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Policy Recommendations

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Comments to the Securities and Exchange Board of India on the Consultation Paper on Relaxation in the threshold for identification of High Value Debt Listed Entities (HVDLEs) and measures facilitating ease of doing measures for HVDLE including provisions relating to Related Party Transactions.

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

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I. INTRODUCTION

The Securities and Exchange Board of India has proposed a significant recalibration of the regulatory framework pertaining to High Value Debt Listed Entities. The consultation paper seeks to, inter alia, revisit the monetary threshold for defining HVDLEs, introduce a graduated or proportional compliance architecture, and rationalize governance, disclosure, and related party norms in furtherance of SEBI's larger ease-of-doing-business objectives. In this regard, these changes are proposed against the backdrop of India's rapidly growing corporate bond market, increasing participation by non-bank financial institutions, and balancing the need for investor protection with market efficiency.

A related driver for this consultation is the realization that the current one-size-fits-all HVDLE regime may contain obligations that are not fully proportionate to the risks created by certain categories of issuers-particularly those making routine private placements for liquidity or treasury purposes. At the same time, SEBI's proposals must ensure that the move toward proportionality does not result in lowering governance standards or weakening systemic safeguards for large, high-impact issuers. This response assesses the proposals in the consultation from a regulatory efficiency, systemic risk management, and market development perspective, with targeted comments on how a more calibrated and operationally workable framework can be achieved.

II. GENERAL COMMENTS

Support for a Graduated Compliance Framework

SEBI's intent to move toward proportional regulation is timely and well-aligned with global regulatory practice. However, the design of a tiered framework must be anchored in clear, objective criteria that balance risk, scale, and investor exposure. Proportionality should not be misinterpreted as deregulation; rather, it should achieve better alignment between regulatory cost and regulatory benefit.

Need for Precise Threshold Logic and Data Transparency

Materially, the HVDLE universe changes with the shift from ₹1,000 crore to ₹5,000 crore. This threshold may be rational from the perspective of market scale; however, the same requires stronger empirical justification and clear articulation of methodology. To avoid misalignment in the future, SEBI may contemplate supplementing the fixed threshold with dynamic and market-linked metrics.

Preservation of Investor Protection Architecture

Any dilution of governance norms must be offset by the corresponding strengthening of complementary protections-particularly the role of debenture trustees, timely disclosures, covenant monitoring and reliable escalation mechanisms. Proportionality must preserve and not weaken the early warning systems around credit, governance and liquidity risks.

Ease of Doing Business and Market Depth

The proposals, particularly those on simplifying the disclosures for institutional issuances and reduction of procedural overlaps, are directionally positive for market development. A lighter framework for frequent private placements will help NBFCs, HFCs, and infrastructure entities reduce issuance friction and diversify funding sources.

Implementation and Transition Challenges

Every sunset clause, governance transition, and dynamic threshold entails operational complexity. SEBI shall, therefore, provide appropriate transitional paths, adequate implementation windows, and, wherever necessary, phased compliance for such provisions to avoid market disruption. These general comments form the basis for specific, proposal-wise suggestions given in the following sections.

III. SPECIFIC COMMENTS

SR. NO.	ISSUE	SUMMARY OF PROPOSAL	COMMENTS/ SUGGESTIONS	RATIONALE
1.	**Consultation 1** **(Threshold for identification of HVDLEs)** *(This is the section where SEBI proposes raising the HVDLE threshold from ₹1,000 crore to ₹5,000 crore.)*	**Introducing a Graduated Compliance Framework (Proportional Regulation)** The proposal would introduce a graduated compliance or proportional regulation framework for debt-listed entities, whereby the regulatory requirements scale (or "graduate") in line with the size, complexity or risk profile of the issuer. The current SEBI regime for HVDLEs- for example, entities with listed non-convertible debt securities above a	Reduced Investor Oversight or Governance for Mid-Large Debt Issuers By raising the threshold from ₹1,000 crores to ₹5,000 crores in respect of HVDLE, SEBI would considerably reduce the number of entities falling under the more exacting Chapter VA corporate-governance regime. That means many intermediate-sized issuers who still have substantial public debt would not be classified as HVDLEs anymore, potentially reducing the aspects of transparency and governance oversight. The risk is that these non-HVDLE entities still pose credit or debt risk to	Better alignment of regulatory burden with actual risk the regime allows for obligations to be calibrated to the risk/scale of the issuer.[2] This targeted regulation thus means large issuers with significant investor exposure have full compliance, while smaller issuers do not bear unnecessary burden. Improved ease of doing business which is a proportionate regime reduces compliance cost[3] and enables faster issuance, thus supporting growth of the debt market,

