and Advances (net)			
Initial Cash / Bank balance			
Change in Cash / Bank balance			
Final Cash / Bank balance			
Loan repayment from sinking fund			
Initial Sinking fund balance			
Change in sinking fund			
Final sinking fund balance			
Total debt			
Ratio of Total Expenditure /Total Revenue			
Cash surplus / total revenue			
Ratio of Debt Service / Total Revenue			

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II. Details of top five revenue sources for the previous three years

Revenue Receipt type	Actual	Actual	Actual
	FY	FY	FY
XYZ 1			

XYZ 2			
XYZ 3			
XYZ 4			
XYZ 5			

III. Details of property tax collection

Particulars	Demand Raised			Collections			Overall Collection ratio	Current Collection ratio
	Arrears	Current	Total	Current	Arrear	Total		
FY								
FY								
FY								

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IV. Status of reforms with respect to e-governance, cost recovery on water supply, Solid Waste Management (SWM), property tax, double entry accounting and others, as specified by Central Government and authorities concerned

V. Borrowings

(a) Details of borrowings of the Issuer, as on the latest quarter end:-

(b) Details of Secured Loan Facilities:-

Lender's Name	Type of Facility	Amt Sanctioned	Principal Amt outstanding	Repayment Date / Schedule	Security

(c) Details of Unsecured Loan Facilities:-

Lender's Name	Type of Facility	Amt Sanctioned	Principal Amt outstanding	Repayment Date / Schedule

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(d) Details of NCDs/Bonds: -

Debenture/ Bond Series	Tenor/ Period of Maturity	Coupon	Amount	Date of Allotment	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security

(e) List of the Top ten Debenture Holders (as on ……)

Sr. No.	Name of Debenture Holders	Amount

Note: Top ten holders' (in value terms, on cumulative basis for all outstanding debentures issues) details should be provided.

(f) Details of Commercial Paper:- The total Face Value of Commercial Papers Outstanding as on the latest quarter end to be provided and its breakup in following table:-

Maturity Date	Amount Outstanding

(g) Details of Rest of Borrowings

(h) Details of any outstanding borrowings and debt securities issued for consideration other than cash, whether in whole or part, at a premium or discount, or in pursuance of an option;

VI. Sufficient revenue generation and resources for timely servicing and redemption

VII. Estimated Scenarios of Asset Liability Mis-matches, efforts intended to resolve the same.

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9. Legal and Other Information:

(a) Pending litigations and material developments:

Pending Litigations involving the issuer/ its directors/ promoters/ subsidiaries:

(i) All criminal proceedings;

(ii) All actions by regulatory and statutory authorities;

(iii) Disciplinary action including penalty imposed by SEBI or stock exchanges against the promoters during the previous five financial years including outstanding action;

(iv) Claims related to direct and indirect taxes, in a consolidated manner, giving the number of cases and total amount;

(v) Other pending litigation - As per the policy of materiality defined by the Board of Directors of the Issuer and disclosed in the offer document/placement memorandum.

(b) Outstanding dues to creditors:

(i) Based on the policy on materiality defined by the Board of Directors of the Issuer, details of creditors which include the consolidated number of creditors and the aggregate amount involved

(ii) Consolidated information on outstanding dues to micro, small and medium enterprises, separately giving details of number of cases and amount involved;

(iii) Complete details about outstanding dues to material creditors along with the name and amount involved for each such material creditor shall be disclosed, on the website of the company with a web link thereto.

(c) If any of the above mentioned litigation, material developments or dues to creditors etc., arise after the filing the draft offer document/ preliminary placement memorandum, the facts shall be appropriately incorporated in the offer document/placement memorandum. In case there are no such cases, a distinct negative statement is required to be made in this regard in the offer document/ placement memorandum.

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(d) Material developments since the date of the last balance sheet shall be incorporated separately in the offer document or placement memorandum.

