

Applicability of other Laws

50. The provisions of these regulations are without prejudice to the duties of the trustees or special purpose distinct entity or other parties to the securitisation under the Indian Trusts Act, 1882 (2 of 1882) or any other law for the time being in force.

SCHEDULE I

²⁷[Securities and Exchange Board of India (Issue and Listing of Securitised Debt Instruments and Security Receipts) Regulations, 2008]

[See regulations 4(3) and 6(2)]

FORMS

FORM A

APPLICATION FORM FOR SEEKING REGISTRATION

Name of applicant.....
Contact person.
Name of the Compliance officer.....
Telephone No. :Fax No. e-mail.
Website:

Instruction for filling up form:—

1. Applicants must submit a completed application form together with appropriate supporting documents to the Board.
2. It is important that this application form should be filled in accordance with the regulations.
3. Information which needs to be supplied in more details may be given on separate sheets which should be attached to the application form.
4. The application must be signed by the competent person having authority to do so and all signatures must be in original.

DETAILS OF SPONSOR

1. Name of the sponsor-
2. Address of the registered office/correspondence address-
Telephone Nos. Telex Nos. Fax Nos. E-mail address
Website address
3. Name of the contact person-
4. Date and place of incorporation of the sponsor (Enclose a copy of certificate of incorporation) 5. Objects of the sponsor.
(Enclose copy of the Memorandum and Articles of Association)

²⁷ Substituted by the SEBI (Public Offer and Listing of Securitised Debt Instruments) (Amendment) Regulations, 2018 w.e.f. June 26, 2018.

Main objects- Ancillary
objects-

6. Capital structure and shareholding pattern.

7. Present line of business activities-

Number of years in that line

8. Condensed financial information.

(Enclose balance sheets and profit and loss account for five years) 9.

Accounting policies.

(Furnish description of significant accounting policies)

10. Systems and procedures

(Furnish description of systems and procedures in the company and essential internal controls in order to carry on the business of the company)

11. Names of the associate organisations/group companies/subsidiaries, etc.

12. Management of the sponsor Board of the company with names, experience, qualification, and profession of the Directors.

Names of key personnel-

Organisational structure-

Board of Directors of associate organisations, companies and subsidiaries.

13. Names and addresses of the bankers of the sponsor.

14. Names and addresses of the auditors of the sponsor.

15. Court cases/litigations in which the sponsor may have been involved in the last three years.

CONDENSED FINANCIAL INFORMATION

(A) Income statement

Years (Rs.) 1

2 3 4 5

Income:

Dividend

Trading

Management Fee

Other income

Total _____ *Expenses:*

Director's remuneration

Trusteeship fees

Custodian fees

Registrar's fees

Other expenses

Total _____

Gross Profit

Depreciation

Net profit before tax

Tax

Profit after tax

Dividends Retained

earnings

(B) Assets and liabilities

Years (Rs.) 1
 2 3 4 5
Assets:
 Fixed Assets Gross
 Depreciation
 Net value
 Current assets _____
 Investments*
 Others (please specify) Cash
 and bank balances *Less:*
 Current liabilities and
 Provisions
 Net worth _____ *Represented*
by:
 Issued and paid up capital
 Free reserves
 (excluding revaluation reserves)
 Total _____ *Provide
 full particulars of investments.

..... **FORM B**

Format of letter of registration

In exercise of the powers conferred by section 17A of the Securities Contracts (Regulation) Act, 1956 read with regulation 6 of the Securities and Exchange Board of India (Public Offer and Listing of Securitised Debt Instruments) Regulations, 2008 made thereunder, the Board hereby grants registration to..... as a trustee entitled to act as a trustee to a special purpose distinct entity offering securitised debt instruments to the public and / or seeking listing for such instruments on a recognised stock exchange.

Date.....