[2] Eva Thomann, *Explaining Regulatory Intermediaries' Compliance Through the Accountability Regimes Framework*, POLICY & SOC'Y (advance article 2025), https://doi.org/10.1093/polsoc/puaf029.
[3] Press Info. Bureau, Ministry of Finance, *Economic Survey 2024-25 Calls for Enhanced Deregulation for Micro, Small and Medium Enterprises (MSMEs)*, PIB (Jan. 31, 2025), https://www.pib.gov.in/PressReleasePage.aspx?PRID=2097915.

		defined threshold-applies the full suite of corporate governance and disclosure requirements across the board, notwithstanding differences in risk, issuance size, or business model. With the consultation paper on amendment to the threshold for HVDLEs (and related measures) dated 27 October 2025, SEBI has signaled an intent to reduce the regulatory burden for smaller debt issuers and better calibrate compliance obligations to actual risk.	bondholders but would escape certain board- and committee-level governance requirements. <u>Systemic Risk Might Be Underestimated</u> By excluding many such issuers through a higher threshold, SEBI may under-regulate those that are systemically significant-particularly large NBFCs raising big volumes of debt.[1] Indeed, some commenters-per the paper-note that NBFCs' annual borrowing is very large compared to ₹1,000 cr. Securities and Exchange Board of India There is the risk of regulatory arbitrage: issuers may deliberately stay just under the threshold, but still have meaningful exposures / risks.	particularly for NBFCs/HFCs/private placements. This, in turn, supports capital access and market liquidity. Efficient use of regulatory resources: SEBI and market participants can concentrate their oversight resources on the most systemically important issuers rather than being stretched thin across many smaller issuers with lower risk profiles. Market development and investor choice: Smaller issuers may be able to raise debt more frequently with the reduced compliance burden, resulting in a wider market, better depth,

[1] RBI rejigs 'too-big-to-fail' tag for NBFCs, *Times of India*, Oct. 29, 2023, https://timesofindia.indiatimes.com/business/india-business/rbi-rejigs-too-big-to-fail-tag-for-nbfcs/articleshow/104636266.cms.

			<u>Sunset Clause Complexity and Transition Risk</u> There's the risk of transitioning back and forth: if debt increases again, at what point / how must the company re-adopt all HVDLE obligations? It seems that all transitional paths and grandfathering are not clearly defined in this paper, which may lead to uncertainty on the part of both issuers and investors. <u>Reduced regulatory focus on default risk or credit risk</u> By relaxing governance for a large number of issuers, SEBI may be reducing its ability to monitor default risk via board-level mechanisms. Good governance is often a leading indicator for risk or mis-management.	and more issuance choices for investors. This shall support the growth of India's debt capital market. Harmonisation and consistency across markets: The alignment of debt-listed entity governance with equity-listed entity norms, where appropriate, will contribute to minimizing fragmentation, easing compliance for entities operating in both markets, and fostering regulatory clarity. Flexibility for evolving business models: Graduated frameworks can accommodate agility in evolving business models and issuance patterns, such as increasing private

			In the event that many issuers no longer qualify as HVDLEs, unless SEBI comes up with alternative risk-based metrics beyond outstanding debt, its proportionate oversight using risk would be weakened. <u>Impact on Debenture Trustee Safeguards</u> One of the arguments by SEBI is that the debenture trustees already provide protection to debt investors, monitoring covenants, security cover, etc. But relying heavily on trustees may not fully substitute for governance via board committees: Trustees monitor contractual financial aspects, but may not ensure broader governance relating to strategy, related-party issues, etc.There is a risk that this increase in threshold weakens the combined governance +	placements and hybrid instruments. A regime can evolve rather than remain fixed.