(e) Statement containing particulars of dates of, and parties to all material contracts and agreements:

Provided that a recognized stock exchange may call for such further particulars or documents as it deems appropriate

(f) Any material event/ development or change having implications on the financials/credit quality (e.g. any material regulatory proceedings against the Issuer, resulting in material liabilities, restructuring event etc) at the time of the issue which may affect the issue or the investor's decision to invest/ continue to invest in the municipal debt securities.

(g) Details of non-payment of statutory dues, if any.

(h) Details of all default/s and/or delay in payments of interest and principal of any kind of term loans, debt securities and other financial instrument issued by the Issuer, in the past 3 years.

10. Government approvals:

(a) Investment approvals, letter of intent or industrial license from GoI, RBI, etc., as applicable and declaration of the Central Government, Reserve Bank of India or any regulatory authority about the non-responsibility for financial soundness or correctness of the statements;

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(b) All Government and other approvals which are material and necessary for carrying on the business and operations of the issuer and material subsidiaries.

11. **Undertaking by the issuer:**

The following undertaking by the issuer shall be given:

(a) that it shall submit the documents disclosed in the offer document or placement memorandum to the Debenture Trustee in electronic form (soft copy)

(b) that the complaints received in respect of the issue shall be attended to by the issuer expeditiously and satisfactorily;

(c) that all steps for completion of the necessary formalities for listing and commencement of trading at all stock exchanges where the securities are to be listed are taken within the period specified by the Board;

(d) Declaration signed by the Mayor and Commissioner of the concerned Municipal Body stating that the offer document/placement memorandum contains true, fair and adequate

information to enable investors to make a well informed decision regarding their investment in the proposed issue.

(e) Declaration signed by the Director(s) of the Issuer, if it is a body corporate to which the Companies Act, 2013 applies, stating that offer document/placement memorandum contains true, fair and adequate information to enable investors to make a well informed decision making regarding their investment in the proposed issue.

(f) a statement to be given by the Board of the Issuer or Standing Committee thereof that all monies received out of the issue shall be transferred to a separate bank account.

(g) the details of all utilized and unutilised monies out of the monies collected in the previous issue made by way of public offer shall be disclosed and continued to be disclosed in the balance sheet till the time any part of the proceeds of such previous issue remains unutilized indicating the purpose for which such monies have been utilized and the securities or other forms of financial assets in which such unutilized monies have been invested

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12. Documents to be submitted

(a) Copy of the resolution authorizing the borrowing and list of authorized signatories.

(b) Copy of the Trust deed.

(c) Documents that have been executed or shall be executed in relation to the issue

13. Risk factors:

(a) Risk factors shall be printed in a clear readable font (of minimum point ten size).

(b) Risk factors shall be classified as those which are specific to the project and internal to the issuer and those which are external and beyond the control of the issuer.

(c) Risk factors shall be determined on the basis of their materiality. In doing so, the following shall be considered:

i. Some risks may not be material individually but may be material when considered collectively.

ii. Some risks may have an impact which is qualitative though not quantitative.

iii. Some risks may not be material at present but may have a material impact in the future.

(d) Each risk factor shall appear in the following manner:

i. The risk as envisaged by the issuer.

ii. Proposals, if any, to address the risk.

(e) Comprehensive Disclosure regarding the Risk Factors, including project risks, operational risks, credit risks, liquidity risks, etc.

(f) Management perception of risk factors specific to the project.

Such other details necessary for the investors to make a well informed decision making regarding their investment in the proposed issue.**]**

[55][Schedule IA

[*See regulations 6 and 14A***]**

TERM SHEET

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Summary of Offer

This section shall contain the summary of the following information, as applicable:

(a) Primary business of the issuer, in not more than 100 words each;

(b) Size of the issue;

(c) Objects of the issue in a tabular format;

(d) Audit qualifications along with the financial statements, if any

(e) Summary table of pending litigation and a cross-reference to the section titled '*Pending Litigation and Material Developments''*.

(f) Cross-reference to the section titled *'Risk Factors'*

(g) Summary table of contingent liabilities and a cross-reference to contingent liabilities of the issuer as disclosed in the restated financial statements.

