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COMMUNIQUÉ TO REGISTRAR & TRANSFER AGENTS

CDSL/OPS/RTA/POLCY/2023/281

December 29, 2023

SEBI CIR – MODIFICATIONS TO PROVISIONS- REGISTRATION AND REGULATORY FRAMEWORK FOR ONLINE BOND PLATFORM PROVIDERS

Issuer / RTAs are advised to refer to the SEBI Circular no. **SEBI/HO/DDHS/POD1/P/CIR/2023/194** dated **December 28, 2023**, regarding **Modifications to provisions of Chapter XXI of NCS Master Circular1 dealing with registration and regulatory framework for Online Bond Platform Providers (OBPPs) [refer Annexure]**.

Issuer / RTAs are advised to take note of the same.

Queries regarding this communiqué may be addressed to: **CDSL – Helpdesk** Emails may be sent to: helpdesk@cdslindia.com and telephone number 08069144800.

sd/-

Nilesh Shah
Asst. Vice President – Operations

CIRCULAR

SEBI/HO/DDHS/POD1/P/CIR/2023/194

December 28, 2023

To

**Entities operating as Online Bond Platform Providers;
Recognised Stock Exchanges and Clearing Corporations; and
Stock Brokers**

Madam/ Sir,

Sub: Modifications to provisions of Chapter XXI of NCS Master Circular¹ dealing with registration and regulatory framework for Online Bond Platform Providers (OBPPs)

1. Chapter XXI of the NCS Master Circular specifies the provisions for registration and regulatory framework for OBPPs. Representations have been received from Stock Exchanges and market participants including online bond platforms seeking relaxations from certain provisions of the said chapter. The proposed modifications shall aid in ease of doing business for OBPPs.
2. In light of the above, the following provisions stand modified as under:

2.1 Clause 5.2 of the NCS Master Circular is substituted and shall read as under:

“An entity acting as an Online Bond Platform Provider shall offer only the following products or securities or services on its Online Bond Platform:

5.2.1. Listed debt securities, listed municipal debt securities and listed securitised debt instruments;

¹ Master Circular for issue and listing of Non-convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper dated July 07, 2023

- 5.2.2. Debt securities, municipal debt securities and securitised debt instruments proposed to be listed through a public offering;
- 5.2.3. Listed Government Securities, State Development Loans and Treasury Bills;
- 5.2.4. Listed Sovereign Gold Bonds; and
- 5.2.5. Other products or securities or services that are regulated by a financial sector regulator viz. SEBI, RBI, IRDAI or PFRDA.

In case of the products or securities or services mentioned at 5.2.5 above,

- a. they may be offered by the entity either under a different tab on its online bond platform or on any other website/ platform.*
- b. they will be governed by the directions/ stipulations of the respective financial sector regulator.”*

2.2 Clause 5.3.4 of the NCS Master Circular is substituted and shall read as under:

“It is also reiterated that an entity acting as an Online Bond Platform Provider shall divest itself of offerings of other products or securities or services which are not permitted under the clause 5.2 of this Chapter.”

2.3 Clause 5.3.7 of the NCS Master Circular is substituted and shall read as under:

“If the online bond platform or any other platform/ website of the Online Bond Platform Provider has any link/ tab to websites/ platforms offering products or securities or services that are regulated by other financial sector regulators viz. RBI, IRDAI, or PFRDA, then once a user clicks on such tab/ link, the following disclaimer shall be displayed at all times in legible font:

“<Name of the product> is regulated by <RBI/ IRDAI/ PFRDA>”

In case the Online Bond Platform Provider offers products or securities or services that are regulated by SEBI on its online bond platform or any other platform/ website, the relevant SEBI regulations as applicable to the product / security / service shall apply.”

2.4 Clause 3.2 of Annex-XXI-A of the NCS Master Circular is substituted and shall read as under:

“Agreement with sellers of products or securities or services as specified in clause 5.2.1 to 5.2.4 of this Chapter: Where the entity allows third party sellers of products or securities or services as specified in clause 5.2.1 to 5.2.4 of this Chapter, to use the OBP to sell such products or securities or provide such services, the entity shall, before taking up an assignment of offering of such products or securities or services on its OBP, enter into an agreement in writing with such sellers that clearly defines the inter-se relationship and sets out their mutual rights, liabilities and obligations relating to such assignments.”

2.5 Insertion of clause 3.4.4 of Annex-XXI-A of the NCS Master Circular

“All Orders with respect to securities as specified in clause 5.2.5 of this Chapter shall be as per the applicable laws and regulations of the respective financial sector regulators.”

2.6 Clause 3.6 of Annex-XXI-A of the NCS Master Circular is substituted and shall read as under:

“3.6 Issue of order receipt, deal sheet and quote receipt in case products or securities or services as specified in clause 5.2.1 to 5.2.4 of this Chapter:

3.6.1. Order receipt to investor on placement of order: The entity shall, on placement of an order by an investor, shall issue without delay to the investor, an electronic order receipt which shall, inter-alia, include date and time of order, details of counter-parties involved, quantity and amount proposed to be transacted, etc.

3.6.2. Deal Sheet to investor post execution of the order: The entity shall, upon execution of the order, forthwith issue a deal sheet to the investor for all transactions, stating all the relevant information regarding the transaction which shall inter-alia include date and time of placing of the

order, date and time of settlement of the order, details of counter-parties involved, quantity and amount transacted, as may be applicable.

3.6.3. Quote receipt to seller post execution of the order: The entity, post execution of order, in case of third party sale of debt products or securities or services on the OBP, shall issue without delay to the seller, a quote receipt which shall, inter-alia, include date and time of quote, details of counter-parties involved, quantity and amount quoted, etc.”

2.7 Para 10 of Advertisement Code for OBPPs (Annex-XXI-C of the NCS Master Circular) is substituted and shall read as under:

“All advertisements shall be accompanied by a standard warning in legible font stating “Investments in debt securities/ municipal debt securities/ securitised debt instruments are subject to risks including delay and/ or default in payment. Read all the offer related documents carefully”. No addition or deletion of words shall be made to the standard warning.”

3. In view of the modifications mentioned above, the Chapter XXI of the NCS Master circular shall be modified accordingly.
4. Any Online Bond Platform Provider who fails to comply with the provisions of this circular shall be liable for action specified under the SEBI Act and any rules, regulations and circulars issued thereunder.
5. The Circular is issued in exercise of the powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 read with Regulation 55 (1) of the SEBI (Issue and Listing of Non-convertible Securities) Regulations, 2021, Regulation 29 of SEBI (Issue and Listing of Municipal Debt Securities) Regulations, 2015 and Regulation 48 of SEBI (Issue and Listing of Securitised Debt Instruments and Security Receipts) Regulations, 2008 to protect the interest of investors in securities and to promote the development of, and to regulate the securities market.

6. This circular shall come into force with immediate effect.
7. The Stock Exchange(s) are directed to:
 - 7.1 bring the provisions of this circular to the notice of Stock Brokers/ Online Bond Platform Providers and also disseminate the same on their websites;
 - 7.2 make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the above directions in coordination with one another to achieve uniformity in approach and communicate to SEBI; and
 - 7.3 monitor the operations carried out by Online Bond Platform Providers.
8. This Circular is available at www.sebi.gov.in under the link “Legal →Circulars”.

Yours faithfully,

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