			trustee protection model, if not carefully balanced. <u>Potential Market Signaling Risk</u> A sharp increase in the threshold may also send a signal that SEBI considers debt-listed entities with less than ₹5,000 cr as "low-risk," which may not necessarily be universally true. This could lead to complacency among investors, or mispricing of risk. Smaller institutional investors, or even retail bondholders, in subthreshold issuers may find themselves with weaker protections because the public-policy assumption is that such issuers have lower risk. <u>Uneven Competitive Dynamics</u> Very large issuers (≥ ₹5,000 cr) would remain HVDLEs and hence	

			would continue to bear full compliance cost. But many mid-tier issuers would be freed from those burdens. This can create competitive distortion; the larger ones bear more regulatory burden, the smaller ones bear less, yet both of them compete for debt funding. Also, some issuers might prefer staying just under the threshold rather than scaling up to avoid governance costs — thus, disincentivizing growth or efficient capital structures. Unclear Threshold Justification or Data Transparency Though SEBI provides data-for example, the number of entities above ₹1,000 cr versus ₹5,000 cr-the consultation does not fully explain the selection of the ₹5,000 cr figure. That is, why that particular number, and why not another one? That threshold runs the risk of pushback that,	

			without clear justification, it may be arbitrary and could be revisited downward later, therefore creating regulatory uncertainty.	
2.	**<u>Consultation 1</u> (Threshold for identification of HVDLEs)** *(This is an alternative formulation to the same threshold-setting issue.)*	**<u>Replacing the Fixed Monetary Threshold with Dynamic, Market-Linked Benchmark</u>** Replace the threshold for the HVDLE with a dynamic instead of static one which will be linked to the India's corporate bond market. The HVDLE threshold should be around 0.1% of total outstanding listed corporate bond market capitalization which is published by RBI or SEBI annually.	•Reflects real market depth: It ties HVDLE to actual debt volumes and investor exposure. • Responsive to credit expansion/contraction: It automatically adapts during periods of high issuance of debt or tightening. • Captures genuine systemic participants: It also ensures only major debt issuers fall within the HVDLE net. • Encourages Industries: Avoiding over regulation of smaller issuers and reduces compliance cost for NBFCs and PSUs with routine, small-scale issuances. • More accurate for capital market regulation:	The present rupee-based threshold does not longer aligns with the actual structure or scale of corporate bond market. Most NBFCs and HFCs routinely exceed ₹1,000 crore in listed debt through normal treasury operations, without posing any systemic governance risk. At the same time, the total listed corporate bond market has expanded to around ₹51.5 lakh crore[4], meaning ₹1,000 crore represents less than 0.020% of the market which is a negligible fraction.

[4] Outstanding corporate bonds data, SEBI, https://www.sebi.gov.in/statistics/corporate-bonds/outstandingcropbond.html (last visited Nov 17, 2025).

			Since HVDLEs are defined by listed debt, the benchmark should come from debt market data.	A market linked threshold corrects this mismatch by tying “high value” definition to the real size of India’s debt market, rather than a fixed amount. Setting the HVDLE cut-off at 0.1% of total listed corporate bond capitalization would identify only those entities whose outstanding listed debt is material in relation to the market as a whole which are typically large NBFCs, infrastructure companies, and PSUs. This ensures objective **c**lassification which avoid disproportionate compliance burdens, and preserves SEBI’s focus on issuers

				whose debt exposure has market-wide.
3.	**<u>Consultation 2</u>** **Ease of doing business** *Simplification of disclosures & governance for HVDLEs)*	**<u>Introducing a Simplified Disclosure Regime (SDR) for Institutional-Only Debt Issuers</u>** The proposal introduces a Simplified Disclosure Regime for debt issuances with Qualified Institutional Buyers which would allow reduced disclosure and lighter governance obligations. The regime would retain the core protections through debenture trustees and covenant oversight. It would also streamline compliance to reflect information asymmetry and higher	• SEBI may formulate a Simplified Disclosure Regime applicable to debt issuances subscribed by Qualified Institutional Buyers that would incorporate. standardised disclosure in of detailed HVDLE-equivalent disclosure Rel axed committee level gvernan and secretarial reporting obligations exemptions or simplification for RPT approval and disclosure where only institutional investors are involved and debenture continue oversight. Flexible timelines for compliance submissions to reduce administrative friction. • SEBI should define strict eligibility criteria to minimise regulatory	**Information Asymmetry** The Information asymmetry. Qualified Institutional Buyers have the analytical capability as well as resources to evaluate creditworthiness, negotiate terms and monitor performance.[5] Therefore by applying uniform disclosure requirements designed for retail protection to issuances by Qualified Institutional Buyers will cause regulatory overcorrection and produce diminishing marginal returns to disclosure.[6]

