



GNLU Centre for Law & Economics

Policy Recommendations

GNLU/CLE/PR-12

May 30, 2024

Comments to the Securities and Exchange Board of India on the Consultation Paper on Measures Towards Ease of Doing Business for Non-Convertible Securities

Comments on behalf of the Research Group on SEBI, GNLU Centre for Law & Economics

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INDEX

I. INTRODUCTION:	2
II. GENERAL COMMENTS:	3
III. SPECIFIC COMMENTS:	4

I. INTRODUCTION

The Securities and Exchange Board of India (SEBI), Department of Debt and Hybrid Securities invited comments on the Consultation Paper on measures towards Ease of Business for Non-Convertible securities. This consultation paper by SEBI outlines intentions to delete disclosure of PAN number and personal details of the issuer of offer document, disclose key operational and financial parameters in the offer document, relaxing in requirement of certain business and commercial details in case of purchase or acquisition of property in the offer document, provide flexibility in attestation in the offer document and modification in the timeline for submission of payment obligations to stock exchange.

With regards to the underlying purpose for which the Centre for Law and Economics was established at the Gujarat National Law University, the Centre constituted a special Research Group to look further into the proposed set of rules and regulations and research on the recommendations so as to suggest significant amendments in order to achieve a comprehensive and consistent regulatory framework for Non-Convertible securities.

This document proposes comments which would facilitate striking a balance between ease of doing business and substantive guidelines for non-convertible securities.

Further, the Research Group has examined and put together potential modifications in the consultations as stated below. Furthermore, the Research Group has scrutinized the clauses outlined in the proposed framework and formulated potential modifications. Lastly, in order to ensure both the originality and practical viability of these recommendations, the Recommendation Document has undergone rigorous evaluation overseen by esteemed faculty members.

II. GENERAL COMMENTS

This section would provide an overview of the comments of the Centre as stated below.

The proposal to delete disclosure requirements of the PAN numbers of promoters is deemed appropriate and efficient, reducing redundant costs and enhancing privacy. However, the suggestion to remove the personal addresses of promoters is considered unnecessary due to existing disclosures. Secondly, aligning disclosure timelines for key operational and financial parameters with the period of disclosure of financial information in the offer document is seen as beneficial for efficiency and transparency, reducing overall administrative costs since it streamlines compliance, reduces costs, and aids investor decision-making.

Introducing QR codes and web-links for branch/unit details is viewed as a positive step in simplifying the disclosure process and enhancing operational efficiency. However, it is suggested that measures be put into place to ensure seamless accessibility and real-time updates. Similarly, the proposal to make these disclosures to debenture trustees and keep them available for inspection is seen as an appropriate measure. Additionally, the proposal to add this as a part of the checklist in the 'Security and Covenant Monitoring System' is deemed appropriate while suggesting that focus be placed on effective implementation and monitoring.

The proposal to align the disclosure requirement in the offer document with regard to project cost and means of financing with clause 7 of Schedule VII of ICDR Regulation is seen as appropriate. It is suggested to include periodic updates and prioritization of fund use, if proceeds are insufficient, to the disclosure requirements to ensure greater transparency and comprehensiveness.

Determination of the top five vendors based on sale consideration is seen as appropriate but only to a limited extent since it ignores other factors of the issuer-vendee relationship. Hence, it is suggested that additional criteria like strategic importance, dependence level, and risk factors are added to determine top vendors. Regarding the proposal to provide remaining vendor details via QR code and web-links, making them available to debenture trustees and for inspection, it is suggested that robust security measures and assistance to access the information to all stakeholders are ensured. The inclusion of a checklist in the 'Security and Covenant Monitoring System' for confirmation by the issuer and debenture trustee regarding the correct nature of the information provided and receipt of the same is largely seen as appropriate and adequate. Suggestion is made

to ensure that efficient and timely information flow occurs and the checklist does not replace substantive monitoring and active engagement by the two parties.