By order
 Sd/-

For and on behalf of the
 Securities and Exchange Board of India

SCHEDULE II

²⁸[Securities and Exchange Board of India (Issue and Listing of Securitised Debt Instruments and Security Receipts) Regulations, 2008]

[See regulations 4(3), 6(1), 7(b) and 22(2)]

FEES

1. The fees payable under these regulations by an applicant or trustee or special purpose distinct entity shall be as follows:

- A. Application fees Rs. 25,000/- (twenty five thousand rupees)
- B. Registration fees ²⁹[Rs.1,00,000/- (one lakh rupees)]
- C. Annual fees ³⁰[Rs.25,000/- (twenty five thousand rupees)]

²⁸ Substituted by the SEBI (Public Offer and Listing of Securitised Debt Instruments) (Amendment) Regulations, 2018 w.e.f. June 26, 2018.

²⁹ Inserted by the SEBI (Payment of Fees)(Amendment) Regulations, 2014 w.e.f May 23, 2014.

³⁰ Ibid.

- D. Filing fees for offer documents 0.03 per cent of the amount raised in the public offer, subject to a minimum of ³¹[one lakh rupees and a maximum of five lakh rupees].
2. The fees mentioned in paragraph 1 shall be paid ³²[by way of direct credit in the bank account through NEFT/RTGS/IMPS or any other mode allowed by RBI or] by means of a demand draft drawn in favour of the 'Securities and Exchange Board of India' payable at Mumbai.

SCHEDULE - III

³³[Securities and Exchange Board of India (Issue and Listing of Securitised Debt Instruments and Security Receipts) Regulations, 2008]

[See regulation 7(g)]

CODE OF CONDUCT

1. Schemes of a special purpose distinct entity shall not be organised, operated, managed in the interest of the originator or sponsor or a special class of investors. Interests of all classes of investors of the scheme shall be taken into account in such organisation, operation and management.
2. A special purpose distinct entity and its trustee shall ensure the dissemination to all investors of adequate, accurate, explicit and timely information fairly presented in a simple language about the asset pools, transactions & arrangements with originator, credit enhancer, underwriter, liquidity provider, securitised debt instruments, financial position, credit ratings and general affairs of the scheme or any other party to the securitisation or regulated activity.
3. A special purpose distinct entity and its trustee shall avoid conflicts of interest in managing the affairs of the schemes and other regulated activities and shall keep the interest of all investors paramount in all matters.
4. A special purpose distinct entity and its trustee shall ensure scheme-wise segregation of bank accounts, asset pools and securitised debt instruments holders' accounts or folios.
5. A special purpose distinct entity and its trustee shall carry out the business in accordance with objectives stated in the offer documents and take decision solely in the interest of investors.
6. A special purpose distinct entity and its trustee shall not use any unfair or unethical means, directly or indirectly, to sell or market the securitised debt instruments or induce any investor to buy such instruments.
7. A special purpose distinct entity and its trustee shall not employ any unfair or unethical means in valuation and conversion of asset pools or in the course of securitisation or any other regulated activity.
8. A special purpose distinct entity and its trustee shall maintain high standards of integrity and fairness in all their dealings and in the conduct of their business.
9. A special purpose distinct entity and its trustee shall render at all times high standards of service, exercise due diligence and independent professional judgment and take reasonable care and skill in performing its functions.
10. A special purpose distinct entity and its trustee shall not make any exaggerated statement, whether oral or written, either about their qualifications or capability to render services or their achievements or in respect of asset pools.

³¹ Ibid.

³² Inserted by the SEBI (Payment of Fees and Mode of Payment) (Amendment) Regulations, 2017, w.e.f. 6-3-2017.

³³ Substituted by the SEBI (Public Offer and Listing of Securitised Debt Instruments) (Amendment) Regulations, 2018 w.e.f. June 26, 2018.

11. A special purpose distinct entity and its trustee shall always ensure that the debt and receivables acquired by it are through a genuine transaction amounting to a true sale and legally realizable by it.

³⁴[12. A special purpose distinct entity and its trustee shall fulfill its obligations in a prompt, ethical and professional manner.

13. A special purpose distinct entity and its trustee shall not divulge to anybody either orally or in writing, directly or indirectly, any confidential information about its investors which has come to its knowledge, without taking prior permission of its investors, except where such disclosures are required to be made in compliance with any law for the time being in force.

14. A special purpose distinct entity and its trustee or any of its directors, partners or managers, shall not either through its account or through associates or family members, relatives or friends indulge in any insider trading.