(h) Summary of related party transactions for the previous three years and cross-reference to related party transactions as disclosed in financial statements.

[55] Inserted by the Securities and Exchange Board of India (Issue and Listing of Debt Securities by Municipalities) (Amendment) Regulations, 2019 w.e.f. 27.09.2019.

(i) Details of escrow payment mechanism for the repayment of the interest/principal.

Summary term sheet shall be provided which shall include following information (where relevant) pertaining to the issue of municipal debt securities (or a series thereof) and any other substantial information deemed relevant:-

Security name	
Issuer	
Type of instrument	
Seniority	
Mode of issue	
Eligible investors	
Listing (including name of the stock exchange(s) where it would be listed and the timeline for listing)	
Rating of the instrument	
Issue size	
Option to retain oversubscription (amount)	
Objects of the issue	
Details of the utilization of the proceeds	
Coupon rate	
Taxable/tax free	
Step up/step down coupon rate	
Coupon payment frequency	
Coupon payment dates	
Coupon type	
Coupon reset process (including rates, spread,	

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effective date, interest rate cap and floor etc).	
Day count basis	
Interest on application money	
Tenor	
Redemption date	
Redemption amount	
Redemption premium /discount	
Issue price	
Discount at which the security is issued and the effective yield as a result of such discount.	
Put option date	
Put option price	
Call option date	
Call option price	
Put notification time	
Call notification time	
Face value	
Minimum application for municipal debt securities or multiples thereof	
Issue timing 1. Issue opening date 2. Issue closing date 3. Pay-in date 4. Deemed date of allotment	
Issuance mode of the instrument	
Trading mode of the	

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instrument	
Settlement mode of the instrument	
Depository	
Business day convention	
Record date	
Transaction documents	
Conditions precedent to disbursement	
Condition subsequent to disbursement	
Events of default	
Provisions related to cross default clause	
Role and responsibilities of debenture trustee	
Governing law and jurisdiction	

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[56][SCHEDULE II

[*See regulations 7 and 14*]

Form A

FORMAT OF DUE DILIGENCE CERTIFICATE TO BE GIVEN BY THE LEAD MANAGER (S)/MERCHANT BANKER ALONG WITH DRAFT OFFER DOCUMENT/ PRELIMINARY PLACEMENT MEMORANDUM

To,

SECURITIES AND EXCHANGE BOARD OF INDIA

Dear Sirs,

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[56] Substituted by the Securities and Exchange Board of India (Issue and Listing of Debt Securities by Municipalities) (Amendment) Regulations, 2019 w.e.f. 27.09.2019. Prior to its substitution Schedule II read as follows,-

"**SCHEDULE II**

[*See Regulation 7 (10)****]***

FORMAT FOR DUE DILIGENCE CERTIFICATE AT THE TIME OF FILING THE OFFER DOCUMENT BY AN ISSUER OR A CORPORATE MUNICIPAL ENTITY WITH REGISTRAR OF COMPANIES AND PRIOR TO THE OPENING OF THE ISSUE

To,
SECURITIES AND EXCHANGE BOARD OF INDIA
Dear Sir / Madam,
SUB.: ISSUE OF _____ BY _____

1.We confirm that neither the issuer nor its promoters or directors (in case of corporate municipal entity), have been prohibited from accessing the capital market under any order or direction passed by the Board. We also confirm that none of the intermediaries named in the offer document have been debarred from functioning by any regulatory authority.

2. We confirm that all the material disclosures in respect of the issuer have been made in the offer document and certify that any material development in the issue or relating to the issue up to the commencement of listing and trading of the shares offered through this issue shall be informed through public notices/ advertisements in all those newspapers in which pre-issue advertisement and advertisement for opening or closure of the issue have been given.
3. We confirm that the offer document contains all disclosures as specified in the Securities and Exchange Board of India (Issue and Listing of Debt Securities by Municipalities) Regulations, 2015.
4. We also confirm that all relevant provisions of the Companies Act, 2013, if applicable, Securities Contracts, (Regulation) Act, 1956, Securities and Exchange Board of India Act, 1992 and the Rules, Regulations, Guidelines, Circulars issued thereunder are complied with.