The proposal providing flexibility in the signatories for the purpose of providing attestation in the offer document is viewed as a welcome measure that would simplify compliance, enhancing the ease of doing business while also maintaining accountability through senior management.

Lastly, harmonizing reporting timelines for payment obligations of listed commercial papers with Regulation 57 of LoDR Regulations, thereby reducing the timeline from two to one working day, is seen as a correct measure to enhance consistency. However, the possibility of operational challenges, including possible compromise with information accuracy, exists. Hence, it is suggested to take steps to ensure practical feasibility and operational efficiency while moving forward with this step.

III. SPECIFIC COMMENTS

1. Consultation 1: Deletion of disclosure regarding PAN and personal address of promoters of the issuers in the offer document

Proposal 1 (a): Whether the proposal regarding removal of disclosure of permanent account number of the promoters of the Issuer from the offer document is appropriate and adequate?

Comment:

It is proposed to remove the disclosure of the permanent account number of the promoters of the Issuer from the offer document. The proposal to remove the requirement for the disclosure of the PAN of promoters of issuers is both appropriate and adequate. This measure is pragmatic as it aims to reduce redundant costs and simplify compliance processes.

Rationale:

PANs of promoters of issuers are already disclosed to the stock exchange under clause 3.3.2(b) of Schedule I of the NCS Regulations. Thus, these PANs are already available in the stock exchange database, making additional submissions redundant. Removing the requirement for repeated PAN disclosures reduces superfluous and time-consuming processes. This constitutes sound regulatory policy-making by eliminating unnecessary transaction costs and lowering operational expenses

related to documentation. Moreover, minimizing the repeated disclosure of sensitive information like PANs reduces the risk of data breaches and enhances the privacy and security of promoters' personal information by reducing exposure by unauthorized parties as each time sensitive information is disclosed, there is a risk of it being accessed by unauthorized parties.

Minimizing the repeated disclosure of sensitive information like PAN aligns with the principles of the Personal Data Protection Bill 2023, which emphasizes the importance of data minimisation. The Bill mandates that organizations collect only the necessary amount of personal data required for specific purposes, reducing the risk of data breaches and enhancing the privacy of individuals. Therefore, discarding redundant PAN disclosures adheres to the Personal Data Protection Bill's standards for safeguarding personal information. This approach mitigates potential risks associated with the repeated handling and storage of sensitive data, thus fostering a more secure environment for promoters.

Proposal 1 (b) – Whether the proposal regarding removal of disclosure of personal address of the promoters of the Issuer from the offer document and adding the same under 3.3.2 (b) of Schedule I of the NCS Regulations is appropriate and adequate?

Comment:

The proposal regarding the removal of disclosure of the personal address of the promoters of the issuer from the offer document and adding the same under 3.3.2 (b) of Schedule I of the NCS Regulations is not appropriate.

Rationale:

The Promoters' personal address is available on Aadhar, which has to be disclosed to the stock exchange when filing the offer document under 3.3.2(b) of Schedule I of the NCS Regulations. Therefore, requiring Promoters to declare that their personal address has been disclosed to the stock exchange under 3.3.2(b) creates redundancy. This duplication of effort is both unnecessary and time-consuming as it involves information that has already been provided and captured, adding an unnecessary complexity to the process.

Therefore, eliminating this redundant step is prudent as it would streamline the procedure and reduce the compliance burden on promoters and the stock exchange both, thus leading to ease of doing business.

2. Consultation 2: Disclosure in the offer document regarding time period for key operational and financial parameters

Proposal 2 - Whether the proposal of aligning the time period for key and operational parameters in line with the period for disclosure of financial information in the offer document is appropriate and adequate?

Comment:

This proposal to align disclosure of critical operational and financial parameters under clause 3.3.10 (a) of Schedule I of the NCS regulations with the period for disclosing financial information under sub-clause (e) of the same provision is an efficient way to streamline the procedure; hence it is an adequate measure.