15. A special purpose distinct entity and its trustee shall have internal control procedures and financial and operational capabilities which can be reasonably expected to protect its operations, its investors and other registered entities from financial loss arising from theft, fraud, and other dishonest acts, professional misconduct or omissions.

16. A special purpose distinct entity and its trustee shall ensure that good corporate policies and corporate governance is in place and shall develop internal code of conduct for governing its internal operations and laying down standards of appropriate conduct for its employees for carrying out their duties.

17. A special purpose distinct entity and its trustee shall not be party to—

- i. creation of false market;
- ii. price rigging or manipulation.]

SCHEDULE IV

³⁵[Securities and Exchange Board of India (Issue and Listing of Securitised Debt Instruments and Security Receipts)] Regulations, 2008]

(See regulation 9)

Contents of Instrument of Trust

The Trust Deed or other constitutional document shall contain the following, namely:—

1. That the trustees shall take into their custody, or under their control the debts or receivables of the schemes of the special purpose distinct entity and hold it in trust for the benefit of investors.
2. That the investors in the securitised debt instruments have such beneficial interest in the underlying debt or receivables as may have been conferred by the scheme.
3. That the trustees themselves do not have any beneficial interest in the underlying debts or receivables.
4. The duties and obligations of the trustees shall be clearly specified.
5. The particulars of interest or association of the trustees which they may have with the originator or the sponsor. The trustees shall also furnish to the board of trustees or trustee company particulars of interest or association which they may have in originator or sponsor.

³⁴Inserted by the SEBI (Public Offer and Listing of Securitised Debt Instruments) (Amendment) Regulations, 2015 w.e.f. April 9, 2015.

³⁵ Substituted by the SEBI (Public Offer and Listing of Securitised Debt Instruments) (Amendment) Regulations, 2018 w.e.f. June 26, 2018.

6. The originator or any of its associates does not exercise control over the trustee.
7. The trustees shall act in the interest of the investors and they shall provide or cause to provide information and disclosures to investors and Board as may be specified by the Board.
8. The trustees shall take reasonable and due care to ensure that the funds raised under the schemes launched by the special purpose distinct entity are in accordance with the provisions of the Act and these regulations.
9. The details of the Trust Property.
10. The trustee shall issue certificate or instrument (by whatever name called) evidencing the beneficial interest of the investors in the debt or receivables assigned to the special purpose distinct entity.
11. Declaration that the trustees and the special purpose distinct entity shall not make or guarantee loans or take up any activity which is not a regulated activity in terms of these regulations.
12. Broad policies regarding allocation of payments
13. The trustee shall furnish annual report about the pool performance and the investor servicing to the investors.
14. Trusteeship fee, if any, payable to trustees
15. No amendment to the Trust Deed which prejudicially affects the interest of investors shall be carried out.
16. The removal of the trustee in all cases would require the prior approval of the Board.
17. The Trust Deed shall lay down the procedure for seeking approval of the investors under such circumstances as are specified in the Regulations.

SCHEDULE V

³⁶[Securities and Exchange Board of India (Issue and Listing of Securitised Debt Instruments and Security Receipts) Regulations, 2008]

(See regulation 26)

DISCLOSURES TO BE MADE IN THE OFFER DOCUMENT

The offer letter shall contain all material information which shall be true and adequate so as to enable the investors to make informed decision on the investments in the issue.

1.0 Cover Page Requirement

- 1.1** The front and back inside and outside of the cover pages of the offer document shall be white and no patterns or pictures shall be printed on these pages.
- 1.2.** The front outside cover page of the offer document shall contain the following details:
 - a) The name of the issuer, the address of the issuer including its registered office, if any ;
 - b) Name of the trustee, address of registered office, along with its telephone number, fax number, contact person, website address and e-mail address;
 - c) The name of the Originator, the address of its registered office along with its telephone number, fax number, contact person, website address and e mail address;
 - d) The title of the securitised debt instruments , expected maturity, coupons, their ratings;
 - e) The number, nature, price , amount and issue size of securitised debt instruments offered through the offer document;
 - f) Asset type being securitised along with the nature of transaction ;
 - g) Issue Schedule:

³⁶ Substituted by the SEBI (Public Offer and Listing of Securitised Debt Instruments) (Amendment) Regulations, 2018 w.e.f. June 26, 2018.