[5] GEORGE A. AKERLOF, *The Market for "Lemons": Quality Uncertainty and the Market Mechanism*, 84 Q.J. Econ. 488 (1970).
[6] RAY BALL, *International Financial Reporting Standards (IFRS): Pros and Cons for Investors*, 1 ACCT. & BUS. RES. 5 (2006).

		asymmetry and higher monitoring capacity among institutional investors.	arbitrage by leakage to retail investors should continue via debenture trustees, existing security cover requirements and covenant-monitoring mechanism to prevent risk discipline.	Transaction Cost HVDLE governance as well as audit and reporting requirements impose high compliance costs, high board constitution costs, high legal secretarial fees, etc. In case of frequent private placements, especially by NBFCs, this would become significantly high fixed transaction costs. This would ultimately raise the cost of capital without meaningfully increasing investor protection. Simplified Disclosure Regime would reduce deadweight compliance cost and promote efficient intermediation.[7]

[7] CHRISTIAN LEUZ & PETER D. WYSOCKi, *The Economics of Disclosure and Financial Reporting Regulation: Evidence and Suggestions for Future Research*, 54 J. Acct. Res. 525 (2016).

				Proportional Regulation and Optimal Regulatory The increase of the HVDLE threshold to 5,000 crored INR already reflects proportionate regulation. Extending proportionality by calibrating compliance to investor type improves efficient regulatory design. Regulation should be strict where market failures are greated and lighter where market discipline is strong. The institutional buyers would come under the latter category of the prior statement. In this manner, Simplified Disclosure Regime helps align regulatory burden with actual systemic risk and

				investor protection need. **Market efficiency and Capital Allocation** Private placements by institutions allow rapid rotation of capital, which is crucial for NBFCs that manage mismatches for asset-liabilities. With an increase in obligations for compliance, the issuance cycles slow down and funding costs increase. This leads to suboptimal capital allocation.[8] This friction would be reduced by Simplified Disclosure Regime and improve the liquidity in the bond market, strengthen price discovery and support the

[8] RAGHURAM G. RAJAN & LUIGI ZINGALES, *Financial Dependence and Growth*, 88 Am. Econ. Rev. 559 (1998).

				transmission of savings to productive investments. **Principal Agent problem and Monitoring Structures** Exogenous regulatory disclosure is comparatively less necessary due to structures used by institutional investors. They usually use security cover tracking, covenant enforcement and debenture trustees to reduce moral hazard.[9] This internalises monitoring and decreases agency issues. Simplified Disclosure Regime optimises regulatory resources so that they realign with the recognition of these embedded

[9] Michael C. Jensen & William H. Meckling, *Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure*, 3 J. Fin. Econ. 305 (1976).

				monitoring frameworks. **Social Welfare and Cost-Benefit Alignment** Disclosures increase little marginal protection and in turn, increase the issuance cost. This, thereby, leads to a reduction of welfare due to the higher cost of borrowing. Compliance results to be socially expensive.[10] Simplified Disclosure Regime would increase productive deployment of capital while maintaining core safeguards by realigning private and social cost structures.
4.	**<u>Consultation 3</u>** *(Corporate Governance Provisions*	**<u>Mandate Board-Level ESG and Risk Governance</u>**	**Board-Level ESG Oversight** SEBI should mandate a Board-level ESG and	These comments and suggestions intend to fill the gap in Proposal II on

[10] Matthew D. Adler & Eric A. Posner, *Implementing Cost-Benefit Analysis When Preferences Are Distorted*, 109 Nw. U. L. Rev. 1105 (2015).