Rationale:

The proposal to align the timeline of disclosure of key operational and financial parameters with the respective period for disclosing financial information is a welcome move. Firstly, it improves efficiency by reducing administrative costs for the regulatory authority by streamlining the disclosure timeline. Additionally, costs arising due to compliance would decrease as firms and investors would have to adhere to a unified disclosure timeline. This reduces ambiguity and other related costs arising from it. Secondly, the proposal enhances transparency as a result of regular and aligned disclosures. Potential investors, the public and the regulatory authority can keep a check on the activities of the firm to make better and informed decisions, hence facilitating the ease of doing business. Moreover, this also ensures accountability on the part of the firm to adhere to and align with the regulations. Third, information symmetry and access to comprehensive information will assist in making crucial investment decisions. The availability of comprehensive data will assist in minimizing issues relating to misinterpretation and misunderstandings that may arise during investment processes. Further, this will provide a clearer understanding to the investors about the firm's organizational and financial acumen.

3. Consultation 3: Disclosure by way of QR code and web-link regarding the details of branches or units of the issuer in the offer document

Proposal 3 (a) – Whether the proposal of disclosing details about the branches/units of the Issuer as on the date of the offer document in the form of QR code and weblink is appropriate and adequate?

Comment:

The proposal to utilize static QR codes and web-links for disclosing branch/unit details is a step to simplify the disclosure process for issuers. While this approach can reduce the administrative burden and enhance operational efficiency, promoting ease of business, it is imperative to ensure seamless accessibility and real-time updates to uphold investor confidence and transparency.

Rationale:

The suggestion to introduce static QR codes and web-links for sharing branch/unit details represents a progressive shift towards modernizing disclosure practices in the securities market. This innovative approach not only streamlines the disclosure process but also aligns with the overarching objective of minimizing compliance costs and facilitating smoother capital market access for companies. By leveraging QR codes and web-links, investors can conveniently access comprehensive information using their smartphones or computers, enhancing transparency and investor engagement.

However, it is crucial to address potential challenges associated with this digital transition. Ensuring the reliability and accessibility of the web-links is paramount to prevent any disruptions that could lead to information asymmetry and erode investor trust. Regular updates and maintenance of the provided links are essential to ensure the information remains current and accurate. Additionally, considerations must be made to accommodate investors who may have limited technological proficiency or access to digital devices, ensuring inclusivity and equal access to information. The above-mentioned challenges can be dealt with by mandating issuers to maintain a dedicated user friendly webpage for hosting the branch/unit details, with clear guidelines on the format, content, and frequency of updates. This would help standardize the disclosure process and ensure the information remains accessible and up-to-date. Similarly, introducing a compliance requirement for issuers to notify the regulator and debenture trustee of

any changes or disruptions to the web-link, along with a timeline for restoring access would enable prompt action to address any issues and maintain transparency.

Expanding on the ease of doing business aspects, this proposal not only simplifies the disclosure process but also fosters a more investor-friendly environment. By embracing technology, issuers can enhance operational efficiency, reduce costs, and attract a broader investor base.

Proposal 3 (b) – Whether the proposal of specifying that details of all the branches/ units of the issuer as on the date of the offer document may be provided to the debenture trustee and also kept available for inspection as per para 3.3.41(g) of schedule I of the NCS Regulations?

Comment:

The proposal to provide branch/unit details to the debenture trustee and make them available for inspection is a positive step toward enhancing transparency and investor protection. Inspection can make sure that the branches/ units provided in the QR Code include the correct and all the branches/ units for the same.

Rationale:

By mandating issuers to provide branch/unit details to the debenture trustee and making them available for inspection, SEBI is taking a crucial step towards promoting transparency and accountability in the securities market. This move aligns with the principles of good governance and investor protection, which are essential for maintaining trust and confidence in the market. By having access to this information, investors can make more informed decisions, and the market can operate more efficiently.