- (a) Date of opening of the issue
- (b) Date of the closing of the issue
- h) Name/s of the stock exchanges where listing of the securitised debt instruments is proposed;
- i) The following disclaimer shall be made prominently in the first page of the offer document: “The submission of draft offer document to the Board should not in any way be deemed or construed that the same has been approved by SEBI. SEBI does not take responsibility for the financial soundness of the scheme launched by the issuer.

Neither SEBI nor the stock exchanges are responsible for the correctness of any statements, opinions or other disclosures contained in this offer document. The registration granted by SEBI to the trustee should not be taken as an indication of the merits of the issuer, the originator or the securitised debt instruments.”

2.0 Table of Contents, definitions and abbreviations.

2.1 Table of Contents shall appear immediately after the front inside cover page 2.2

The definitions and abbreviations, if any, shall appear after the Table of Contents.

3.0 Objects of the Offer.

A brief description about the objects of the offer and proposed end use of funds shall be given in the offer document.

4.0 Summary information

4.1 The following information may be provided in succinct form to enable the investor to get a quick idea of the transaction, followed by elaborate details in the offer document:

- (a) Description of the securitised debt instruments;
- (b) Brief description of the asset pool, including transaction type – cash, synthetic, balance sheet/ repackaging, etc.
- (c) Names of principal parties to the transaction – originator, issuer, trustee, credit enhancement provider, liquidity facility provider, any swap counterparty, servicer, depository, principal underwriter, collection and payment account bank, etc.
- (d) Nominal amount of each class/ tranche of the securitised debt instruments and the issue and redemption prices and nominal interest rate, interest type – fixed or floating;
- (e) Any class tranche not being offered to the public through offer document
- (f) Ratings of each class/tranche
- (g) Credit enhancements for each class of securitised debt instruments
- (h) Expected interest and principal payment dates;
- (i) Expected maturity date of each class of securitised debt instruments
- (j) Legal final maturity of the scheme;
- (k) Optional redemptions, if any;
- (l) Description of underlying asset pool;
- (m) If there is a possibility of extension or shortening of such period, then it shall be disclosed;
- (n) Declaration about the possibility of premature winding up of the scheme in case of prepayments;
- (o) Liquidity support, if any
- (p) Terms of payment and cash flow, distinguishing, where appropriate, allocation of revenue receipts and principal receipts;

4.2 One standard financial unit shall be used in the offer document.

³⁷[4.3 Summary term sheet including at least following information (wherever relevant) pertaining to the securitised debt instrument:-

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

³⁷ Inserted by the SEBI (Public Offer and Listing of Securitised Debt Instruments) (Amendment) Regulations, 2015 w.e.f. April 9, 2015.

Transaction Structure	<p>Each Originator proposes to sell the following assets to the Issuer on the Settlement Date:</p> <p>[nature of assets]</p> <p>[description of assets]</p> <p>[amount]</p> <p>The aggregate of the assets shall be referred to as the “Total Pool”.</p>
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	<p>[specify if par / premium / discount deal]</p> <p>The Issuer intends to issue [] securitised debt instruments representing an undivided beneficial interest in the Issuer's property including the Pool.</p> <p>[specify if there are future sales]</p>
Receivables	<p>[detailed description of the receivables]</p> <p>[Aggregate of all the receivables]</p>
Disclosure on key pool features and composition	LTV-based, tenure-based, ticket size based distribution etc
Collection Period	_____
Servicer	<p>_____, _____ (individually referred to as a “Servicer” and collectively referred to as the “Servicers”)</p> <ul style="list-style-type: none"> • Obligations of the Servicer(s) (including reporting obligations) • Events of default of the Servicer(s) • Right to change the Servicer(s)

Servicer Fee and Incentives	[]
Legal Counsel	_____ [specify whom the Counsel represents]
Credit Enhancement for the Transaction	<ul style="list-style-type: none"> • Internal credit enhancement available for each class of securitised debt instruments, expressed in absolute amounts and as a proportion of the Pool Principal • External credit enhancement available for each class of securitised debt instruments, expressed in absolute amounts and as a proportion of the Pool Principal