We confirm that all comments/ complaints received on the draft offer document filed on the website of _____ (designated stock exchange) have been suitably addressed.

PLACE
DATE: **LEAD MERCHANT BANKER (S)**"

SUB.: ISSUE OF _____ BY _____(Issuer)

We CONFIRM that:

(1) We have examined documents pertaining to the said issue and other relevant documents.

(2) On the basis of such examination and discussions with the Issuer, its directors and other officers, other agencies, and independent verification of the statements concerning the objects of the issue, contents of the documents and other papers furnished by the issuer:

(a) the draft offer document/ preliminary placement memorandum filed with the Board is in conformity with the documents, materials and papers which are material to the issue;

(b) all material legal requirements relating to the issue as specified by the Board, the Central Government and any other competent authority in this behalf have been duly complied with; and

(c) the material disclosures made in the draft offer document/preliminary placement memorandum are true and adequate to enable the investors to make a well informed decision as to the investment in the proposed issue and such disclosures are in accordance with the requirements of the Companies Act, 2013, these regulations and other applicable legal requirements.

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(3) All intermediaries named in the draft offer document/ preliminary placement memorandum are registered with the Board and that till date, such registration is valid and that none of these intermediaries have been debarred from functioning by any regulatory authority.

(4) Necessary arrangements shall be made to ensure that the monies received pursuant to the issue are credited or transferred to in a separate bank account.

(5) We shall comply with the provisions pertaining to advertisements in terms of the Securities and Exchange Board of India (Issue and Listing of Municipal Debt Securities) Regulations, 2015.

(6) The offer document or placement memorandum registered with the Registrar of Companies and filed with the designated stock exchange on …. (date) was suitably updated under intimation to the Board and that the said offer document or placement memorandum contains all the material disclosures in respect of the issuer as on the said date.

(7) Agreements have been entered into with the depositories for dematerialisation of the securities of the issuer.

We enclose a note explaining the process of due diligence that has been exercised by us for the period disclosed in the draft offer document/preliminary placement memorandum in accordance with applicable laws.

We enclose a checklist confirming regulation-wise compliance with the applicable provisions of these regulations, containing details such as the regulation number, its text, the status of compliance, page number of the draft offer document/ preliminary placement memorandum where the regulation has been complied with and our comments, if any.

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PLACE: **(SIGNATURE WITH OFFICIAL SEAL)**

DATE: **LEAD MANAGER/MERCHANT BANKER**

Form B

FORMAT FOR DUE DILIGENCE CERTIFICATE AT THE TIME OF FILING THE OFFER DOCUMENT OR PLACEMENT MEMORANDUM BY LEAD MANAGER/MERCHANT BANKER PRIOR TO THE OPENING OF THE ISSUE

To,

SECURITIES AND EXCHANGE BOARD OF INDIA

Dear Sir / Madam,

SUB.: ISSUE OF _____ BY _____

1. We CONFIRM that neither the issuer nor its promoters or directors or other officers have been prohibited from accessing the capital market under any order or direction passed by the Board. We also confirm that none of the intermediaries named in the offer document or placement memorandum have been debarred from functioning by any regulatory authority.

2. We CONFIRM that all the material disclosures in respect of the issuer have been made in the offer document and certify that any material development relating to the issue up to the commencement of listing and trading of the municipal debt securities offered through this issue shall be informed through public notices/ advertisements in all those newspapers in which pre-issue advertisement and advertisement for opening or closure of the issue have been given.

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3. We CONFIRM that the offer document or placement memorandum contains all disclosures as specified in the Securities and Exchange Board of India (Issue and Listing of Municipal Debt Securities) Regulations, 2015.

4. We CONFIRM that all relevant provisions of the Companies Act, 2013, if applicable, Securities Contracts, (Regulation) Act, 1956, Securities and Exchange Board of India Act, 1992 and the Rules, Regulations, Guidelines, Circulars issued thereunder have been complied with.