While Proposal 3.1 focuses on providing branch/unit details through QR codes and web-links in the offer document, this proposal takes a more comprehensive approach by requiring issuers to share this information with the debenture trustee and making it available for inspection. This approach provides an additional layer of transparency and accountability, as the debenture trustee can verify the accuracy of the information and ensure that it is up-to-date. In contrast, proposal 3.1 relies on the issuer's self-disclosure through QR codes and web-links, which may not provide the same level of assurance and oversight. By combining both proposals, SEBI can create a robust framework for disclosing branch/unit details, enhancing transparency, and protecting investor interests.

Proposal 3 (c) – Whether the proposal to include this as a checklist item in the 'Security and Covenant Monitoring System', wherein the issuer confirms provision of the information to the debenture trustee and debenture trustee confirms receipt of information in this regard is appropriate and adequate?

Comment:

The proposal to integrate a checklist item in the 'Security and Covenant Monitoring System' is a proactive measure towards reinforcing accountability and ensuring seamless information flow to the debenture trustee. While this initiative enhances governance practices, it is imperative to focus on effective implementation and monitoring to maximize its impact.

Rationale:

By incorporating a checklist item within the 'Security and Covenant Monitoring System,' SEBI can enhance accountability and governance in the securities market. This move can strengthen oversight, aligns with risk management principles, and fosters transparency and diligence, crucial for market integrity and investor trust. The checklist streamlines processes for issuers, ensuring comprehensive disclosure and regulatory compliance, contributing to a more investor-friendly environment and smoother operations.

For issuers, the checklist can provide a structured framework, ensuring standardized sharing of branch/unit details with the debenture trustee. It simplifies reporting, demonstrates a commitment to transparency, and helps prevent non-compliance issues. This proactive sharing builds trust, potentially improving access to capital and enhancing investor relations.

Investors benefit from increased transparency and oversight through the checklist. It boosts confidence in the accuracy of disclosed information, ensuring access to up-to-date details about the issuer's operations. The debenture trustee's confirmation adds an extra layer of verification, assuring compliance with disclosure requirements.

Moreover, the availability of branch/unit details aids investors in understanding the issuer's business scale and geographical reach, facilitating better risk assessment and opportunity evaluation. This information can also assist investors in monitoring the issuer's performance and identifying operational changes over time.

4. Consultation 4: Alignment of disclosure requirement in the offer document regarding ‘project cost and means of financing’ with that in case of equity

Proposal 4 – Whether the above proposal of aligning the provisions of clause 3.3.8 (e) of Schedule I of the NCS Regulations regarding disclosure about project cost and means of financing with clause 7 of Schedule VII of the ICDR Regulations which provides detailed disclosures about use of proceeds is appropriate and adequate?

Comment:

The proposal to align the provisions of clause 3.3.8(e) of Schedule I of NCS Regulations with clause 7 of Schedule VII of ICDR Regulations is appropriate.

However, the use of proceeds often needs adjustments as the project moves forward. One aspect these disclosures fail to address is when the need arises to amend the initial plan for the use of proceeds. Thus, it might be beneficial to have periodic disclosures after each stage mentioned in the “proposed deployment status of the proceeds at each stage.”

Additionally, to make the disclosure more comprehensive, it is suggested that disclosure should be mandated for the order of priority of the proposes for which proceeds would be utilized if the anticipated proceeds are insufficient to fund all the proposed purposes.

Rationale:

First, the proposed change helps increase transparency by making the disclosure requirements more detailed and comprehensive. This would decrease the information asymmetry and help investors make informed decisions by better understanding how funds will be allocated and used, reducing the risk of misallocation and misuse of proceeds. Secondly, investor confidence would be boosted since comparing instruments would become easier due to consistent and detailed disclosure. Thirdly, due to the resultant uniformity in disclosure, regulatory arbitrage, where issuers might be inclined to choose one regulatory framework over another to avoid stringent disclosure requirements, would be reduced.

However, there still exists scope for making the disclosure more comprehensive and bridging the information asymmetry further. The proposed suggestions in the comment aim to ensure the same.