	<ul style="list-style-type: none"> • Annexure that indicates how the above credit enhancement has been calculated, along with assumptions • Provider of credit enhancement
Utilisation process and conditions for utilization of Credit Enhancement	[]
Name of Designated bank (with which Cash Collateral and / or Collection and payment Account is maintained)	
Swap	<p>Nature of the swap</p> <p>Swap counterparty, rating of the swap counterparty</p>
Refund / top up of Credit Enhancement	[]

Clean-Up Call Option	[]									
Details of Listing	<ul style="list-style-type: none"> - Timing for listing - Conditions for remaining listed - Consequence of de-listing 									
Rating Agency(ies)	[]									
Series of securitised debt instruments	[specify seniority and subordination]									
Day count convention	[]									
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Series A1</th> <th style="text-align: center;">Series A2</th> <th style="text-align: center;">Series A3</th> </tr> <tr> <th style="text-align: center;">Securitised Debt Instruments</th> <th style="text-align: center;">Securitised Debt Instruments</th> <th style="text-align: center;">Securitised Debt Instruments</th> </tr> </thead> <tbody> <tr> <td style="height: 40px;"> </td> <td> </td> <td> </td> </tr> </tbody> </table>	Series A1	Series A2	Series A3	Securitised Debt Instruments	Securitised Debt Instruments	Securitised Debt Instruments			
Series A1	Series A2	Series A3								
Securitised Debt Instruments	Securitised Debt Instruments	Securitised Debt Instruments								

Seniority			
Face Value			
Initial rating			
Final Maturity Date			
Expected Maturity Date			
Expected Yield			
Payment Schedule			
Expected schedule payment			

payment Promised schedule			
First Payout Date			
Portfolio Audit			
Eligibility Criteria for the Receivables	Regulatory requirements Investor requirements (concentration etc.)		
Minimum Holding Period, if any	Minimum Holding Period, if any, during which the receivables are held by the Originator		
Minimum Retention Requirement, if any	Continuing stake, if any, of Originator, if any, on the receivables		
Details of Transaction Documents			
Applicable Law and Jurisdiction			
Waterfall Mechanism	Rules for cash flow to each investor and swap counterparty, and treatment of excess interest / residual cash flows and treatment , in case of prepayment of underlying loans or change in interest rate on loan		

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5.0 Risks involved

- a) Description of the Assets and Debtors.
- b) Default Risk / Credit Risk related to the assets.
- c) Delinquency Risk.
- d) Dilution Risk, that is to say, any possible changes in the credit quality of the pool, excess spread or other factors over time. e) Correlation Risk.
- f) Servicing risk, including risks and costs involved in any transition of the servicer g) Prepayment Risk..
- h) Liquidity Risk.
- i) Currency, Interest and Other Risks.
- j) Potential loss on securities due to limited assets of special purpose distinct entity.

k) Risks arising out of geographic concentration of receivables, if any.

l) Any other risk specific to the transaction and asset class.

5.1. The issuer's perception about such risk factors shall be disclosed together with detailed descriptions of the measures if any that have been taken or that are proposed to be taken by the issuer to mitigate such risks.

5.2. In addition to the risk factors specific to investment in securitised debt instruments as above, disclosure shall also be made of the normal risks associated with investing in securities as mentioned in the Guidelines or Regulations of the Board relating to issue of capital, to the extent applicable.

6.0 Disclaimers

The following disclaimers shall also be made in bold font in the offer document:

(a) that the securitised debt instruments do not represent deposits, liabilities of the originator, servicer or special purpose distinct entity and that they are not insured;

(b) that the special purpose distinct entity, originator or servicer does not guarantee the capital value of the securitised debt instruments or the collectibility of the asset pool.

7.0 Details about public offer

7.1 The following details about the public offer shall be disclosed in the offer document

- a) Minimum application.
- b) Minimum subscription – disclosure of method of calculation and disclosure of the sources of funds if the whole or any part of the expenditure mentioned in regulation 31 are to be met otherwise than out of issue proceeds.
- c) Interest rate on application money.
- d) Period of offer - opening and closing dates.
- e) Manner of making application for certificates and instruments and the addresses of the places where the applications would be accepted.
- f) Manner of declaration of results of the public offer.
- g) Methods and time limits for delivery of securitised debt instruments to successful applicants and of refunds of application moneys to unsuccessful applicants.
- h) Option of the applicants to choose between allotment in the physical and dematerialised form.
- i) Brief description of the basis of allotment and procedure which will be followed in case of over-subscription.
- j) Amount of minimum subscription and the steps that would be taken if minimum subscription is not received.
- k) Listing details and transferability.