	applicable to HVDLEs)	<u>**Disclosures for Large HVDLEs**</u> Proposal II of the SEBI Consultation Paper aims to align the corporate governance framework for HVDLEs with that of equity listed entities while easing their regulatory burden. This proposal outlines changes to definitions, rules for board governance, and lays down rules for committee functioning, incorporating more flexibility. These measures seek to simplify procedures, prevent overlapping regulations for HVDLEs and align HVDLE obligations with corporate governance standards	Risk Governance Statement for Large HVDLEs, laying out board and committee roles, accountability, and escalation mechanisms.[11] This will act as a link between procedural compliance and substantive accountability.[12] **Disclosure of Governance Structure** Boards should specify the committee (Risk Management Committee or ESG & Risk Committee) which will monitor ESG; the frequency with which the committee must report; must have directors that are ESG-trained; and must link ESG goals to remuneration[13], which strengthens accountability; aligning with BRSR Core	accountability and responsibility for HVDLEs. Strengthening Board-level ESG and risk disclosures for HVDLEs makes sure that governance is in line with the magnitude and systemic importance of these entities. While the current regulations comprehensively cover the procedural aspect, they lack visibility over the substantive aspect such as how boards will actually look into ESG and enterprise risks, regulation over both of which is absolutely essential. Global best practices and frameworks also require the board to be placed at the

[11] SEBI LODR Consultation Paper (2025); SEBI BRSR Circular (10 May 2021); SEBI BRSR Core Circular (12 July 2023).
[12] IFRS Foundation IFRS S1 (2023); UN SDGs Goal 16 & GRI 2: General Disclosures (2021); EU CSRD Art. 19a & ESRS 2 (Gov-1).

[13] SEBI Master Circular on LODR for NCS (2023); SEBI BRSR Core Framework (2023).

		of equity listed entities to simplify operations while also maintaining accountability**.**	governance expectations. [14] **ESG Integrated Risk Management** SEBI must mandate disclosure on ESG integration into enterprise risk management, including, but not limited to identification, risk assessment, mitigation and capital linkages, which meet with TCFD's four pillars (governance, strategy, risk management, metrics and targets)[15]. Since Proposal II only covers the procedural aspect and not ESG integration, harmonization and alignment with global frameworks enhances comparability. **Assurance and Placement** The ESG and Risk Governance Statement should be included in the	centre of ESG governance. Coordinating SEBIs framework with these benchmarks will enhance market credibility, comparability and investor confidence. Introduction of assurance and an analytical governance system will enable foresight into risk disclosure, which reduces the likelihood of misleading sustainability claims and misrepresentation. Thus, introducing the Mandate of Board-level ESG and risk governance disclosures within the HVDLE framework will consolidate sustainability into the core of India's risk architecture, improve

[14] IFAC "Board Oversight of Sustainability and ESG" (2022); EU ESRS 2 (Gov-1).
[15] FSB TCFD Recommendations (2017); IFRS S2 (2023); SEBI 2025 ESG Debt Circular (sebi.gov.in).

			annual report, signed by the Chair of the Board/CEO. There should also be an introduction of a limited assurance on governance processes and selected ESG metrics.[16] This will reinforce SEBI's requirement of assurance under BRSR Core and Secretarial Audit norms, which strengthens investor trust and reliability.[17] **Investor Protection and Market Integrity** Disclosure of ESG at Board Level will improve the quality of data that is available to debenture trustees, creditors and investors, which improves regulation of ESG-linked risks and promotes systemic stability.[18] This directly supports SEBI's investor-protection mandate and market-integrity goals.	early risk detection and market discipline. A unified ESG standard across debt and equity markets will reduce gaps, promote accountability in corporate conduct, and strengthen integrity and global competitiveness of capital markets.

[16] SEBI BRSR Core Assurance Framework (2023); ICAI SAE 3410 (Standard on Assurance Engagements); IFRS S1 para 19 (2023).
[17] SEBI BRSR Core Assurance Framework (2023).
[18] SEBI LODR Reg. 62K (on Debenture Trustees); RBI Sustainability Disclosure Guidelines (2024); Indian Express (2024) "Debt Markets Move to ESG Disclosures."