The suggestion to have periodic disclosures aims to ensure that investor confidence does not dwindle and helps keep the investors updated on the use of proceeds. This allows for more flexibility in the adjustments for the use of proceeds as and when required, without compromising investor confidence. Further, it improves accountability by making the issuer take into consideration the practicality of the proposed deployment, since they would have to make periodic disclosures regarding the use of proceeds at each stage. The suggestion to disclose the order of priority of purposes aims to ensure that investors are aware of the planned use of proceeds and also the alternatives if a plan could not be met. This would usher in greater transparency and bring the regulations closer to international best practices. [International Organization of Securities Commissions, *International Disclosure Standards for Cross-Border Offerings and Initial Listings by Foreign Issuers*. 11 (1998) <https://www.iosco.org/library/pubdocs/pdf/IOSCOPD81.pdf>]

5. Consultation 5: Relaxation in the requirement of providing certain business and commercial details in case of purchase or acquisition of immoveable property in the offer document

Proposal 5 (a) - Whether the proposal of determining top five vendors on the basis of value i.e. sale consideration payable to the vendors is appropriate and adequate?

Comment:

The proposal of determining the top five vendors on the basis of value i.e., sale consideration payable to the vendors, is appropriate because it highlights the most financially significant transactions. This information is crucial for stakeholders to understand which vendors have the largest financial impact on the issuer. But here, new additional criteria can be added beyond sale consideration, such as strategic importance, dependency level, or risk factors associated with the vendors. This could provide a more holistic view of the issuer-vendor relationship.

Rationale:

First, the proposal is appropriate as it highlights the most financially significant transactions. It is useful for stakeholders to understand which vendors have the largest financial impact on the issuer. Secondly, this will enhance transparency by ensuring that the most substantial financial commitments are disclosed. This will give insight into the primary financial relationship, helping

investors assess the issuer's operational dependencies and financial obligations. Thirdly, it would prevent information overload in the offer document.

But this proposal has a narrow focus –while the financially significant vendors are important, small vendors could also pose significant operational or strategic risks that might not be captured by focusing solely on sale consideration. To address this, the proposal should include an additional criterion for identifying key vendors based on operational and strategic risk, alongside the sale consideration, input can be taken from various departments (e.g. procurement, risk management). This will ensure that both financially significant vendors and those critical to operations are monitored.

Secondly, critical vendors who supply essential but lower-cost items or services might be overlooked despite their importance to the issuer's operation.

Thirdly, issuers might manipulate the timing or structure of payments to ensure certain vendors appear in the top five, potentially distorting the true picture of vendor relationships. To prevent manipulation, the proposal should mandate the use of consistent, standardized accounting periods and criteria for determining the top 5 vendors, audited and verified by an independent party to ensure accuracy and transparency.

Proposal 5 (b) – Whether the proposal of specifying that details of the remaining vendors may be provided by way of QR code and weblink in the offer document. Further, the said details may be provided to the debenture trustee and also kept available for inspection as per para 3.3.41(g) of schedule I of the NCS Regulations is appropriate and adequate?

Comment:

The proposal to provide details of the remaining vendors via QR code and weblink in the offer document, while also making this information available to the debenture trustee and for inspection is appropriate and largely adequate. This makes the information easily accessible to those who need it without overloading the primary offer document with extensive data. This modern approach leverages digital tools to streamline information dissemination. However, to fully address this adequacy, it is essential to ensure that robust measures are in place to assist all stakeholders in accessing this information and to protect the data from potential security threats. Additionally,

continuous oversight is necessary to maintain the accuracy and reliability of the disclosed information.

Rationale:

First, the proposal is appropriate as it makes the information accessible without overloading the primary offer document. Secondly, this method is efficient for the issuer and the other stakeholders. Issuers can update the information online as needed without reissuing physical documents, and stakeholders can access the latest data conveniently. Thirdly, this proposal ensures transparency and accountability. It allows for independent verification and continuous monitoring by the trustee in the issuer's disclosures. Lastly, aligning with the requirements of para 3.3.41(g) of Schedule I of NCS Regulations ensures that the proposal is grounded in existing regulatory frameworks, promoting consistency and compliance. But to make this proposal work, storing and providing sensitive information online necessitates robust cybersecurity measures to prevent unauthorized access and data breaches. It also requires continuous monitoring and verification by the issuer and trustee. Monitoring and verification in this proposal can be done by the issuer regularly updating the online information linked via the QR code and weblink, and the debenture trustee conducting periodic audits to ensure the data's accuracy and compliance with regulatory requirements. Both parties should implement automated alerts for any discrepancies or updates needed to maintain continuous oversight.