8.0 The disclosures regarding Securitised debt instruments

8.1 The following disclosures shall be made regarding the securitised debt instruments offered:

(a) An indication as to, where potential material liquidity shortfalls may occur, the availability and details of any liquidity support and plans to cover potential shortfalls. (b) Information regarding possible accumulation of surpluses in the issuer and an indication of the investment criteria for the investment of any liquidity surpluses.

(c) Details of any other arrangements upon which payments of interest and principal to investors are dependent.

8.2 The tax treatment of the various transactions at the hands of the investor, special purpose distinct entity and originator shall be disclosed.

9.0 Disclosures about the Issuer

a) A brief description of the issuer along with its history ;

- b) A statement whether the issuer has been established as a special purpose vehicle or entity.
- c) Details of the settlor, initial corpus, place of registration, if any, along with any identification number.
- d) To the extent known to the issuer, state the name of the person(s) who directly or indirectly controls the issuer, along with the nature of such control and the measures in place to ensure that such control is not abused.
- e) The person(s) holding residual beneficial interest in the trust.
- f) Financial Information concerning the Issuer's assets and liabilities, financial position, and profits and losses, if any.
- g) Names, address, nationality, professional experience, other directorships and academic qualifications of the trustees.
- h) Management of the issuer.

10.0 Disclosures about the Trustees

1. Name of the trustee, organizational form, management.
2. Experience.
3. Duties & responsibilities of the trustee under the trust deed.
4. Principal powers of the trustees.
5. Procedure for appointment, removal and replacement of trustees
6. Other material terms of the trust deed.

11.0 Disclosures about the Originator

1. Name, description, principal business activities and brief history of operation of the originator.
2. Principal business segments in which the originator operates.
3. Description of the originator's business, market presence, market share, if any, experience etc. in relation to the asset class proposed to be securitized.
4. Financial Information concerning the originator's assets and liabilities, financial position, and profits and losses, for the purpose of which the originator shall provide a complete audited financial statements for past 3 years and, if necessary, unaudited financial statements prepared within 120 days from the date of the application for registration of the asset backed securities is made effective.
5. Overview of the process of origination of the asset being securitised.
6. Major underwriting practices concerning the asset being securitised.

12.0 Disclosures about the Servicer

1. Name of the Servicer, organizational form and its principal activities.
2. Experience.
3. Financial Information: The servicer should possess the financial resources necessary to perform under the servicing agreement and/or trust agreement.
4. Disclosure about defaults if any.
5. Material terms of the servicing agreement and the servicer's duties, with the servicing agreement filed as an exhibit.
6. Servicing fees.
7. Events of default of the servicer and consequences thereof.
8. Replacement of the servicer, particulars about whether any backup servicer exists.

13.0 Disclosures about the Transaction Structure & Cash Flow

1. Description of the structure of the transaction, including, if necessary, a structure diagram.
2. Description of the entities participating in the issue and description of the functions, risks associated to be performed by them.