			Advanced Analytics Integration Boards should be encouraged to adopt ethical AI and behavioural analytics tools for ESG oversight and disclose annual board responses to identify blind spots.[19] This adds innovation and anticipatory capacity in risk governance, aligning it with OECD AI Principles.[20] **Dedicated ESG & Risk Oversight Committee** SEBI should encourage a dedicated ESG and Risk Oversight Committee at the board level, distinct from RMC, to focus exclusively on ESG and enterprise risk issues.[21] This also aligns with global best practices on	

[19] ScienceDirect (2023) "AI and ESG Governance"; CIGI Policy Brief (2022); EY Global AI and Governance Report (2024).
[20] OECD AI Principles (2019).
[21] SEBI LODR Reg. 62I(4) & Schedule II Part D (sebi.gov.in); SEBI Consultation Paper on Risk Management Committees (2020); IFAC (2022) *Board Oversight of Sustainability and ESG*.

			committee-level accountability.[22]	
5.	**<u>Consultation 10</u>:** *Subsidiary related compliance requirements* **<u>Consultation 11:</u>** *Relaxations from compliance requirements due to Insolvency and Bankruptcy Code, 2016 (IBC Framework)* **<u>Consultation 12</u>:** *Other Corporate Governance Requirements* **<u>Consultation 13</u>:** *Other Corporate*	**<u>Establishing a Regulatory Sandbox for Debt Listing Compliance Innovations</u>** Allow asset transfers between wholly-owned subsidiaries without needing shareholder approval, since minority investor interests are not affected. Give companies coming out of CIRP three months to appoint their KMPs, recognising the operational challenges after restructuring.	Many companies have complicated ownership structures, so it's hard to correctly identify whether a transfer truly qualifies as WOS-to-WOS. This can lead to mistakes or unnecessary filings. **<u>Suggestion:</u>** A sandbox that can test a digital tool that automatically reads ownership data and checks if the exemption applies correctly.[23] Identification of "entities exiting CIRP" in regulatory systems and timely triggering of the KMP window requires integration with insolvency registries and practitioner workflows.[24]	A sandbox lets SEBI try out the classification tool on real company data and see where confusion might happen. This avoids policy errors and supports better drafting. Regulatory sandboxes are often used for such testing by regulators like the FCA.[33] The solution requires real-time interoperability with insolvency registries and live event streams, which is something only a controlled live test can validate.[34]

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22 British International Investment Toolkit (2023); PwC India ESG Committee Guide (2024).
23 Ronald J. Gilson & Jeffrey N. Gordon, Controlling Shareholders, 152 U. Pa. L. Rev. 785 (2003).
24 Insolvency & Bankruptcy Board of India, *Insolvency Resolution Process for Corporate Persons Regulations, 2016* https://www.ibbi.gov.in/uploads/legalframwork/547c9c2af074c90ac5919fa8a5c60bd4.pdf?utm_.
33 Financial Conduct Authority, *Regulatory Sandbox Lessons Learned Report* (Oct. 2017) https://digitalfinance.worldbank.org/sites/default/files/2022-11/How-to-Build-a-Regulatory-Sandbox-A-Practical-Guide-for-Policy-Makers.pdf?utm_.

34 World Bank Group, *How to Build a Regulatory Sandbox: A Practical Guide for Policy Makers* (2019) https://digitalfinance.worldbank.org/sites/default/files/2022-11/How-to-Build-a-Regulatory-Sandbox-A-Practical-Guide-for-Policy-Makers.pdf?utm_.

	Governance Requirements **Consultation 14:** *Secretarial Audit and Secretarial Compliance Report* **Consultation 15:** *Provisions related to Related Party Transactions (RPTs)*	This proposal aims to replace the timelines of 21 days to HVDLEs to submit the periodic compliance report with enabling provision for Board to prescribe timeline from time to time, to align with similar amendment made for equity listed entities. This proposal aims to omit the requirement of disclosure of material transactions with related parties along with the periodic compliance report of HVDLE, since the same already exists in Regulation 23(9) of LODR, and to align	Manual processes risk delay or mis-triggering **Suggestion:** Sandbox an automated CIRP-exit detection + compliance-trigger that ingests registry events (IBBI filings), flags eligible issuers, and issues guided timelines and alerts to these issuers. Flexible timelines change system scheduling enforcement logic across exchanges.[25] This creates a risk of inconsistent filings and delayed disclosures without a tested operational model.[26] **Suggestion:** Sandbox an adaptive filing engine that allows board-set timelines, routes filings	Sandboxing ensures the trigger logic is robust and avoids imposing impractical compliance deadlines on recently restructured entities.[35] Operational impacts (timing mismatches, automation gaps) are inherently practical and cannot be fully assessed by paper analysis.[36] A sandbox enables testing of workflow logic, integration with existing filing/exchange systems, and assessment of investor-facing risks in a controlled setting.[37]