Proposal 5 (c) – Whether the proposal there should be a checklist item as a part of the '*Security and Covenant Monitoring System*', wherein the issuer confirms provision of the information to the debenture trustee and debenture trustee confirms receipt of information is appropriate and adequate?

Comment:

The proposal to include a checklist item in the '*Security and Covenant Monitoring System*' is appropriate and largely adequate. It ensures a structured, transparent, and accountable information-sharing process between the issuer and the debenture trustee. However, to fully address its adequacy, it is important to balance the benefits of formalized documentation with the need for efficient and timely information flow. Additionally, measures should be taken to ensure that the checklist enhances, rather than replaces, substantive monitoring and active engagement by both parties.

Rationale:

First, the proposal is appropriate as this proposal ensures that there is a clear, documented process for the transfer and receipt of information between the issuer and the debenture trustee. It enhances accountability by creating a formal record that the necessary information has been provided and received. Secondly, having a checklist that both parties must complete improves transparency. Stakeholders would have confidence that the information flow is being monitored and verified, reducing the risk of information gaps. Thirdly, by confirming receipt of information, the debenture can more effectively monitor covenants and other obligations, thereby mitigating risks associated with potential breaches of covenants. However, this proposal adds an administrative burden on both the issuer and the debenture trustee of implementing and maintaining a checklist system. Secondly, the need for formal confirmation might introduce delays in the information flow. Immediate issues might require faster communication than the checklist process allows. But these issues can be solved by implementing an automated digital checklist system to streamline confirmation processes and use real-time notifications to ensure immediate information flow of urgent matters. Establish a priority communication channel for handling time-sensitive issues directly.

6. Consultation 6: Providing flexibility in the signatories for the purpose of providing attestation in the offer document

Proposal 6 – Whether the proposal of the attestation of declaration as specified under clause 3.3.37 in Schedule I of the NCS Regulations by any of the following (along with the disclosure as noted below) is appropriate and adequate?

- (a) the executive Chairperson and compliance officer, or**
- (b) MD & CEO and compliance officer or**
- (c) the CFO and compliance officer or**
- (d) whole-time director and compliance officer or**
- (e) Jointly by any two key managerial personnel,**

accompanied by appropriate disclosures in the offer document specifying that the final and ultimate responsibility of the content of the offer documents is of the Board of Directors

Comment:

The recommendation that attestation under clause 3.3.37 of Schedule I of the NCS Regulations may be provided by any of the 5 (mentioned in a. to e., i.e. Executive Chairperson, MD & CEO, CFO, Whole-time director or any 2 key managerial positions and a compliance officer) is a welcomed one.

The proposal ensures alignment of responsibility in compliance with the management of the issuer and limits the delegation to senior management. The same is applicable to insurances through public mode and private placements as it enables ease of doing business and creates operational ease for the issuer.

Rationale:

The proposal directly hits on the head of the problem that attestation of declaration by all the Directors at all times is not feasible and is time consuming. The problem persists mostly because the frequency of private placement of debt securities is generally quite high (specially for Banks, NBFAs and PSUs). The amount of private placement of corporate bonds in the FY 2007-08 has increased from Rs 1.18 lakh crores to Rs 6.4 lakh crores in the FY 2016-17. Thus, private placements in corporate bonds have increased by approximately 442% since FY 2007-08 till FY 2016-17. The total primary issuance in the corporate bond market has increased by approximately 467% since FY 2007-08. [Securities and Exchange Board of India, Framework for consolidation and re-issuance of debt securities issued under the SEBI (Issue and Listing of Debt Securities) Regulations, 2008, (February 02, 2017) https://www.sebi.gov.in/sebi_data/meetingfiles/may-2017/1493960843767_1.pdf.] Hence, the recommendation that, in the case of private placement of debt securities, the Board of Directors is given the discretion to delegate the power to attest to any committee or key managerial personnel as it deems fit (as mentioned in clauses a to e of the proposal).