5. We CONFIRM that all comments/ complaints received on the draft offer document/ preliminary placement memorandum filed with the _____ (designated stock exchange) have been suitably addressed.

PLACE: **(SIGNATURE WITH OFFICIAL SEAL)**

DATE: **LEAD MANAGER /MERCHANT BANKER**

Form C

FORMAT OF DUE DILIGENCE CERTIFICATE TO BE GIVEN IN THE EVENT OF DISCLOSURE OF MATERIAL EVENTS AFTER THE FILING OF THE OFFER DOCUMENT/PLACEMENT MEMORANDUM BY THE LEAD MANAGER(S)/MERCHANT BANKER(S)

To,
SECURITIES AND EXCHANGE BOARD OF INDIA

Dear Sirs,

SUB.: ISSUE OF _____ BY _____(Issuer)

We CONFIRM that all material disclosures in respect of the issue as on date have been made through the offer document or placement memorandum registered with the Registrar of Companies and filed with the designated stock exchange on ….. (date).

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PLACE: **(SIGNATURE WITH OFFICIAL SEAL)**
DATE: **LEAD MANAGER/MERCHANT BANKER]**

[57][SCHEDULE III

[*See regulations 7 and 14*]

FORMAT OF DUE DILIGENCE CERTIFICATE TO BE GIVEN BY THE DEBENTURE TRUSTEE BEFORE OPENING OF THE ISSUE

To,

SECURITIES AND EXCHANGE BOARD OF INDIA

Dear Sir / Madam,

SUB.: ISSUE OF _____ BY _____(Issuer)

We, the Debenture Trustee (s) to the above mentioned forthcoming issue state as follows:

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[57] Substituted by the Securities and Exchange Board of India (Issue and Listing of Debt Securities by Municipalities) (Amendment) Regulations, 2019 w.e.f. 27.09.2019. Prior to its substitution Schedule III read as follows,-

"**SCHEDULE III**

[*See Regulation 7 (11)****]***

FORMAT OF DUE DILIGENCE CERTIFICATE TO BE GIVEN BY THE DEBENTURE TRUSTEE BEFORE OPENING OF THE ISSUE

To,
SECURITIES AND EXCHANGE BOARD OF INDIA
Dear Sir / Madam,

SUB.: ISSUE OF _____ BY _____Ltd (Corporate Municipal Entity)

We, the Debenture Trustee (s) to the above mentioned forthcoming issue state as follows:

(1) We have examined documents pertaining to the said issue and other such relevant documents.

(2) On the basis of such examination and of the discussions with the issuer, its Mayor/Deputy Mayor /Directors and other officers, other agencies and of independent verification of the various relevant documents,

WE CONFIRM that:

(a) The issuer has made adequate provisions for and/or has taken steps to provide for adequate security for the debt securities to be issued.

(b) The issuer has obtained the permissions / consents necessary for creating security on the said property (ies) / receivables.

(c) The issuer has made all the relevant disclosures about the security and also its continued obligations towards the holders of debt securities.

We have satisfied ourselves about the ability of the issuer to service the debt securities.

PLACE
DATE: **DEBENTURE TRUSTEE TO THE ISSUE WITH HIS SEAL**"

(1) We have examined documents pertaining to the said issue and other relevant documents.

(2) On the basis of such examination and discussions with the issuer, its Mayor/Deputy Mayor /Directors and other officers, other agencies and independent verification of the various relevant documents,-

(a) WE CONFIRM that the issuer has made adequate provisions regarding escrow payment mechanism for repayment of debt obligations, and

(b) We have satisfied ourselves about the ability of the issuer to service the debt securities.