[25] World Bank Group, *How to Build a Regulatory Sandbox: A Practical Guide for Policy Makers* (2019) https://digitalfinance.worldbank.org/sites/default/files/2022-11/How-to-Build-a-Regulatory-Sandbox-A-Practical-Guide-for-Policy-Makers.pdf?utm_.
[26] Stephen Bainbridge, *Corporate Governance After the Financial Crisis* (Oxford Univ. Press 2012).
[35] Reserve Bank of India, *Enabling Framework for Regulatory Sandbox* (Aug. 13, 2019) https://www.rbi.org.in/commonman/English/scripts/FAQs.aspx?Id=3822&utm_.
[36] World Bank Group, *How to Build a Regulatory Sandbox: A Practical Guide for Policy Makers* (2019) https://digitalfinance.worldbank.org/sites/default/files/2022-11/How-to-Build-a-Regulatory-Sandbox-A-Practical-Guide-for-Policy-Makers.pdf?utm_.
[37] Financial Conduct Authority, *Regulatory Sandbox Lessons Learned Report* (Oct. 2017) https://digitalfinance.worldbank.org/sites/default/files/2022-11/How-to-Build-a-Regulatory-Sandbox-A-Practical-Guide-for-Policy-Makers.pdf?utm_.

		with similar amendment made for equity listed entities in the interest of ease of doing business. This proposal aims to introduce provisions relating to appointment, reappointment, removal and disqualifications for Secretarial Auditor of HVDLE in line with the amendments made for equity listed entities. This proposal aims to harmonise the provisions related to RPTs, by cross referencing of provisions of Regulation 23 in	through role-based workflow Convergence to a single disclosure channel requires testing of data flows and timing (so that investor access and audit trails are preserved). Without testing, deletion of duplication may create gaps or timing inconsistencies for investors and trustees.[27] **<u>Suggestion:</u>** Sandbox a single-source RPT pipeline (structured Reg-23 feed, along with mapped tags to periodic report fields) with staged participants, such as the exchanges, trustees and investors so that reaches	A sandbox lets SEBI test whether one consolidated disclosure channel is strong enough and whether all users get correct information on time. This reduces the risk of gaps.[38] A sandbox also mitigates the risks before formal removal of duplicate channels.[39] A sandbox allows SEBI to validate data sources, governance rules and dispute-resolution flows before mandating system-wide change.[40] These are integrated, multi-stakeholder operational processes A sandbox allows

[27] India Infradebt Limited, *Policy on Related Party Transactions* (Version 5.0, amended July 16, 2025), available at https://www.infradebt.in/content/dam/infradebt/policy-on-related-party-transactions.pdf (last visited Nov. 17, 2025).

[38] Financial Conduct Authority, *Regulatory Sandbox Lessons Learned Report* (Oct. 2017) https://digitalfinance.worldbank.org/sites/default/files/2022-11/How-to-Build-a-Regulatory-Sandbox-A-Practical-Guide-for-Policy-Makers.pdf?utm_.

[39] World Bank Group, *How to Build a Regulatory Sandbox: A Practical Guide for Policy Makers* (2019) https://digitalfinance.worldbank.org/sites/default/files/2022-11/How-to-Build-a-Regulatory-Sandbox-A-Practical-Guide-for-Policy-Makers.pdf?utm_.

[40] Institute of Company Secretaries of India, *Guidance Note on Secretarial Audit* (2020) https://www.icsi.edu/media/webmodules/Guidance%20Note%20on%20Secretarial%20Audit%20-%20Release%201.4.pdf?utm_.