3. Excess spread and the treatment thereof.
4. Credit enhancement and liquidity support.
5. Credit collateral, over-collateralisation, guarantees or any other support from the originator or any third party, particulars of such credit enhancer, fees, if any, payable to such enhancer and particulars of any provision requiring the replacement of such enhancer in any contingency.
6. Important structural triggers in the transaction such early amortisation, redirection of the cash flows to a particular class(es) of the securities, trapping of the excess spread, etc.
7. Cash reserve, if any, including the reinvestment of the same and eligible securities/modes of investment where the same may be invested.
8. Reinvestment of cash flows, if any, and the modes where the same may be reinvested.
9. Any material contracts with the originator or third parties such as swaps, put or call options including any such options in respect of the securitised debt instruments.
10. Clean up call option, if any.
11. Priority of distributions and allocation of funds. An illustrative schedule of priority is given below:
 - Servicing Fee, Trustee Fee etc.
 - Class A Securities Interest
 - First allocation of principal
 - Class B interest
 - Second allocation of principal
 - Reinstatement of reserve account, if any • Early amortisation events, trigger clauses etc.
 - Events of default and events entailing change in priority of distributions
12. Description of the method and date of the sale, transfer or assignment of the assets or of any rights and/or obligations in the assets to the issuer or, where applicable, the manner and time period in which the proceeds from the issue will be fully invested by the issuer.
13. Material features of the asset pool such as default rate, loss rate, recovery rate, delinquency rate (by buckets such as 30 dpd; 60 dpd; 90 dpd, etc), prepayment rate, etc.
14. Sensitivity of the cash flows and yields on different classes to the changes in the above assumptions, including expected maturity.
15. Major representations and warranties contained in the document whereby the debt or receivables have been assigned.
16. Any other particulars as are necessary to understand the transaction structure.

14.0 The Underlying Assets

In any such information as below, where an average information is being given, the minimum, maximum and the standard deviation must also be disclosed:

- (a) the legal jurisdiction(s) where the assets are located;
- (b) the nature of and title of the assets;
- (c) the expiry or maturity date(s) of the assets;
- (d) the rate of return from the assets;
- (e) the criteria for the selection of the assets;
- (f) the number and value of the assets in the pool;
- (g) the method of origination or creation of the assets;
- (h) rights of recourse against the originator to the extent allowed in law, including a list of material representations and warranties given to the issuer relating to the assets;
- (i) rights to substitute the assets and the qualifying criteria;
- (j) any prepayment right including prepayment penalties available to the obligors;

- (k) level of concentration of the obligors in the asset pool, identifying obligors that account for ten per cent or more of the asset value;
- (l) where there is no concentration of obligors above ten per cent, the general characteristics and descriptions of the obligors;
- (m) the outstanding principal balance/anticipated collections over a definite period from the eligible assets;
- (n) the outstanding principal balance/anticipated collections over a definite period from the eligible assets as a percentage of the total amount of asset-backed securities being offered;
- (o) the cash generated by the eligible assets in the last financial year as a percentage of the total amount of securitised debt instruments being offered;
- (p) the amount of eligible assets in default;
- (q) the amount of eligible assets in default as a percentage of the total amount of securitised debt instruments being offered and the amount of eligible assets in default as a percentage of the credit enhancement;
- (r) explanatory notes where there is expected material difference between actual and projected cash flows and any actions being taken to correct the situation;
- (s) a description of what constitutes a default;
- (t) a chartered accountant's report on the cash flow projections arising from the eligible assets which are the basis of the securitisation together with the basis of the projection.

15.0 Static Pool Information

The following information shall be provided for static pools of similar assets of all past securitisation transactions done with reference to the same originator:

1. Information regarding delinquencies, cumulative losses and prepayments information for the past 5 years of the originator's portfolio, including the build up of such delinquencies, losses and prepayments over time.
2. It should include the factors relevant to the transaction such as asset term, asset type, yield, payment rates, the erosion of credit enhancements, any allocation of losses to any class of investors, etc.

16.0 Outstanding litigations and material developments.

17.0 Other regulatory and Statutory Disclosures.

18.0 Fees & expenses Any fees paid to trustee, servicer etc. and the tax paid should be disclosed.

19.0 Declarations.

- (1) The offer document shall contain the following declaration by trustees of the special purpose distinct entity at the end:-

“We being the trustees of the issuer namely: accept responsibility for the information contained in this offer document. To the best of our knowledge and belief and we have taken all reasonable care to ensure that the information contained in this document is in accordance with facts which are true , fair and adequate and does not omit anything likely to affect the import of such information.

In our opinion, the issuer does not have any debts, liabilities or other claims which may increase the likelihood of the issuer being subjected to dissolution, voluntary or compulsory winding up or insolvency proceedings.

In our opinion, the expected cash flow from the asset pool is sufficient to meet the obligations on the securitised debt instruments.”