Additionally, the flexibility in reduced need for signatures comes with a proviso that it will be the Board of Directors that will take ultimate responsibility for the content of the offer documents.

This ensures that benefits of flexibility do not backfire and only ensure accountability and no procedural lapse.

7. Consultation 7: Modification in the timeline for submission of status regarding payment obligation to stock exchanges by an entity that has listed commercial paper

Proposal 7 – Whether the proposal of aligning the timeline for intimating to Stock Exchanges regarding the status of payment of interest/ repayment of principal for listed commercial paper with Regulation 57 of LoDR Regulations, i.e. within one working day of the payment being due is appropriate and adequate?

Comment:

The proposal to harmonize the reporting timeline for payment obligations related to listed commercial papers with Regulation 57 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations (LoDR) is commendable and holds significant potential for enhancing regulatory consistency, market transparency, and investor protection. While this alignment aims to enhance regulatory consistency, it may not be appropriate or feasible due to various operational and regulatory challenges.

Rationale:

The alignment of the reporting timeline for commercial paper with Regulation 57, reducing the reporting window, is a pivotal step towards consistency. This synchronization addresses discrepancies between different frameworks, ensuring coherence and simplicity, facilitating market participants' understanding and compliance with rules, and fostering a streamlined regulatory environment. It will enable efficient monitoring and enforcement, allowing for quicker identification and resolution of issues. This change promotes administrative simplification and enhances efficiency. Timely information for investors enables informed decisions, ensures market transparency, and reduces uncertainty, promoting a trustworthy market environment.

Amendment to Chapter VII of SEBI regulation 2021 applicable to issuing and listing of NCS etc, with a reduction in the timeline of listing and settlement of NCS after receiving feedback to bring

about efficiency in the market and expediting availability of NCS for trading with strict compliance of timelines.[Manisha Shroff, Krishna D. Dash, Rishabh Kumar, *Timelines shortened in relation to listing of privately placed debt securities* (December 13, 2022), <https://www.khaitanco.com/thought-leaderships/Timelines-shortened-in-relation-to-listing-of-privately-placed-debt-securities>.] A similar principle, proposed by the working group, confirming fulfillment of its payment obligations within one working day of payment becoming due, is appropriate to maintain the consistency between provisions of SEBI LODR and NCS Regulations. [Taxmam, *[Analysis] SEBI's Consultation Paper on Non-Convertible Securities* (May 15, 2024), <https://www.taxmann.com/post/blog/analysis-sebis-consultation-paper-on-non-convertible-securities#7>]

Contrary, aligning the reporting timeline differently creates operational challenges for issuers managing multiple transactions and schedules, leading to errors or delayed disclosures. This calls for a more flexible approach to ensure timely and accurate reporting.

Furthermore, the USA SEC adopted a rule to shorten the standard settlement cycle for securities transactions from T+2 days to T+1 days (Rule 15c6-). Transactions involving certain securities like government bonds, commercial paper, are exempted from the rule. [Davis Polk, <https://www.davispolk.com/insights/client-update/sec-adopts-t1-settlement-effective-may-2024>, (last visited May 18, 2024)] This exemption acknowledges the unique operational requirements of different types of securities, suggesting a one-size-fits-all approach may not be suitable for commercial paper transactions.

Rushing the confirmation process to meet a one-day deadline could compromise the accuracy of the information, thereby undermining market confidence and investor trust. While timely disclosure is crucial, investors value accurate and reliable information more than immediate updates. Ensuring robust processes to verify payment statuses can enhance investor confidence and market stability.