		Regulation 62K of LODR while retaining the requirements of NOC of Debenture trustee and the debenture holders is appropriate and adequate?	without delays or missing elements.[28] Enforcement of eligibility/cooling-off requires cross-referencing historical engagements to terms and registries of company secretaries, which constitutes as a major data and process problem. Manual checks of these become quite resource-intensive and error-prone.[29] **<u>Suggestion:</u>** Sandbox an auditor-credentialing and cooling-off registry that validates eligibility, flags conflicts from past engagements, and issues machine-readable certificates to issuers and exchanges. Test peer-review workflows and edge cases (multi-firm	measurement of end-to-end effects and quantification of benefits and risks, which are the exact circumstances under which regulators internationally have used sandboxes to test interoperability and consumer safeguards.[41]

[28] Vinod Kothari & Co., *SEBI Strictens RPT Approval Regime, Ease Certain CG Norms for HVDLEs* (Mar. 28, 2025), https://vinodkothari.com/2025/03/sebi-strictens-rpt-approval-regime-ease-certain-cg-norms-for-hvdles/ (last visited Nov. 17, 2025).
[29] he Institute of Company Secretaries of India, *Guidance Note on Secretarial Audit (Release 1.4, May 2018)* (May 2018), https://www.icsi.edu/WebModules/Guidance%20Note%20on%20Secretarial%20Audit%20-%20Release%201.4.pdf (last visited Nov. 17, 2025).
[41] Financial Conduct Authority, *Regulatory Sandbox Lessons Learned Report* (Oct. 2017) https://digitalfinance.worldbank.org/sites/default/files/2022-11/How-to-Build-a-Regulatory-Sandbox-A-Practical-Guide-for-Policy-Makers.pdf?utm_.

			engagements, concurrent roles). Cite Companies Act/ICSI guidance in pilot design.[30] Operationalising scale-based thresholds requires automated materiality calculators, time-bound approval enforcement and secure trustee APIs. Paper rules alone do not prove interoperability or the practical burden-savings claimed.[31] **<u>Suggestion</u>:** Make this the centrepiece sandbox experiment by running a sandbox which performs the collective functions of a materiality engine + audit-committee workflow record + trustee NOC API + omnibus-approval tracker on pilot	

[30] Vikas Y. Khare, *Section 204 of the Companies Act, 2013 and Rules relating to Secretarial Audit* (The Institute of Company Secretaries of India, 2014), https://www.icsi.edu/portals/0/VikasKhare_Sec_Audti.pdf (last visited Nov. 17, 2025).
[31] Vinod Kothari & Co., *SEBI Strictens RPT Approval Regime, Eases Certain CG Norms for HVDLEs* (Mar. 28, 2025), https://vinodkothari.com/2025/03/sebi-strictens-rpt-approval-regime-ease-certain-cg-norms-for-hvdles/ (last visited Nov. 17, 2025).

			participants to measure outcomes.[32]	

IV. CONCLUSION

SEBI's consultation paper marks an important milestone in the modernization of India's regulatory regime for debt-listed entities. The recalibration of the HVDLE threshold, introduction of proportionate governance, and rationalization of disclosure requirements aim to address long-felt issues related to the disproportionate compliance burden on mid-sized and frequent debt issuers. At the same time, the proposals are required to be carefully framed so as to avoid diluting essential governance safeguards, systemic-risk oversight, and investor protection mechanisms in the process.

A graduated framework, underpinned by transparent threshold metrics and transition pathways, as well as robust trustee-level protections, has the potential to increase regulatory efficiency by improving market depth while reducing capital-raising frictions. Our recommendations are designed to enhance the design, operational feasibility and risk-alignment of the proposed reforms. Appropriately calibrated implementation can see SEBI's proposals make a meaningful contribution to the development of a deeper and more efficient, resilient corporate bond market in India.

[32] ICICI Securities Ltd., *SEBI Proposes Higher Thresholds, Ease in Compliance for High-Value Debt Listed Firms* (Oct. 29, 2025), https://www.icicidirect.com/share-market-today/news/sebi-proposes-higher-thresholds-ease-in-compliance-for-high-value-debt-listed-firms/1645707 (last visited Nov. 17, 2025).