- (2) The offer document shall also contain a declaration made by the directors of the originator in the following terms:-

“We being the directors of the originator namely: accept responsibility for the information contained in this offer document. To the best of our knowledge and belief and we have taken all reasonable care to ensure that the information contained in this document is in accordance with facts which are true, fair and adequate and does not omit anything likely to affect the import of such information.

In our opinion, the originator is a going concern.

In our opinion, the expected cash flow from the asset pool is sufficient to meet the obligations on the securitised debt instruments.” **20.0 Undertakings.**

(1) The following undertakings shall be made by all trustees of the special purpose distinct entity, -

(a) that in the event minimum subscription is not received, the special purpose distinct entity shall forthwith refund the application moneys collected under the offer and in the event of delay beyond eight days from closure of the offer in making such refund, the special purpose distinct entity and its directors or trustees shall be liable jointly and severally to repay the application moneys together with interest at fifteen per cent per annum;

(b) that in the event of over-subscription, the excess application moneys shall be refunded forthwith to unsuccessful and partially successful applicants and in the event of delay beyond eight days from finalisation of the basis of allotment in making such refund, the special purpose distinct entity and its directors or trustees shall be liable jointly and severally to repay the application moneys together with interest at fifteen per cent per annum;

(c) that in the event any stock exchange to which an application for listing is made under subsection (2) of section 17A of the Act rejects listing permission, the issuer and, if necessary, its directors or trustees, shall refund application moneys forthwith in terms of subsection (3) thereof.

21.0 Material documents.

(1) The following documents and any other document referred to in the offer document as a ‘material document’ shall be made available for inspection to prospective investors during the offer period at the registered office of the issuer or at office of the merchant banker:-

(a) the constitutional documents of the issuer;

(b) copies of agreement between the issuer and the servicer, credit enhancer, and liquidity provider where relevant;

(c) copies of agreement with credit enhancer;

(d) documents of assignment of the assets under the securitisation transaction;

(e) copies of agreements with underwriters,

(f) the originator’s board resolutions, shareholders resolution, if applicable, and approval by existing debt holders, where applicable;

(g) all reports, letters and other documents, valuations and statements by any expert any part of which is included or referred to in the offer document;

(h) the audited accounts of the originator or, where it has subsidiaries, the consolidated audited accounts of the originator and its subsidiaries for each of the five financial years preceding the publication of the offer document, including, all notes, reports or information required by the Companies Act, 1956 (1 of 1956) to be annexed or attached thereto.

(2) Detailed disclosures shall be given as to the manner in which the above documents may be inspected.

(3) Where any of the above documents are not in English, translations into English must also be available for inspection.

³⁸[**SCHEDULE VA**
Securities and Exchange Board of India (Issue and Listing of Securitised Debt Instruments and Security Receipts) Regulations, 2008
(See regulation 38E)

DISCLOSURES TO BE MADE IN THE OFFER DOCUMENT

The offer document shall contain all material information which shall be true and adequate so as to enable the investors to make informed decision on the investment in the issue.

The disclosures shall be part of the objects of the issue in the offer document and shall include:

- A. Details of non-performing loans acquired by the issuer/ asset reconstruction company from various banks. Such details shall, inter-alia, include the following:
- (i) date of NPA classification;
 - (ii) details of assets;
 - (iii) facility-wise limits sanctioned;
 - (iv) nature of charge on the underlying assets i.e. 1st charge, 2nd charge, exclusive charge etc.;
 - (v) share in total debt;
 - (vi) details of guarantor(s), if any;
 - (vii) details of custody of original title deeds;
 - (viii) litigation, if any;
 - (ix) willful defaulters, if any;
 - (x) any valuation of collateral providing full details thereof;
 - (xi) inspection report of collateral, if any;
 - (xii) material findings in the due diligence report of Asset Reconstruction Company;
 - (xiii) resolution plan formulated by Asset Reconstruction Company, if any;
- B. Details of percentage holding of non-performing loans across other banks.”]

C.B.BHAVE
CHAIRMAN
SECURITIES AND EXCHANGE BOARD OF INDIA

³⁸ Inserted by the SEBI (Public Offer and Listing of Securitised Debt Instruments) (Amendment) Regulations, 2018 w.e.f. June 26, 2018.