PLACE: **(SIGNATURE WITH OFFICIAL SEAL)**

DATE: **DEBENTURE TRUSTEE TO THE ISSUE]**

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SCHEDULE IV

[*See Regulation 9 (1)****]***

FORMAT OF ISSUE ADVERTISEMENTS FOR PUBLIC ISSUES

This is an advertisement for information purposes

[58][_____ _____ Municipality or _____Name of the Issuer]

(Incorporated on _____ under the Relevant State Act or the Companies Act as _____

and subsequently renamed _____ on _____)

Registered Office: _____ Tel: _____ Fax _____

Corporate Office: _____ Tel: _____ Fax _____

e-mail: _____ Website: _____

THE ISSUE

[58] The words and symbols, "**_____ _____ Municipal Corporation or _____ Ltd (or Corporate Municipal Entity)**" substituted by the Securities and Exchange Board of India (Issue and Listing of Debt Securities by Municipalities) (Amendment) Regulations, 2019 w.e.f. 27.09.2019.

Public issue of _____ debt securities of Rs. ____ each at a price of Rs._____

(Summary Details of Coupon, Redemption, etc shall be disclosed)

MAYOR/ DEPUTY MAYOR /COMMISSIONER/PROMOTERS

XXXX

PROPOSED LISTING

Names of Stock Exchanges

MERCHANT BANKERS

(Names)

COMPLIANCE OFFICER OF THE ISSUER

Name, address, telephone and fax numbers, email ID, website address

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CREDIT RATING

(The Rating Obtained shall be disclosed prominently along with the meaning of the same)

DEBENTURE TRUSTEES

(Names)

AVAILABILITY OF APPLICATION FORMS

Names of Issuer, Lead Managers, etc. (Addresses optional)

AVAILABILITY OF OFFER DOCUMENT

Investors are advised to refer to the offer document, and the risk factors contained therein, before applying in the issue. Full copy of the offer document is available on websites of issuer / lead manager(s) / Stock Exchange(s) on www._____

ISSUE OPENS ON:

ISSUE CLOSES ON:

Issued by

Directors of Issuer

[59][SCHEDULE V

[See sub-regulation (1) of regulation 23]

Periodic Disclosures to be made by Issuers

i. Material adverse changes affecting ability to service bonds.

ii. Proposal for pre-payment, valuation of bond in case of sale/purchase before maturity, etc.

iii. Important ratios like debt equity ratio, debt service coverage ratio, interest service coverage ratio, etc.

iv. Half yearly return on servicing of bonds, credit enhancement facilities and investors grievances and redressal.**]**

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U. K. SINHA

CHAIRMAN

SECURITIES AND EXCHANGE BOARD OF INDIA

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59 Substituted by the Securities and Exchange Board of India (Issue and Listing of Debt Securities by Municipalities) (Amendment) Regulations, 2019 w.e.f. 27.09.2019. Prior to its substitution Schedule V read as follows,-

"**SCHEDULE V**

[See Regulation 23 (1)]

Periodic Disclosures to be made by Issuers:

1. The issuer shall file its Annual Audited financial results, forthwith, with the stock exchange and debenture trustee, wherever applicable.
2. Further, following periodic disclosures shall be made by the Issuer on half yearly basis to the stock exchange and debenture trustee, wherever applicable.
   - i. Utilization of funds for the projects – Half yearly certification of Chartered Accountant on Utilizations of the issue proceeds for execution of the projects stated in the offer document.
   - ii. A report containing status of implementation of project(s), which is being financed alongwith reasons for delay, if any.
   - iii. Project development - Details with respect to the development of the Project along with certifications from the Project Engineer should be furnished to the bond trustee, Rating Agencies and stock exchanges on Half Yearly Basis and should be publicly disseminated.
   - iv. Material adverse changes affecting ability to service bonds.
   - v. Proposal for pre-payment, valuation of bond in case of sale/purchase before maturity etc.
   - vi. Important ratios like Debt Equity Ratio, Debt Service Coverage Ratio, Interest Service Coverage Ratio etc.
   - vii. Half Yearly return on servicing of bonds, maintenance of Asset Cover, Credit enhancement facilities and Investors Grievances &Redressal
   - viii. A CA/Bank certificate for timely servicing of bonds."