

## SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF NON- CONVERTIBLE SECURITIES) (SECOND AMENDMENT) REGULATIONS, 2023

JULY 13, 2023

### ABOUT THE FIRM

AKS Partners (formerly known as A.K. Singh & Co) is a law firm based in New Delhi (India) that provides a comprehensive range of legal services and solutions to domestic and international clients. The Firm offers a unique blend of the local knowledge to apply the regulatory, economic, political and cultural context to legal issues and develop case strategies.

We regularly handle technically challenging and complex multi-jurisdictional matters. Our team is spearheaded by one of the highly recognised lawyers with extensive experience in international dispute resolution and strong government and diplomatic backgrounds. This experience gives us the deepest understanding of the key decision points that are critical in navigating complex & complicated matters and managing government regulations.

The Securities and Exchange Board of India (the "**SEBI**") vide notification dated July 03, 2023 which was notified on July 06 2023 has amended the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 by notifying SEBI (Issue and Listing of Non-Convertible Securities) (Second Amendment) Regulations, 2023 ("**Amended Regulation**").

### I. KEY AMENDMENTS:

#### A. Definition of Key Managerial Personnel and Senior Management introduced

The Amended Regulations has introduced the definition of Key Management Personnel and Senior Management. The definition of Key Management Personnel is as per the definition provided in the Companies Act, 2013 whereas Senior Management shall include core management team, all such person one level below the CEO or MD or WTD, Company Secretary, Chief Financial Officer and all other functional heads by whatever name they are called.

#### B. Omission of Shelf Placement Memorandum

The Amended Regulation has done away the requirement to file the Shelf Placement Memorandum and in place has introduced the requirement to file General Information Document and Key Information Document, which is explained in the points hereinbelow.

#### C. Introduction of General Information Document and Key Information Document

- An issuer making private placement of non-convertible securities shall now be required to file General Information Document ("**GID**") and Key Information Document ("**KID**") with the stock exchanges.
- The GID shall contain the disclosures (a) specified in Schedule I of the Amended Regulations; (b) specified in the Companies Act, 2013 and (c) as may be specified by the SEBI.

- The KID shall contain information related to (a) offer details of non-convertible securities; (b) financial information, if such information provided in GID is more than 6 months old; (c) material changes to the information provided in the GID; (d) material development not disclosed in the GID and (e) disclosures as mentioned under Schedule I where GID is not filed on account of validity of shelf prospectus.
- The GID shall be valid for 1 year from the date of opening of the first offer of non-convertible securities and shall be submitted with the stock exchange while seeking the first issuance, and no further GID shall be required to be filed in case of any further issuance during the period of validity of the said GID. However, KID shall be filed for second or every subsequent offer of non-convertible securities even during the validity of the GID.
- The compliance for filing of GID and KID is on a “comply or explain basis” until March 31, 2024 and shall be mandatory thereafter.
- Where the issuer has filed the shelf placement memorandum and intends to make issuance of second or subsequent offers of non-convertible securities or where the shelf prospectus is filed, then during the validity of such shelf placement memorandum or shelf prospectus, as the case may be, the issuer shall only be required to file the KID with the stock exchanges.
- The issuer shall ensure that the audited financial statement disclosed in listing is not more than 6 months old from the date of draft placement memorandum or the issue opening date, as applicable, except in case where the non-convertible securities are already listed or issuer is a subsidiary of an entity whose non-convertible securities are already listed. In such aforementioned exception cases, the issuer may disclose an unaudited financial statement along with the limited review report subject to necessary disclosures.

## **D. Streamlining of the Disclosure requirement**

The Amended Regulations have streamlined the disclosure requirement for both public and privately placed debt issue by replacing the Schedule I (*Disclosure for Public Issue of Debt Securities and Non-Convertible Redeemable Preference Shares*) and Schedule II (*Disclosure for Private Placement of Non-Convertible Securities*) with a common Schedule I (*Disclosure for issue of Securities*).

## **E. Requirements for Large Corporates**

A listed entity fulfilling the criteria as may be provided by the SEBI shall be categorised as a “Large Corporate” and such Large Corporate shall required to comply with the requirement as may be specified by the SEBI from time to time.

JULY 13, 2023

## AWARDS & RECOGNITIONS



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